

- 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.
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 *overhead* to August 31, 1950.

D. FINANCIAL JUSTIFICATION

1. Breakdown of the estimated costs is as follows:

<u>Mos.</u>	<u>Supplies</u>	<u>Labor</u>	<u>Overhead</u>	<u>Fee</u>
Startup thru				
May	\$2,000	\$6,500	\$6,500	\$5,000
June	2,000	6,500	6,500	3,000
July	2,000	6,500	6,500	3,000
August	<u>1,000</u>	<u>6,500</u>	<u>6,500</u>	<u>3,000</u>
	\$ 7,000	\$26,000	\$26,000	\$14,000

Grand Total: \$73,000

June 19, 1950

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.

Direct labor comprising:

6 operators	2 metallurgical engineers
2 maintenance men	2 analyst
1 accountant (part time)	1 clerk (part time)

This estimate was arrived at after discussions with the contractor.

- 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