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File

NPIC/TSSG/DED-1628-69
2 June 1969

MEMORANDUM FOR: Chief, Contracting and Procurement Staff, TSSG/NPIC

SUBJECT : Final Settlement of Contract [redacted] 25X

- REFERENCES : 1. [redacted] Letter 9225-02-69, Dated 31 March 1969
- 2. NPIC/TSSG/DED-1173-68, Dated 10 April 1968
- 3. OL/PD Memorandum, Dated 4 April 1968

1. In Reference 1, [redacted] has submitted invoice numbers 18CR and 19 to replace earlier invoices that were rejected by the technical representative and the contracting officer. As stated in the [redacted] letter this matter was negotiated in a meeting between [redacted] the technical monitor, and the contract officer at NPIC in October 1968. As a result of these negotiations, [redacted] has reduced the amount of their claim and indications are that the requested [redacted] is a legitimate request for payment. 25X

2. In Reference 2, it is acknowledged that [redacted] incurred additional costs as a result of providing supplemental information for Phase 1 of [redacted]. The only disputed area was with [redacted] providing some reports and proposals that had not been requested. Reference 2 further states that once these disputed areas are negotiated, the required funds be transferred from the available FY-1965 funds in Phase 2 to Phase 1 and the Contractor be reimbursed for the negotiated amount. 25X

3. In Reference 3, the Office of Logistics informed the contract officer that the remaining funds for Phase 2 were inadvertently deleted as a result of a contract amendment in May 1967. While this was not the intent of the amendment, the OL/PD Finance Branch states that as far as they are concerned the funds are deleted and all remaining vouchers for Phase 1 are in excess of contract maximum funds. 25X

4. In order to reach a final settlement and close out Phase 1 of Con- [redacted] it is requested that funds be obtained from FY-1965 or any other available source and that the Contractor be reimbursed for the revised amount quoted in invoice number 19. 25X

[redacted]
Chief, Development & Engineering Division,
TSSG

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GROUP 1
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SUBJECT: Final Settlement of Contract

25X

Attachments: (3)
As referenced

Distribution:

Orig - Addressee

- 1 - NPIC/TSSG/DED
- ✓2 - NPIC/TSSG/DED/R&B-II

X1 NPIC/TSSG/DED/R&B-II (2 Jun 69)

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NPIC/TSSG/DED-1173-68
10 April 1968

MEMORANDUM FOR: Chief, Procurement Division, Office of Logistics

ATTENTION : [redacted]

SUBJECT : [redacted] Request for Overrun on Phase I of

REFERENCE : 1. NPIC/TDS/D-1038-67, Dated 25 September 1967
2. [redacted] Dated 28 November 1967
3. [redacted] Dated 3 August 1967

1. Copies of your speed letter dated 4 April 1968 and your memo dated 30 January 1968 have been referred to this office by [redacted] for comment. In these communications a reply is requested to [redacted] long standing request for overrun payments for alleged costs incurred under Phase I of [redacted]

2. In Reference 1 this office acknowledges that [redacted] may have incurred some legitimate overrun costs in Phase I of this contract. [redacted] submitted the Phase I Feasibility Report and proposal for the Phase II Fabrication of the instrument to NPIC in December 1965. Many doubts still existed on the potential use of the proposed instrument, therefore, [redacted] was requested to submit a supplemental report providing additional information. [redacted] delivered this supplemental report on 22 April 1966. In June of 1966 [redacted] was informed that the proposed instrument would not be useful and NPIC recommended against proceeding with Phase II. In August 1966, [redacted] submitted a proposed change of scope for Phase II and in September of 1966 [redacted] was informed that the change had been rejected. Once again on 6 October 1966 [redacted] presented a proposal change for Phase II and this was rejected. At a meeting on 22 November 1966 [redacted] informed NPIC that the present operational material could not be significantly improved by multiple image correlation. [redacted] was instructed to prepare a summary report on their findings. On 20 January 1967 this report was delivered but they also included a proposal for an image integration program to replace Phase II work. The proposed program was rejected. Acknowledgement is made that [redacted] must have incurred additional costs in preparing the supplemental and summary reports on the requested information. It is felt that [redacted] should be reimbursed for this work and any overhead or rate changes that have been authorized. But on the other hand, [redacted] should not be paid for the unsolicited proposals or [redacted] requested changes of scope of August and October 1966 or January and March 1967. Furthermore, [redacted] should not be compensated for any reported costs occurring on Phase I after 20 January 1967.

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X1 SUBJECT: [] Request for Overrun on Phase I of Contract [] 25X

X1 3. [] has repeatedly requested [] to give a further 25X
 cost breakdown on outstanding invoices Nos. 7, 9-12 so that [] can be reim- 25X
 bursed only for the authorized work. [] has elected to ignore these re- 25X
 quests for a cost breakdown. In Reference 2 [] recognizes that [] 25X
 has requested a cost breakdown. In this same reference, [] seems to infer 25X
 that ICAD auditors have ruled that [] should be paid for its full claim;
 but this does not seem in line with standard procedures. In Reference 3
 X1 [] indicates that additional charges accrued on this contract for five
 X1 different reports generated between April 1966 and March 1967, but in effect
 only two reports were requested.

X1 4. The Office of Logistics is requested to return invoices related to
 Phase I of this contract to [] and instruct them to submit cost breakdowns
 as to the specific tasks, reports, and meetings the charges are being made.
 Once an agreement is reached on the acceptable charges for Phase I, it is
 requested that the required funds be transferred from the available FY-1965
 funds in Phase II to Phase I of Contract [] in order to reimburse the Con- 25X
 tractor for the negotiated amount.

[] 25X
 Chief, Technical Services & Support Group,
 NPIC

Distribution:

Orig - Addressee
 1 - NPIC/TSSG/Chief
 1 - NPIC/TSSG/DED
 ✓2 - NPIC/TSSG/DED/R&DB II

X1 NPIC/TSSG/DED/R&DB/[] (10 Apr 68)

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NPIC/TDS/D-1038-67
25 September 1967

MEMORANDUM FOR: Chief, Procurement Division, OL

THROUGH : Chief, Support Staff, NPIC

SUBJECT :

[Redacted]

REFERENCE :

[Redacted]

Dated 3 August 1967

1. In June of 1965, NPIC entered into a CPIF contract for [Redacted] with [Redacted] for the development of an automatic Multiple Image Integration System. This project was to be accomplished in two phases:

25X

- a. A feasibility and breadboard phase
- b. Design and fabrication of a prototype

2. In December of 1965, [Redacted] submitted a report covering the feasibility and breadboard phase and proposing the type of instrument to be fabricated in Phase 2. The technical monitor felt that the findings of this feasibility report were not conclusive enough to warrant fabricating the instrument. In February 1966, the technical monitor requested that additional information be submitted in a supplemental report. In the succeeding months, [Redacted] submitted additional information, and some new proposals for Phase 2 and a proposed re-direction of effort. As a result of this additional information, [Redacted] and NPIC technical personnel concluded that while this instrument can be built it will not produce the results required for our high resolution photography.

25X

25X

3. The above referenced letter requests payment of [Redacted] for Invoices 7 and 9 through 12 plus [Redacted] for a negotiated rate increase. The same letter cites 5 reports or proposals prepared between April 1966 and March 1967 that allegedly account for this added expense. The technical monitor requested and received the Supplemental Report on 22 April 1966 and the Summary Report on 20 January 1967. The claims for reimbursement for the work performed on these two reports is legitimate and should be paid. [Redacted] is also requesting payment for submitting unsolicited proposals, changes of scope, and recommended re-direction of efforts; the technical monitor feels that the contractor should not be compensated for these activities. These are normal costs of obtaining business and are rightfully company expenses.

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SUBJECT: [REDACTED]

4. The Office of Logistics is requested to obtain from [REDACTED] a cost breakdown of Invoices 7 and 9 through 12 as related to each of the referenced 5 items and subsequently establish an acceptable payment to cover the costs of the two reports. 25X

5. There is approximately [REDACTED] of unexpended FY-65 funds remaining in Phase 2 of Contract [REDACTED]. Once an agreement is reached with the contractor on an acceptable settlement for Phase 1, it is requested that the required funds be transferred from Phase 2 to Phase 1 of Contract [REDACTED] in order to reimburse the contractor for the negotiated amount.

[REDACTED]
Colonel, USAF

Assistant for Technical Development, NPIC 25X

Distribution:

- Orig & 1 - Addressee
- 1 - NPIC/SS
- 1 - NPIC/A/TD
- 1 - NPIC/TDS/DS
- ✓ 2 - NPIC/TD/DS/ESB

NPIC/TDS/DS: [REDACTED] (5 Sept 67)

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