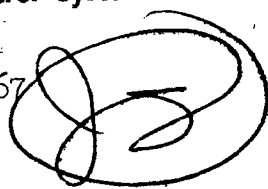


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March 14, 1967



MEMORANDUM FOR RECORD

SUBJECT: March 10 Meeting on MOL Revised Costs/Schedules

A meeting was convened at Headquarters Air Force Systems Command, Andrews Air Force Base, Maryland, on March 10, 1967 to review the analyses and conclusions reached as a result of the scheduling exercise directed upon all MOL associate contractors at the February 15 MOL Management Meeting. A copy of the material presented at the March 10 meeting is attached. Those in attendance included:

General Ferguson	Director MOL
Dr. Flax	SAF-R&D
Brigadier General Berg	SAFSS
Brigadier General Hedrick	Hq AFSC
Dr. Yarymovych	SAFSL
Colonel Battle	SAFSS
Colonel Heran	SAFSL
Colonel Kester	SAFSL
Colonel Knolle	SAFSP
Colonel Randall	SAFSL
Colonel Sanders	SAFSL
Colonel Smith	SAFSP
Mr. Donovan	Aerospace
Dr. Leonard	Aerospace
Mr. Tennant	Aerospace

DISCUSSION

During the period of February 16-27 a concerted and integrated effort was undertaken by the Systems Office/Aerospace and all MOL associate Contractors to rework all segment schedules on the basis of: (a) a 9-month program slip and (b) a 12-months program slip. These schedules were then incorporated into revised test plans with fiscal year and total program costs identified for each.

The Systems Office concluded from this exercise that a 9-months program extension was extremely tight on scheduling of exchange hardware between Eastman Kodak, General Electric, and Douglas. Although technically feasible it was felt that the high risk and excessive fiscal year cost associated with this schedule made it unacceptable.

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Conversely, the 12-month program extension to the baseline schedule, resulted in a test flow plan acceptable to all associate contractors. However, the ROM costs associated with this revised schedule (\$586 million for FY 68 and \$637 million for FY 69) exceeded the FY 68/69 guidelines of \$500/\$600 million laid down by Dr. Flax at the February 15 Executive Management Meeting. The presentation further contended that to impose fiscal year 68/69 ceilings of \$500/\$650 million would result in a minimum program slip of 15 months. Also, it was pointed out that the contractors' ROM costs were based on expenditure plus fee type funding. To go to normal commitment type funding would add additional cost requirements of approximately \$75.0 million in FY 67 and \$30.0 million in FY 68 with only slight reductions in FY 69.

In the discussions which ensued, the following decisions were made:

FY 68/69 BUDGET

Dr. Flax and General Ferguson agreed that they would attempt to see Dr. Brown and Dr. Foster on Saturday, March 11 to review with them the revised scheduling data and to obtain FY 68 and FY 69 funding levels which could be used by the Systems Office in negotiating revised baseline schedules. In no case did Dr. Flax envision that these levels would exceed \$500/\$650 million for FY 68/69.

DX PRIORITY

It was agreed that a DX industrial priority for the program is still required and Dr. Flax will continue his efforts with OSD to obtain a dollar limited DX priority. As an interim course of action Dr. Flax will support action to raise the Program DO industrial priority to a more favorable level. For the immediate period, the Systems Office will negotiate the revised program schedules on the assumption of a DO industrial priority with provisions for providing special assistance to the contractors for obtaining critical long lead items.

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TYPE FUNDING (EXPENDITURE VS COMMITMENT)

Dr. Flax directed that the MOL contracts be negotiated and funded on a commitment rather than an expenditure basis. He asked to be notified, as soon as possible, of the additional costs required in FY 67 to fund the MOL contracts on a commitment basis. If these costs, when identified, prove to exceed the FY 67 budget level, then the Secretary will initiate internal Air Force reprogramming action to correct the funds deficiency.

CONTRACTS

The Systems Office recommended and Dr. Flax agreed that fully structural incentive contracts, as previously negotiated, are still appropriate for the MOL Program, even in light of the schedule slip. The same type contracts as originally negotiated with each of the contractors prior to the program slip will be maintained in the renegotiations.

ACTIVE MOLECULAR SIEVE EXPERIMENT ON SATURN IVB

The MOL Program Office recommended that an active molecular sieve experiment be carried on the proposed Section IV Orbital Workshop flight scheduled for June 1968. Dr. Flax stated that before approving this experiment he wanted to talk to Geo<sup>l</sup> Mueller of NASA. No decision date or reason for this contact was indicated.

TITAN IIIM DEVELOPMENT COSTS

Dr. Flax indicated he would discuss with Dr. Foster the possible transfer of Titan IIIM development funds from the MOL to the Titan III line item. No specific date was given from this action.

NEXT MOL MANAGEMENT MEETING

Dr. Flax and General Ferguson both agreed that either April 6 or April 7 would be an appropriate and acceptable date for the next MOL Management Meeting on the West Coast. The meeting is tentatively scheduled for April 6.

DORIAN

Atchs  
a/s

*R. C. Randall*  
RICHARD C. RANDALL  
Colonel, USAF  
Chief, Program Control  
Division

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