TO : J. C. Clarke, Contract (ogrdinator DATE: June 19, 1950 FROM : J. P. Morgan, Assistant/Pirector, Production Division NY, 4 SUBJECT: CONTRACT PROPOSAL OF AWARD - ELECTRO METALLURGICAL DIVISION UNION CARBIDE & CARBON CORPORATION CONTRACT NO. W-7405 ENG-14 a16 017

SYMBOL: PAD: JPM

4-4

BACKGROUND A.

- The vacuum casting facilities at the Electro Metallurgical Division 1. at Niagara Falls, New York, currently in standby, are needed for the vacuum casting of zirconium sponge to ingot for subsequent conversion to zirconium shapes for the Naval Critical Requirement. The program has been approved by the Washington Division of Heactor Development through the Washington Production Division. Monies are available from operations budget for FY 1950 and FY 1951 under the Titanium Alloy Manufacturing Division of National Lead Company Contract AT(30-1)-861.
- 2. The scope of the work will consist of the following:
 - Supplies, services, and materials to cast approximately 8. (12,000 pounds of zirconium sponge supplied by the Commission to zirconium ingots. Work is to be undertaken so as to convert sponge to ingot with the least possible delay. Effective date of work: April 14, 1950. Estimated completion: August 31, 1950.

Β_ PROPOSED CONTRACTOR

- 1. Electro Metallurgical Division Union Carbide & Carbon Corporation 30 East 42nd Street New York, New York
- This contractor was selected for the reason that adequate 2. 8. facilities were available for undertaking this work. The Titanium Alloy Manufacturing Division of the National Lead Company was experiencing trouble in meeting production schedules and it was recognized that if the delivery of zirconium metal shapes for the Naval Critical Requirement was to proceed substantially on time that the services of this contractor and the Government-owned facilities would be required

10,000

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- b. No other contractors were considered.
- c. The contractor has had similar experience on the casting of uranium metal and the plant was in standby with equipment in good working order and experienced personnel readily available. No previous commitments of the contractor interfered with the above work.

. 19, 1990

- 3. No labor or security problems are anticipated.
- 4. Current relationships of the present contractor with the AEC are considered satisfactory.
- C. DESCRIPTION OF PROPOSED AGREEMENT
 - 1. Amendment to present cost-plus-fixed-fee contract.
 - 2. Funds available:

\$38,000 for FY 1950 \$35,000 for FY 1951

Appropriation No. 8900100 Allotment No. 022-01-01 Subprogram class: 9120 Budget item: Inventory changes - Special Reactor Materials

3. Basic provisions of Contract No. W-7405 eng-14 and previous supplements apply. Provisions should be made to revert facilities to standby at completion of work. No standby fee is to be paid during the period of operation estimated to be April 14, 1950 or to August 31, 1950.

D. FINANCIAL JUSTIFICATION

1. Breakdown of the estimated costs is as follows:

Mose	Supplies	Labor	Overhead	Fee
Startup thru May June July August	\$2,000 2,000 2,000 1,000	\$6,500 6,500 6,500 6,500	\$6,500 6,500 6,500 6,500	\$5,000 3,000 3,000 3,000
	\$ 7,000	\$26,000	\$26,000	\$14,000
Grand Total:	\$73,000	•		

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Above estimated cost is based on preparation of the facilities from approximately April 14, 1950 through May 1, 1950; two shift operation for the duration of the work.

19. 1950

Direct labor comprising:

6 operators	2 metallurgical engineers
2 maintenance men	2 analyst
l accountant (part time)	l clerk (part time)

This estimate was arrived at after discussions with the contractor.

2. The contractor suggested a fee of \$5,000 from startup through the month of May and \$3,000 for each month thereafter. The basis for this fee was that they considered it a short time operation and that due to the urgency of the work, an unusual amount of time and effort on the part of the top personnel of their organization was necessary to get the plant into operation and proceed with the work.

E. RECORD OF NEGOTIATIONS

See attached Memorandum to the Files from J. P. Morgan and G. A. Bate, dated June 19, 1950.

F. RECOMMENDATIONS

It is recommended that this award be made to the ^Electro Metallurgical Division so that this office can meet highly urgent requirement for the supplying of zirconium metal shapes for the Naval ^Critical experiment.

Attachment: Memo to Files 6/19/50