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28 FEB 1969

MEMORANDUM FOR: Director of Special Projects

SUBJECT : CORONA Phase Out

1. This memorandum contains a planned course or series of actions to phase out the CORONA Program. The plan attempts to accomplish the phase out in the most economical fashion consistent while maintaining the integrity of the program and with the least disruption to schedules and people. A review of the current program shows the following status.

Planned Launch Schedule

(See attachment for complete schedule including reserves.)

<u>FY 1969</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Launch	0	CR-6	J-43	0	J-44	0
<u>FY 1970</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Launch	CR-7	0	J-46	CR-8	0	0
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Launch	CR-9	0	CR-10	0	CR-11	0
<u>FY 1971</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Launch [redacted]	CR-12	0	CR-13 [redacted]	0	CR-14	0
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Launch [redacted]	CR-15	0 [redacted]	CR-16	0	QR-2 [redacted]	

Declassified and approved for release NRO

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In Accordance with E. O. 12958

on NOV 26 1997

CORONA

SUBJECT: CORONA Phase Out

Current Procurement Status

a. General Electric - SRV's for all planned CORONA flights are on contract with delivery of the last SRV scheduled for 28 February 1969; however, because of limited shelf life, heat shields and pyres will be delivered later. A schedule of these deliveries is attached. With delivery of the last SRV, GE's contractual obligation to provide personnel to support the program will cease other than that necessary to fabricate, test, and deliver the remaining hardware.

b. Itek - The last J-3 camera system is scheduled for delivery in May 1969. In addition, the contemplated UTB testing on QR-1 is to be completed on or before that date. With completion of this effort, Itek's contractual obligations will have been completed with the exception of field service which continues through 30 June 1969. In addition, the lease expires on the ETL building and the equipment must be vacated.

c. LMSC - Current contracts cover the fabrication, assembly test and launch of all J-1 systems in accordance with the schedule above. The J-3 contract currently contemplates the last launch in December 1970. An ROM estimate of [REDACTED] has been received for the J-3 program stretchout to be compatible with the current projected schedule. This contract is a cost incentive type which was negotiated on the basis of an "on-going" program and excluded "phase out" costs from the target or in the computation of overhead rates for target purposes. An adjustment must be negotiated to cover this factor or incur the possibility of LMSC reducing personnel beyond sound practice to avoid incentive losses.

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Page Two

CORONA

~~TOP SECRET~~

SUBJECT: CORONA Phase Out

2. A review of the current situation was made with the contractors, Messrs. [REDACTED], and [REDACTED]. The contractors were also requested to submit proposals reflecting their recommendations. The following proposed actions and recommendations reflect these discussions and proposals to a varying extent. But most important, they are made on the basis that no follow-on CORONA systems will be ordered.

a. General Electric

(1) Extent current contracts to cover field service (two ROTS personnel) and Program Office Support until 30 June 1969. The level of Program Office Support will be held to 15 in March and reviewed with goal of reducing to five thereafter.

(2) Arrange with the [REDACTED] Program Office [REDACTED] to amend its contract with GE to merge the Contractor's CORONA Staff into the [REDACTED] Project Office and to assume contractual responsibility. Exact details and numbers of people would be worked out by all three parties. At the present time we see the need for two (2) full time ROTS personnel at the A/P and possibly give five (5) to eight (8) people at GE. The exact number of people depends somewhat on the strength of the current [REDACTED] Project Office there. Consideration is also being given to transferring the remaining hardware to be delivered to the [REDACTED] contract (shields and pyros). Procedures for budget transfers, establishing requirements and technical direction must all be worked out but do not appear to be difficult. [REDACTED]

[REDACTED] Procurement, will visit Headquarters on 27 February and we will initiate preliminary discussion. Subsequent discussion between all three parties must be held and resolved to our satisfaction.

SUBJECT: CORONA Phase Out

b. Itek

(1) Concurrent with completion of the UTB testing and delivery of CR-16 (last unit on contract), move the test chamber from the ETL facility on Route 128 to Lexington, where 1500' will be provided by Itek in the I wing of the main building. The collimator/simulator will be stored. Other miscellaneous test equipment will be installed in the chamber area. The vibration equipment will not be needed in the new area because of other available equipment and may be disposed of as we see fit.

This is recommended since the space will be provided at no cost to the Government and Itek, Boston, will have a ready source of skilled technicians to conduct tests if necessary either for CORONA on rollers or a complete instrument. It may be necessary to jury rig a collimator for an instrument test and with a recheck on the collimator at A/P this should prove satisfactory. We could bring the collimator out of storage but this is recommended only if there is a follow-on order.

(2) To provide engineering and manufacturing support after delivery, Itek has proposed the following on an ROM basis.

a. Train ten (10) Vidya engineers in the design and functional parameters of the J-3 system. Training to be conducted in Boston for seven (7) months (February-August) at estimated cost of [REDACTED]

~~TOP SECRET~~

~~CORONA~~

SUBJECT: CORONA Phase Out

b. Provide above ten (10) engineers from September 1969 - June 1971 to support program at estimated cost of [REDACTED]

c. Provide Boston engineering support (June - August 1969) until Vidya assumes responsibility. Five (5) engineers and one (1) manufacturing person at estimated cost of [REDACTED]

d. Provide Program Office Support in Boston to prepare inventories, documentation and close out actions. Estimated cost is [REDACTED]. This does not include packing, shipping, or disposition of GFE and residual inventory.

It is recommended that in lieu of the above proposals we procure the following:

a. Convince Itek to transfer two (2) or three (3) of the Project engineers to Vidya for approximately two (2) years to support the program.

b. If Itek is unable to transfer the engineers, then we should proceed with training of two or three Vidya engineers. Estimated cost shouldn't exceed [REDACTED]

c. Procure Boston engineering support through August.

d. We have already directed Itek to inventory all equipment and material and to make recommendations with respect to its disposition. As to the [REDACTED] cost and eventual disposition, this will be negotiated.

[REDACTED]
Page Five

~~CORONA~~

~~TOP SECRET~~

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CONTROL [REDACTED]

SUBJECT: CORONA Phase Out

e. In addition, we would propose to establish a T&M contract with Itek to provide model control, technicians, and engineering personnel to support test or repair equipment which may be returned to Boston. The two or three model contract personnel would be on a full time basis to keep drawings current and act as point of contact for problems or equipment being returned. Technicians, manufacturing and engineering personnel would be used only as required.

c. LMSC

(1) The original LMSC proposal to take care of "phase out" costs was to negotiate those direct charges associated with plant close-down as well as the increased indirect costs associated with a declining work force and exclude them from the incentive provision of the contract. After a number of discussions with LMSC and the auditors, an alternate proposal was made to convert the entire A/P operation to a level-of-effort. This plan would convert all contracts to a level-of-effort basis and thereby remove the incentive from the contracts and the necessity of negotiating "phase out" costs. At the present time, engineering, payload integration, and operations and analysis are under the level-of-effort program. Therefore, all that is left is Q. A. tests and manufacturing. LMSC has proposed that effective 1 July 1969 Q. A. and Test be converted and 1 January 1970 Manufacturing be converted.

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Page Six

~~TOP SECRET~~
CORONA

SUBJECT: CORONA Phase Out

(2) The present work force at A/P is 257 personnel as follows:

	<u>LMSC</u>	<u>[REDACTED]</u>	<u>Total</u>
Direct	121	82	203
Indirect	<u>20</u>	<u>34</u>	<u>54</u>
	141	116	257

When converted to level-of-effort, LMSC's estimated total work force for FY 1970 at approximately 164 is as follows:

<u>Direct</u>	<u>Function</u>
35	Ops/Anal
43	Eng. Integ. & ROTS
45	Test
11	Manufacturing
<u>10</u>	Q. A.
144	
20	Indirect (Guards, Admin, etc.)

The above are planning figures only. LMSC was asked to prepare a firm proposal including appropriate credits to the incentive contract for remaining work being converted to the level-of-effort. Upon receipt and evaluation a firm recommendation will be made. However, at the present this appears the best way to proceed causing minimal perturbation to the contracts and the A/P work force. LMSC has agreed, if we so desire, to negotiate the level-of-effort in six-month increments. This permits us to make adjustments in the numbers of personnel more frequently to accomplish the projected work load or adopt to a changing situation. It may be

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Page Seven

~~TOP SECRET~~

SUBJECT: CORONA Phase Out

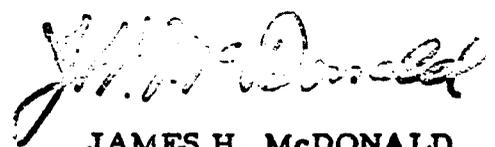
more practical in FY 1971 not to hold a minimal level, but rather decrease the numbers as the program comes to a close. LMSC's proposal for FY 1970 effort will be submitted in late March together with projected credits on the existing incentive contracts.

3. As mentioned, the above recommendations are made on the basis of no follow-on CORONA systems. If we wish to retain this option, I would recommend that we do the following.

a. We limit the action on GE to the recommendation in 2. a. (1) and limit action under 2. a. (2) to exploratory discussions only.

b. We proceed with the actions at Itek as planned.

c. We continue with plans to place A/P on a level-of-effort and proceed with negotiations. Odds are that any follow-on order would be small and could just as easily be produced under this type of contract as an incentive.



JAMES H. McDONALD
Chief, Program Administration Division

Attachment: a/s



Page Eight

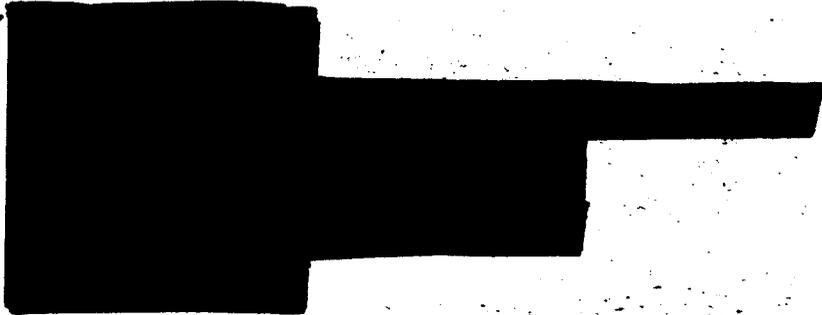
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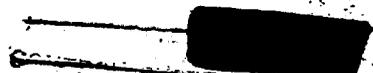
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SUBJECT: CORONA Phase Out

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Page Nine


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