

Declass Review by NGA.

31 March 1967

MEMORANDUM FOR: Chief, Development Staff, TD/NPIC

FROM: Contracting Officer, NPIC

SUBJECT: [] Proposal for Automatic Viewgraph Generators

1. The original fixed price quotation of [] has now been raised by [] on the basis of upward revisions in fixed price OH and G&A rates. There is no way I can prevent this as the original quotation was dated 3 November 1966 and was valid for 60 days only. I will, therefore, require an additional [] to award this contract.

2. An alternative available to you, as previously mentioned to [] would be to convert the proposed contract to a cost type. Because of the difference in OH and G&A rates plus a possible negotiation of an 8% fee as opposed to the fixed price profit of 15% in the current quotation, a reduction could be made that would enable a contract award within the presently approved amount - [] My analysis indicates that, without touching labor hours or material costs, a contract may be negotiated at a figure as low as [] cost, plus a fee of [] or a total of []

3. It is true that a cost type contract always presents a possibility of an overrun at the end of the contract. However, when it is considered that this contract consists of modifications to standard [] Platemakers the risk may not be as great as in development of a completely new piece of equipment.

4. Use of a fixed price contract gives you protection in that the Contractor must, within the contract price, deliver two pieces of equipment. However, it should be noted that this is non-standard equipment fabricated not to Government specifications but to specifications drawn up by the Contractor as part of his proposal and accordingly subject to possible differences in interpretation. It must be understood that, while the Contractor's

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SUBJECT: Proposal for Automatic Viewgraph Generators

profit has been negotiated at 15%, under a fixed price contract any possible savings on costs are also translated into profit and occasionally this can result in delivery of minimum or low performance equipment when the items are non-standard. I do not strongly suggest that this will happen as the Contractor's willingness to accept a developmental contract on a fixed price basis indicates that he considers this well within his capabilities.

5. Please advise as to whether you will further fund this contract or whether you consider it desirable to follow the alternative approach outlined above.

Contracting Officer, NPIC

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FILE # 10197

TRANSMITTAL SLIP		DATE
		6 Apr 67
TO:	[Redacted]	
ROOM NO.	BUILDING	
REMARKS:		
<p>John P has bought [Redacted] solution -- convert the proposed contract to a cost-type contract. Give the go-ahead to [Redacted] If you need to give him written confirmation to change, draw up a memo for [Redacted] signature. (I don't believe you need a memo, however).</p>		
<p style="text-align: right;"><i>Boyd -</i> Boyd.</p> <p><i>WCB</i> → <i>no file</i></p>		
FROM:	<i>Transmittal slip</i>	
ROOM NO.	BUILDING	EXTENSION

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FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

GPO : 1957-O-439445

(47)

Paul M

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This paper work states the facts related to the [redacted] AVG's - note [redacted] does not recommend a choice, but J.P. has con- curred with the cost type contract

be sure that [redacted] under- stands his responsibility in this case. Proceed with negotiation have authority

Put all of these in file

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TRANSMITTAL SLIP		DATE 31 March 1967
TO: C/Development Staff, TD		
ROOM NO. 5S 453	BUILDING	
REMARKS: - This is another example of the effects of delay in negotiation brought about by the weighty procedure for processing a proposal through contract. - I recommend <input type="text"/> solution in this case. Ba		
<input type="text"/>		

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25X1

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