

File CH1902
LTV Contract 76-1967
28 March 1966

MEMORANDUM

Trip Report: CHIGOE; LTV visit - 25 March 1966

The following points were covered:

1. Dave will obtain and submit contractor's flight personnel qualification certificate without delay, for the necessary approval of the contracting officer.

2. Contractor pointed out the need for a system-- as near instantaneous as possible--for determining location and acquisition of parts necessary in the maintenance of the vehicle. The best method, the contractor believes, would be:

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Cmndr. Dick WARREN
+- 3696
after 1300 wks of 4 Apr 66

- (a). A BUWEPS Instruction to all Naval Depots.
- (b). Containing a Project Identification as Navy Project name or number (Navy has decided to use the contractor's in-house unclassified code name "MUDDY HILL").
- (c). Delegation to the contractor of authority to requisition aircraft parts.
- (d). Bearing accounting appropriations symbol or other charge instructions.

Note: [] wants these costs to be billed on the average usage/support basis per type of aircraft method presently used by the Navy to apply. He also wants one consolidated ~~final~~ ^{final} billing--not piece-meal billings. We should therefore arrange for periodic Navy report on status of accumulated cost. (b)(3)

3. Under such an arrangement the contractor can handle aircraft parts requirements directly and expeditiously. Also, Contractor will maintain property accountability records.

4. The attached document, BUWEPS 1000Q1D illustrates the type of arrangement we should obtain.

5. We should, when this is set up, establish that charges as they occur will go to a Navy Finance Office and not to the Agency.

6. It is planned that the Contractor perform the necessary maintenance to the vehicle during the period it is

[] - AMES Bldg. R. 506; X-2101 (Rosshy N)

(b)(3)

under the contractor's control and/or custody. Accordingly, it will be necessary for us to arrange that BUWEPS furnish the contractor with distribution of all ASC's (Aircraft Service Changes) for the vehicle-type SP2H.

7. As a result, the Phase II/III contract should incorporate "direction of the contractor to follow standard Navy tech order procedure in accomplishing the routine inspections and maintenance tasks for the aircraft", etc. The work statement for these phases is to specifically spell out what aircraft maintenance the contractor is expected to do and what he is not expected to do.

8. Before Phase II is negotiated, ascertain whether we shouldn't have Navy engineers run a structural check on the changes proposed by the contractor.

9. The problem of maintaining program continuity during the transition period from Phase I to Phase II. Presently there are some 8 engineers charging direct plus "C.F." in Dave's office (Dave charges indirect, it is believed). Agreed with the contractor that these engineers should remain assigned to the program at completion of Phase I and authorized their continuing charging time to the Program.

10. Regarding personnel, the quantity of 8 engineers under Phase I will escalate rapidly in Phase II to a total of approximately 80. It is understood this will represent a peak in engineering staffing which will also drop off rather rapidly as Phase II nears completion. The total of 80 engineers will charge direct.

11. Of the total 80 personnel, 40 clearance requests are in. The balance of 40 are already cleared by the Agency; however, their names will be submitted and Cat. II clearance established. Contractor stated that all Cat. III personnel have been submitted.

12. Contractor is estimating 30 days for facility readiness, including new location for existing commo link which will be transferred to the closed Project Area. This area is to additionally house all necessary facilities--stores, blue-printing, etc., etc. Estimated cost to revamp and move personnel, out and in, is \$40K. However, we were assured by contractor that costs associated with this plant rearrangement will be charged either to overhead, or lease-hold improvements, resulting in either event to only an indirect cost to the contract as lease-hold amortization, or overhead application.

13. [redacted] (O/S) should visit the contractor's facility, perhaps this week, to discuss security implications of the planned Project facility.

(b)(3)

14. Regarding the cost estimate for Phase II/III, [redacted] will operate to reduce (b)(1) the material costs and the contractor's direct costs un(b)(3) original estimate. We are still shooting for a fixed price contract, at least for Phase II, and if Phase III involves flight testing only, perhaps this can also be placed on a (F.P.) rate basis per hour, or some other F.P. arrangement. 10 USC 130

15. Contractor agreed to:

- (a). accumulate separately costs incurred applicable to Phases I and II, with especial emphasis on charges to Phase II concurrently with Phase I.
- (b). set out separately in the Phase II and III cost estimate, the costs of vehicle inspection and maintenance.

16. The disposition of equipment to be dismantled from the bird remains to be resolved. To be discussed with appropriate Navy channel--probably PAX River.

17. Contractor authorized--for now--to run an IRAN and a thorough inspection for flight, and then put aircraft in storage, pickle the engines, etc. to make the bird "legally" a Navy vehicle. He is also to make such calendar inspections as become due during the period 'til July 1966. Costs estimates on pickling and periodic inspections are to be furnished 29 March 1966.

18. Contractor's target date--for Phase II and III work statement and cost estimate, and Phase I report--of 1 April still expected to be met.

19. Testing under Phase III is estimated to run about 72 hours per month, or some 400 hours for the test period, per normal Navy experience on programs like this.

20. There is no GFP POL at Contractor facility; all POL will have to be procured from the contractor. Dave will furnish an estimate of cost of POL for the program. If excessive, we may wish to investigate the possibility of arranging for one of the contractor's large AF contracts to absorb the POL cost.

21. Arrange thru A.F. channels for the local D.C.A.S.O. (Defense Contract Administration Supply Officer), Lt. Col. Fred R. Martin, to be informed that he need not be curious about the program, etc. (Contractor's internal Contract Ref. is #8853, or use Contract No. NOW-66-0451).

*Approved - (b)(3)
passed to*

(b)(3)

22. Before the bird is decommissioned in the near future, [redacted] approved the contractor's request to qualify a co-pilot in the vehicle. This will give us greater flexibility since we will then have two qualified pilots.

(b)(3)

23. The procurement of the Verdian computers should be resolved by 29 March 1966. Dave anticipates no particular problem. He may be able to "borrow" the units he needs from surplus now on hand at contractor's facility, and later (1) replace them with units he is now attempting to obtain from OCAMA, as received, or (2) modify them, if they are not identical with the type needed for the replacement.

24. Recapping Phase II work now authorized for contractor to proceed with during Phase I:

- (a). maintenance of bird plus pickle and inspect
- (b). continuity of (8) engineering personnel
- (c). procurement of long-lead items
- (d). facility revamping--(charged to plant re-arrangement and amortized to contract).

25. Procurement of IR film still to be arranged.

26. Plan to move (Pax River) flight and ground crews into contractor's facility in June 1966 still obtains.



(b)(3)