

SAPC 19408
COPY 1 OF 2

SECRET

11 September 1957

cy 2 - audit folder

Subject: Maintenance and Overhaul, Proposal for Revision of Rates

- Reference:** (a) Contract BC-450, as amended
 (b) Telecon 23 August 1957, WCM to GK
 (c) Contract BC-200, as amended
 (d) Purchase Order 56207

25X1

Dear Sir:

In accordance with Part V (a) "Repricing" of the Schedule of the reference (a) contract we herewith submit our proposals for fixed hourly rates for the periods 1 February 1957 thru 30 June 1957 and 1 July 1957 thru 31 January 1958. The activities this contract covers are the furnishing of services for factory maintenance and overhaul of certain equipments, liaison with other suppliers of related equipment and "in-plant engineering", all of which will facilitate and support successful field operations.

Enclosure 1 presents the proposed fixed contract hourly rates for the period 1 February 1957 thru 30 June 1957. The revision of these rates has been based on our analysis of actual costs incurred for the period.

The job classifications proposed for this period are unchanged from those applicable for the period ending 31 January 1957. Fifteen of the grade rates have been decreased in Total Price and one grade rate has been increased.

The overhead rate of for the five-month period ending 30 June 1957 is based on our analysis of the actual burden for this period.

25X1

The General and Administrative rate of is based on our estimated annualization of G & A for our present fixed year. Our actual experience for the six-month period ending 31 July 1957 is

25X1

25X1

In accordance with Part V (a) of the reference (a) contract, the "Contract Hourly Rates" for the period ending 31 January 1957 have applied as provisional for the five-month period ending 30 June 1957. Sales invoices for this period have been submitted to Customer A in the amount of \$136, 523. 70 and to Customer B in the amount of \$42, 838. 22 for a total amount billed of \$179, 361. 92.

DOCUMENT NO. 117
 NO. OF PAGES X
 DATE 2011
 22/6/81

The proposed adjusted total amount for the five-month period ending 30 June 1957 for Customer A is \$123,200.50. This revised amount is based on the new rates as presented in Enclosure 1 and includes the Direct Costs for this period with an applied G & A of rather than as previously invoiced.

25X1
25X1

The proposed adjusted amount for the five-month period ending 30 June 1957 for Customer B is \$38,572.20. This revised amount is based on the new rates as presented in Enclosure 1 and includes the Direct Costs for this period with an applied G & A rate of rather than as previously invoiced.

25X1
25X1

It is recommended, based upon the proposed rates as presented in Enclosure 1 that upon agreement and definitization of the contract that we will submit a Credit Memo to correct the amount billed during this period. Based on Enclosure 1, Credit Memos will be issued to you in the amount of \$13,323.20 for Customer A and \$4,266.02 for Customer B.

Enclosure 2 presents the proposed fixed contract hourly rates for the period 1 July 1957 thru 31 January 1958. We established these rates by a comprehensive cost analysis of each element from the inception of this activity thru 30 June 1957 and for the month of July 1957.

The job classifications proposed for this period have been expanded in quantity from those for the previous period. The addition of the twenty-three (23) job classifications is recommended to cover new job classifications established by the company since 31 January 1957 and to cover those classifications of direct labor which will be contributing to the maintenance and overhaul activity and have not heretofore been listed.

The following job classifications have been included in the schedule of Enclosure 2:

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>
1	074	Project Engineer, Senior
	164	Technical Editor, Writer Specialist
2	070	Administrative Assistant, Senior
	168	Publication Specialist, Senior
3	047	Administrative Assistant
	169	Publication Specialist
5	846	Experimental Machinist, Leadman
	585	Industrial Artist
	545	Research & Development Aide

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>
6	540	Technical Writer
8	255 530	Duplicating Machine Operator, Senior Technical Clerk
9	260	Duplicating Machine Operator
10	590	Clerk-Typist
11	055 167 171 720 811 991	Administrative Assistant, Junior Technical Writer, Junior Publication Specialist, Junior Model Maker Machinist, Maintenance Leadman Welder, Combination, Leadman
12	745 810	Plater Machinist, Maintenance
13	875	Maintenance, Mechanic

25X1

It is anticipated that the Maintenance and Overhaul program will increase slightly in its activity from that of the previous period because basic equipments which were delivered for operational use since January 1957 are now beginning to rotate through Maintenance and Overhaul. Equipments delivered during the last four months will probably be rotated through Maintenance and Overhaul at least once before January 1958. All equipments assigned to Detachment A will be returned during November to Maintenance and Overhaul for inspection and repair before reassignment.

Pursuant to instruction of the Contracting Officer per reference (b), in addition to repair and inspection work of equipments rotating through for normal Maintenance and Overhaul, the assembly and installation of the Configuration C optics and the final system test for serial numbers 1, 3, 4, 5 and 6 will be performed on this contract.

The basic hourly rates as presented in Enclosure 2 are based on our analysis of the wages of employees directly engaged in the performance of work under this contract through 30 June 1957 and further based on our best estimate of the actual rate structures for the seven-month period ending 31 January 1958 including a 4% General Wage Increase for all Hycon hourly employees effective 12 December 1957.

We, therefore, request that the reference (a) contract be amended to include Enclosure 1 to apply as the fixed contract hourly rates for the period 1 February 1957 thru 30 June 1957 plus applicable direct costs in the amount of \$161,772.70.

It is further requested that the reference (a) contract be amended to include Enclosure 2 to apply as the fixed contract hourly rates for the period 1 July 1957 thru 31 January 1958, plus applicable direct costs.

It is recommended that all other terms and conditions of Contract BC-450, as amended, shall remain the same except for Part V, Repricing, of the Schedule. It is recommended that Part V not apply to the contract periods 1 February 1957 thru 30 June 1957 and 1 July 1957 thru 31 January 1958 because the rates for these periods are herewith proposed as fixed for these periods and therefore would not thereafter be subject to revision.

Based on recent information pertaining to operational activity and test site activity we submit our estimate of the level of sales for both customers in the Maintenance and Overhaul activity for the period 1 July 1957 thru 31 January 1958:

	<u>A</u>	<u>B</u>	<u>Total</u>
July	\$ 28,864	\$ 13,551	\$ 42,415
August	27,000	11,000	38,000
September	30,000	15,000	45,000
October	30,000	15,000	45,000
November	30,000	20,000	50,000
December	35,000	20,000	55,000
January 1958	<u>35,000</u>	<u>25,000</u>	<u>60,000</u>
Totals	\$215,864	\$119,531	\$335,415

The above schedule of estimated sales supersedes previous forecasts. These sales figures are based on the rates presented in Enclosure 2.

It is recommended that, upon agreement and definitization of this contract, we will submit Credit Memos, based upon the proposed rates as presented in Enclosure 2, to correct Invoice #PE 15184 for July 1957 to Customer A in the amount of \$767.86 and to correct Invoice #PE 15185 for July 1957 to Customer B in the amount of \$607.59 for a total of \$1,375.45. These invoices were submitted pursuant to the instructions of the Contracting Officer as provisional billings pending definitization of this contract.

We trust that this proposal meets with your favorable consideration.

Very truly yours,

HYCON MFG. COMPANY

25X1

 Manager,
Engineering Products Division

25X1

TLB/pe

cc: H. L.

25X1

1 February 1957 thru 30 June 1957

MAINTENANCE AND OVERHAUL

PROPOSED TIME AND MATERIAL RATES

23 August 1957

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>	<u>Hourly Basic Rate</u>	<u>Burden at 121%</u>	<u>Cost</u>	<u>G & A at 12%</u>	<u>Total Cost</u>	<u>Profit at 10%</u>	<u>Total Price</u>
1	075 110	Project Engineer Research Engineer	\$ 5.25	6.35	11.60	1.39	12.99	1.30	14.29
2	064 165	Engineer, Senior Technical Writer, Sr.	4.35	5.26	9.61	1.15	10.76	1.08	11.84
3	065 100 146 166	Engineer, Intermediate Chief Inspector Photographer, Senior Technical Writer	3.85	4.66	8.51	1.02	9.53	.95	10.48
4	066 147	Engineer Junior Photographer	3.25	3.93	7.18	.86	8.04	.80	8.84
5	295	Draftsman, Design	3.05	3.69	6.74	.81	7.55	.76	8.31
6	303 310 330 340 355	Engineering Aide, Sr. Draftsman, Layout Technical Illustrator Electronic Technician, Sr. Photographic Technician, Sr.	2.90	3.39	6.19	.74	6.93	.69	7.62
7	300 345 360 500 535	Engineering Aide Electronic Technician Photographic Technician Draftsman, Detail Technical Illustrator, Jr.	2.23	2.70	4.93	.59	5.52	.55	6.07

Declassified in Part - Sanitized Copy Approved for Release 2012/06/20 : CIA-RDP89B00487R000400780041-2

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>	<u>Hourly Basic Rate</u>	<u>Burden at 121%</u>	<u>Cost</u>	<u>G & A at 12%</u>	<u>Total Cost</u>	<u>Profit at 10%</u>	<u>Total Price</u>
8	305 315 350 365 515	Engineering Aide, Jr. Draftsman, Jr. Electronic Technician, Jr. Photo Technician, Jr. Clerk-Department	\$ 1.85	2.24	4.09	.49	4.58	.46	5.04
9	520 380	Technical Typist Clerk-General	1.60	1.94	3.54	.42	3.96	.40	4.36
10	320	Tracer	1.50	1.82	3.32	.40	3.72	.37	4.09
11	845 960 850	Experimental Machinist Tool & Die Maker Research Mechanic	2.80	3.39	6.1	.74	6.93	.69	7.62
12	730 770 830 935 990	Grinder, Precision Inspector, Precision Machinist, Precision Inspector, Electronics Systems Welder, Combination	2.60	3.15	5.75	.69	6.44	.64	7.08
13	705 785 805 840 920 975 995	Assembler, Precision Inspector, Machined Parts Welder, Plating Machinist, Specialist Inspector, Electronics, Sr. Spray Painter, Specialist Welder, Specialist	2.15	2.60	4.75	.57	5.32	.53	5.85
14	755 820 890	Inspector, Assembly & Test Machine Operator Spray Painter	1.80	2.18	3.98	.48	4.46	.45	4.91

Declassified in Part - Sanitized Copy Approved for Release 2012/06/20 : CIA-RDP89B00487R000400780041-2

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>	<u>Hourly Basic Rate</u>	<u>Burden at 121%</u>	<u>Cost</u>	<u>G & A at 12%</u>	<u>Total Cost</u>	<u>Profit at 10%</u>	<u>Total Price</u>
14 (cont'd)	925 970 965	Inspector, Electronics Vat Tender Truck Driver	\$ 1.80	2.18	3.98	.48	4.46	.45	4.91
15	700 760 950	Assembler, General Inspector Helper	1.70	2.06	3.76	.45	4.21	.42	4.63
16	765 915 930 940	Inspector, Jr. Assembler, Electrical Assembler, Mechanical Utility Worker	1.50	1.82	3.32	.40	3.72	.37	4.09

Travel and Subsistence - Expenditures by the Contractor for the transportation of the persons directly engaged in the performance of the work hereunder and reasonable actual subsistence expenses incurred during periods of travel in accordance with Contractor's established travel practices will be allowable direct costs under this contract to which General and Administrative expense at 12% will be added as part of approved costs.

July 1957 thru 31 January 1958
 MAINTENANCE AND OVERHAUL
 PROPOSED TIME AND MATERIAL RATES

22 August 1957

Encl # 2

SAPC 19458
COPY 1 OF 2

Grade	Job Code	Job Classification	Hourly Basic Rate	Burden at 130%	Cost	G & A at 12%	Total Cost	Profit at 10%	Total Price
1	074	Project Engineer, Senior	5.50	7.15	12.65	1.52	14.17	1.42	15.59
	075	Project Engineer							
	110	Research Engineer							
	164	Tech. Writer, Writer Spec.							
2	064	Engineer, Senior	4.45	5.79	10.24	1.23	11.47	1.15	12.62
	165	Tech. Writer, Senior							
	070	Administrative Asst. Sr.							
	168	Publication Specialist, Sr.							
3	065	Engineer, Intermediate	3.85	5.01	8.86	1.06	9.92	.99	10.91
	100	Chief Inspector							
	146	Photographer, Senior							
	166	Technical Writer							
	047	Administrative Assistant							
	169	Publication Specialist							
4	066	Engineer, Junior	3.25	4.23	7.48	.90	8.38	.84	9.22
	147	Photographer							
5	295	Draftsman, Design	3.15	4.10	7.25	.87	8.12	.81	8.93
	346	Exp. Mach., Leadman							
	585	Industrial Artist							
	545	Research & Dev. Aide							
6	303	Engineering Aide, Sr.	2.80	3.64	6.44	.77	7.21	.72	7.93
	310	Draftsman, Layout							
	330	Technical Illustrator							
	340	Electronic Technician, Sr.							
	355	Photographic Tech., Sr.							
	540	Technical Writer							

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>	<u>Hourly Basic Rate</u>	<u>Burden at 130%</u>	<u>Cost</u>	<u>W A at 12%</u>	<u>Total Cost</u>	<u>Profit at 10%</u>	<u>Total Price</u>
7	300	Engineering Aide	2.35	3.06	5.41	.65	6.06	.61	6.67
	345	Electronic Technician							
	360	Photographic Technician							
	500	Draftsman, Detail							
	535	Technical Illustrator, Jr.							
8	305	Engineering Aide, Jr.	2.00	2.60	4.60	.55	5.15	.52	5.67
	315	Draftsman, Junior							
	350	Electronic Technician, Jr.							
	365	Photo Technician, Jr.							
	515	Department Clerk							
	255	Duplicating Mach. Opr. Sr.							
	530	Clerk, Technical							
9	520	Typist, Technical	1.70	2.21	3.91	.47	4.38	.44	4.82
	380	Clerk, General							
	260	Duplicating Mach. Opr.							
10	590	Clerk, Typist	1.60	2.08	3.68	.44	4.12	.41	4.53
	320	Tracer							
11	720	Model Maker	2.90	3.77	6.67	.80	7.47	.75	8.22
	991	Welder, Combination, Ldman							
	845	Experimental Machinist							
	850	Research Mechanic							
	055	Administrative Asst., Jr.							
	171	Publications Specialist, Jr.							
	811	Machinist, Maintenance, Ldmn.							
	167	Technical Writer, Junior							
12	730	Grinder, Precision	2.65	3.45	6.10	.73	6.83	.68	7.51
	770	Inspector, Precision							
	830	Machinist, Precision							
	935	Inspector, Elect. Systems							
	990	Welder, Combination (Prec.)							
	810	Machinist, Maintenance							
	745	Plater							

Declassified in Part - Sanitized Copy Approved for Release 2012/06/20 : CIA-RDP89B00487R000400780041-2

Enclosure 2

<u>Grade</u>	<u>Job Code</u>	<u>Job Classification</u>	<u>Hourly Basic Rate</u>	<u>Burden at 130%</u>	<u>Cost</u>	<u>M & A at 12%</u>	<u>Total Cost</u>	<u>Profit at 10%</u>	<u>Total Price</u>
13	705	Assembler, Precision	2.25	2.93	5.18	.62	5.80	.58	6.38
	785	Inspector, Machined Parts							
	805	Vatman, Plating							
	840	Machinist, Specialist							
	920	Inspector, Electronics, Sr.							
	975	Spray Painter, Specialist							
	995	Welder, Specialist							
	875	Maintenance Mechanic							
14	755	Insp., Assy & Test	1.95	2.54	4.49	.54	5.03	.50	5.53
	820	Machine Operator							
	890	Painter, Spray							
	925	Inspector, Electronics							
	970	Vat Tender							
	965	Truck Driver							
15	700	Assembler, General	1.80	2.34	4.14	.50	4.64	.46	5.10
	760	Inspector							
	950	Helper							
16	765	Inspector, Jr.	1.60	2.08	3.68	.44	4.12	.41	4.53
	915	Assembler, Electrical							
	930	Assembler, Mechanical							
	940	Utility Worker							

Travel and Subsistence - Expenditures by the Contractor for the transportation of the persons directly engaged in the performance of the work hereunder and reasonable actual subsistence expenses incurred during periods of travel in accordance with Contractor's established travel practices will be allowable direct costs under this contract to which General and Administrative expense at 12% will be added as part of approved costs.