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NPIC/TSG/RED-194/70
7 August 1970

MEMORANDUM FOR THE RECORD

SUBJECT: [] Dry Silver Materials and Equipment Program

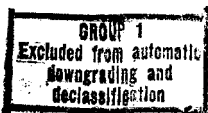
1. On 5 August 1970, [] (at my request) contacted [] concerning funding for a task under our [] dry silver materials project that [] had been previously supporting. [] indicated prospects were not good, but that the situation was not impossible. He said that the dry silver program would be reviewed in depth at the CCB meeting to be held on 11-13 August 1970. He said that, if the Board wanted to support this effort, the funds would have to come out of current CCB money and the recommendation would have to be approved [] further indicated that he could not give us a final answer until the first or second week of September. This presents us with a fundamental problem since [] answer would come too late considering the time that we have left in which to negotiate a follow-on contract--to delay would mean a break in the continuity of the contract. With this problem in mind, I have examined several alternatives as to the best method for proceeding.

2. It is my understanding that we have verbal approval from the ExDir/NPIC to proceed with the total program, either with total funding from NPIC's R&D budget or with partial funding to come from our budget supplemented by [] funding for Task 1. With these premises in mind, the following alternatives appear to be the most viable:

- a. To proceed as planned utilizing all NPIC funding. This has the advantages of permitting us to bring the program under contract within the time restraints created by the termination of the existing contract while, at the same time, offering minimum risk of losing either personnel or program continuity. It offers us the additional benefit of total control of the program, since outside funding invariably introduces some element of outside control. It also means that a program which is close to completion--with what appears to be a high degree of success--will be credited to the Agency rather than our having to share the credit, which would otherwise result. This approach has the obvious disadvantage of requiring a greater portion of funds from NPIC's R&D budget and the Agency's overall R&D resources.

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b. The second option, which appears realistic, is to treat the project as if we were in fact split-funding it. That is, we would contract for the total program, but split-fund the program--predicated upon the availability of funds. This approach works in the following manner: we would fund the total program utilizing only those funds needed for those tasks not to be funded by [redacted]. However, we would contract for the total price--our tasks plus [redacted] task--subject to the availability of funds. Work would start on all tasks. Later, if [redacted] is able to fund Task 1, we will then take the money transferred to NPIC and fund the balance of the contract. If [redacted] is unable to provide the required funding, we would then have to make the necessary funds available from our FY-71 R&D budget. This approach has the advantage of permitting us to go ahead with no delay, and put the program under contract. It would save NPIC and the Agency money, but has all the disadvantages previously given as advantages under option 1. This approach has been discussed with [redacted] and it appears to be a practical approach from a contractual standpoint.

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3. The obvious alternative of delaying the program until we get an answer from [redacted] is not considered to be viable because of Charlie's lack of optimism on obtaining funding and the attendant delays and risks to the continuity of the program. After a thorough review of the alternatives available, it is my recommendation that we proceed for the total program with the total funding to come from NPIC's FY-71 R&D budget.

[redacted]

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