

~~SECRET~~

10147

Declass Review by NGA.

NPIC/TDS/D-1050-67
29 September 1967

MEMORANDUM FOR THE RECORD

SUBJECT: Anticipated Overrun of Project #10147 PI Print Enlarger

[redacted]

1. Historical Background.

In a memo (IPO/OSB/M-35-65) dated 4 August 1965^{PAG} described their need for equipment to produce enlarged photographic prints. Further interest was expressed by PAG in memo IPO/OSB/M-43-65 dated 5 October 1965. The Imagery Analysis Service expressed a need for similar equipment in a 16 November 1965 memo (IAD/OSS-346-65).

[redacted] submitted a proposal (153/66) on 8 September 1966 for a Print Enlarger employing a diffusion transfer photographic material.

On 10 October 1966 PAG indicated it had received the [redacted] proposal but expressed no interest in purchasing the equipment (IPO/OSM/M-161-66). On 4 October 1966 IAS encouraged the prompt approval of the [redacted] proposal (IAD/OSS-221-66).

2. Contractual Matters.

[redacted] original quote was for [redacted]. In January 1967 this price was raised to [redacted] to cover increased overhead that occurred during the period required for contractual approval. The "cost plus incentive fee" contract was signed on 27 February 1967 with a target cost of [redacted] and a target fee of [redacted]. The period of performance was to be from 27 February 1967 to 27 September 1967.

3. Contract Monitoring.

[redacted] and I made trips to [redacted] on 21 April and 12 May 1967. During these visits we discussed the design of the PI Print Enlarger. The contractor encountered no apparent serious technical problems in the design. During May 1967 [redacted] left the Technical Development Staff and I assumed responsibilities as project monitor of this contract. The contractor's monthly reports for March, April, and May 1967 all estimated that the project cost would equal the target costs of the contract.

~~SECRET~~

Excluded from automatic
downgrading and
declassification

25X1

25X1

25X1
25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

SECRET

25X1 During mid July I was notified by [] the project engineer [] that the June monthly report was nearly complete but that there was a delay by their accounting department in completing the status of funds. He gave no indication at that time that there was any financial trouble however.

25X1 During the week of 24 July, [] Contracts Manager [] called to say that an overrun of approximately [] was anticipated. On 11 August I visited [] to discuss the overrun and to see what steps could be taken to reduce its magnitude. Nearly all of the design was completed and most of the parts had been ordered. The only suggestions offered by the contractor were to reduce the quality of the deliverable manuals and to minimize quality assurance expenditures. However, both of these items would have little effect in reducing the overrun.

25X1 On 14 September, [] visited NPIC. [] [] auditor from the Ames Building, and I discussed the project. A cost analysis presented by [] is attached. [] also delivered the July and August monthly reports at that time. The cost analysis presents two pages showing costs to complete. The estimate made on 18 July shows an anticipated overrun of [] while the one made on 18 August predicted an overrun of []. Thus, [] has shown little competence in making cost estimates before or during the period of the contract.

4. Alternatives.

25X1 The following alternatives are presented with cost data available at the date of this memo. These figures will be updated if changes are anticipated by []

a. Cancel the contract - Approximate cost: [] - If the contract is cancelled, no assembled equipment will be received. Unfinished parts, unground lenses, etc. will be furnished in an unassembled form.

25X1 b. Require contract to be completed - Approximate cost: [] overrun, the assembled PI Print Enlarger would be delivered.

c. Require all components to be finished and assemble equipment at NPIC - Cost approximately: [] (This cost is uncertain at this time since [] has not been pressed with this alternative.) [] informed me that most of the components are completed but that he has not as yet spent more than the contract target cost. When it was suggested that the overrun would be consumed almost entirely in assembly, debugging and manual preparation, he indicated some uncertainty

SECRET

~~SECRET~~

as to the status of completion of the project and said that he would furnish more up-to-date figures on expenditures. If we can obtain all components for close to the original contract target cost, then perhaps our Equipment Performance Staff could assemble it.

d. Send letter to responsible [] administrative personnel suggesting that they absorb a portion of the overrun costs. Since some of the overrun costs were due to poor financial estimates and control by [] might be willing to pay some of these costs. Of course, if this approach does not produce a favorable reply by [] we would still be faced with selecting one of the other alternatives.

25X1

25X1

25X1

[]

Support Systems Branch, DS/TDS

25X1

ATTACHMENTS:

[] Proposal 153/66
[] Cost Analysis
IPO/OSB/M-35-65
IPO/OSB/M-43-65
IAD/OSS-346-65
IPO/OSB/M-161-66
IAD/OSS-221-66

25X1

Distribution:

Original - Route & File
1 - Originator
2 - NPIC/TDS/DS

~~SECRET~~

25X1

Approved For Release 2005/06/23 : CIA-RDP78B04770A002700020014-7

TRANSMISSION SLIP		DATE
		<i>27 Sept 67</i>
TO:		
ROOM NO.		
REMARKS:		
<i>your copy</i>		
FROM: <i>Carol</i>		
ROOM NO.	BUILDING	EXTENSION

Approved For Release 2005/06/23 : CIA-RDP78B04770A002700020014-7