

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/ SM 2522

SPONSOR: Senator Jones

SUBJECT: Mobile User Objective System

DATE: April 16, 2004

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Krasovsky</u>	<u>Krasovsky</u>	<u>MS</u>	<u>Fav/CS</u>
2.	_____	_____	<u>CM</u>	_____
3.	_____	_____	<u>RC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute for this memorial urges the United States Department of Defense to award the contract for the creation, development, and implementation of the Mobile User Objective System (MUOS) to the project team lead by the Raytheon Corporation in partnership with Honeywell Space Systems. However, recognizing that other qualified contractors are also bidding for this project, should the Department of Defense award the contract to another project team the Senate of the State of Florida would also be supportive of that decision.

II. Present Situation:

To mobile military fighters, field communications systems that can operate wherever their missions takes them is the ultimate lifeline. The Mobile User Objective System (MUOS) is a multi-satellite system that is being designed to improve ground communications between U.S. forces on the move. The system will ultimately be controlled by the Department of Defense and will provide global connectivity for voice, video, and data. The key components of MUOS are its ultra high frequency (UHF) communications pay load and its wireless network. Selection of the final design for the MUOS system is scheduled for 2004, with initial operational capability expected in early 2008 and full capability by 2013. The 20-year lifetime value of the contract is estimated at \$6 billion. The U.S. Navy Space and Naval Warfare System manages the contract program.

The MUOS will replace the current Navy Fleet Satellite Communications satellites and Ultra High Frequency Follow-On (UFO) communications satellite constellation over the next two decades. These systems currently provide the tactical satellite communications to the U.S. military soldier. The UHF Follow-On constellation, initially launched in 1993, will begin to reach the end of its design life early in the 21st century.

There are currently two project teams bidding for the MUOS project. One team includes the Raytheon Company as prime contractor and Honeywell Space Systems, both of which have significant operations in Florida at St. Petersburg and Clearwater, respectively. Space Systems/Loral and TRW Astro Aerospace are also members of the Raytheon project team. The other project team includes Lockheed Martin as prime contractor, General Dynamics, the Boeing Company, and the Harris Corporation. Lockheed Martin and Boeing are 50-50 partners in United Space Alliance, a limited liability company that manages and conducts space operations, including the Space Shuttle Program.

III. Effect of Proposed Changes:

The committee substitute for this memorial urges the United States Department of Defense to award the contract for the creation, development, and implementation of the Mobile User Objective System (MUOS) to the project team lead by the Raytheon Corporation in partnership with Honeywell Space Systems. However, recognizing that other qualified contractors are also bidding for this project, should the Department of Defense award the contract to another project team the Senate of the State of Florida would also be supportive of that decision.

A copy of the memorial is to be dispatched to the President of the United States, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, the Secretary of Defense, and each member of Florida's Congressional Delegation.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The memorial details a very significant economic impact from the awarding of the contract to the project team lead by the Raytheon Corporation. That impact estimates

1,000 high-technology jobs along the I-4 corridor with an average salary of \$65,000 per year plus project work spread from Clearwater across the state to the Kennedy Space Center which would generate labor income averaging \$65 million a year by 2005. These figures plus the assumptions on which they are based have not been verified by committee staff.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
