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AGENDA
EQUIPMENT BOARD

MEETING NO. 3-62

DATE : 9 May 1962
TIME : 1400
PLACE : OC Conference Room
2D03 Hqs.

NEW BUSINESS

1. Discussion of catalog pricing procedure for equipment built at the OC-E laboratory. (OC-E item)
2. Review of R&D budget for fiscal year 1963.
3. Procurement of fifty FSS-7 transmitters. (TTT item)
4. Procurement of additional Agent Communications receivers. OC Agent receiver stock levels are insufficient to meet requirements. A decision is required on the number and type of new receivers which should be procured. (TTT item)

DOC	9	REV DATE	3-3-81	BY	006199
ORIG COMP	-	QTY	33	TYPE	01
ORIG CLASS	3	PAGES	12	REV CLASS	C
JUST	22	NEXT REV	2011	AUTH:	HR 70-2

~~SECRET~~

GROUP 1
Excluded from automatic
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declassification

EQUIPMENT BOARD

MINUTES

Meeting Number 3-62 of the Equipment Board was held on 9 May 1962 at 1400 in the OC Conference Room, 2D03 Headquarters Building. Those present were:

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- DD/CO
- OC-O
- OC-E
- OC-T
- OC-P
- OC-E
- OC-S
- OC-A
- OC-SPS
- OC-E
- OC-E
- OC-P
- OC-T/CTB

I. OLD BUSINESS

No old business was carried over from the previous meeting.

II. NEW BUSINESS

A. Agenda Item No. 1: Pricing Procedure for Equipment Built at the OC-E Laboratory

1. Introduction and Problem

At the present time the price of equipment produced at the OC-E Laboratory includes only the costs of blue collar labor and components and does not include engineering time or overhead. Consequently, the price is unrealistic as a representation of the true value of the item. A decision is required on whether this pricing procedure should continue or whether unit costs should more closely approximate the cost of production by commercial means.

2. Discussion

The main points brought out in favor of continuing the present policy were as follows:

- a. Engineering time and plant overhead costs are already paid for by the Agency; to include these items in equipment costs would seem to be charging twice for the same service.

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b. Pricing items on a commercial basis would indicate that the Laboratory is a production facility, but this is not the case because it is not chartered to do production in the normal course of events.

The main points brought out in favor of pricing on a more realistic basis were as follows:

a. The present pricing system encourages people to push for Laboratory production because of lower unit cost. Laboratory production should be discouraged so that the Laboratory can be clear to meet its primary requirements in the production field, that of a quick reaction to Office requirements, or provision of an extra degree of security for sensitive operations.

b. Frequently, initial production of an item is undertaken at the Laboratory with further production being done commercially; commercially-produced items have substantially higher costs which necessitate a change in the catalog price of the item and creates an unfavorable impression in the minds of our customers.

c. Producing equipment at the Laboratory places it in competition with industry, and this is not completely compatible with U.S. Government policy; pricing items below industry costs aggravates the matter.

d. Price is the normal criteria which consumers use for judging value of an item; this criteria does not hold for present laboratory-produced equipment.

3. Board Action

The Board agreed that equipment produced at the Laboratory would be priced on the basis of estimated commercial cost of comparable items.

As a general formula to be used, it was agreed that blue collar labor cost plus components plus 200 per cent would be satisfactory.

B. Agenda Item No. 2: Review of R&D Budget for Fiscal Year 1963

1. Introduction and Problem

Board review of and recommendation to D/CO concerning OC-E/R&D proposals is required.

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Approved For Release 2000/08/29 : CIA-RDP79-01578A000100060012-1

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Approved For Release 2000/08/29 : CIA-RDP79-01578A000100060012-1

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Approved For Release 2000/08/29 : CIA-RDP79-01578A000100060012-1

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c. The Board agreed that 214 RR-2B receivers should be procured to balance stock levels, but that additional procurement to cover RR-2B receivers which might be issued with RT-11 or AT-3 transmitters would not be undertaken because of the relatively large numbers of RS-1 equipment in stock and because, until a new tunable receiver is obtained, many of the receiver requirements can be met by issue of fixed frequency receivers.

d. The foregoing procurements, as distinct from Laboratory production, will depend upon the availability of funds.

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Secretary

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Approval

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