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~~ISI~~ NATIONAL RECONNAISSANCE OFFICE
WASHINGTON, D.C.

OFFICE OF THE DIRECTOR

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Dr. Steininger

I met with Dr. Steininger, Assistant to the President's Scientific Advisor, on July 8 to discuss subjects of concern to him. My Deputy, Mr. Harry Davis was present.

Dr. Steininger wished to be informed of our plans for the follow-on to MOL, particularly our plans to continue the camera development for a subsequent high resolution system. I informed him that we cancelled the tracking telescope but are continuing the work on the main payload. There are a number of loose ends which are not yet tied together. There are three possible spacecraft: the HEXAGON spacecraft, one proposed by McDonnell Douglas, and another by the Boeing Aircraft Company. We have no estimate of how much money would be available or how urgently we should proceed. We are debating on how urgently we should proceed. We are debating whether we should try to start something by the first of January or wait until July 1970. All these things are not yet resolved.

Dr. Steininger pointed out that if we let the project dangle too long, we might jeopardize the follow-on program since there is a danger that the contractors, noting the lack of money, may transfer key people. Dr. Steininger concurred in our efforts to make our decision in a deliberate manner without haste. He had become concerned that we may stop the development of the camera because during a visit to Itek he learned that Eastman Kodak has

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cancelled the subcontract to Itek and that Itek had been developing a very important mechanism for the across the format IMC.

The second subject discussed by Dr. Steininger was the read-out-program. Dr. Garwin and Jack Cook of the Bell Telephone Laboratories had been visiting a number of contractors to obtain the latest information concerning the technology of candidate sensors for a read-out system. They visited TRW, Fairchild, Westinghouse and CBS. They will prepare for the Land Panel their assessment of the technology. At the same time Dr. Shea and Dr. Baker are visiting Perkin-Elmer, Itek, and Eastman Kodak to assess the status of optics for a read-out system. Dr. Steininger hoped to have a meeting of the Land Panel during the first week of August. He hopes that the Bennington report would also be available at the same time.

I informed Dr. Steininger that I was concerned about starting another big system while having several in progress and have asked [] to make a five year projection of the costs of the NRP. I have not yet decided whether to expose this projection to the ExCom before the meeting of August 8, but I am weighing the advantages and disadvantages of this.

The last subject discussed by Dr. Steininger was the HEXAGON project and the meeting which was held with the Perkin-Elmer Company. Dr. Steininger noted that he was persuaded by Admiral Nimitz that he couldn't fault him for accepting the \$175M contract since there is a difference between accepting a contract and believing what it would really cost. The real question according to Dr. Steininger is whether Perkin-Elmer can justify the assertion that the over-runs above \$205M are really substantive. This is a classic case of the Government trying to predict costs when budgeting a difficult project. The question whether the agency was right in their negotiation position is not really relevant.

I told Dr. Steininger that I didn't think the program was going too badly. If the over-run is 50%, it is not

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too different from other projects. Mr. Packard was upset because he had recently been exposed to many large over-runs.

Mr. Davis observed that (1) the Agency did a good job, better than is normally done in Defense contracting; (2) he was amazed at Nimitz's prime objective to preserve a high earning rate, even when the company does not perform as well as expected; (3) it was interesting to note the unanimity of all the Government personnel, and (4) Mr. Crowley showed admirable restraint. I mentioned that I expected to have Mr. Crowley come over to explain his side of the HEXAGON story. Dr. Steininger asked to be invited and I promised that I would invite him.

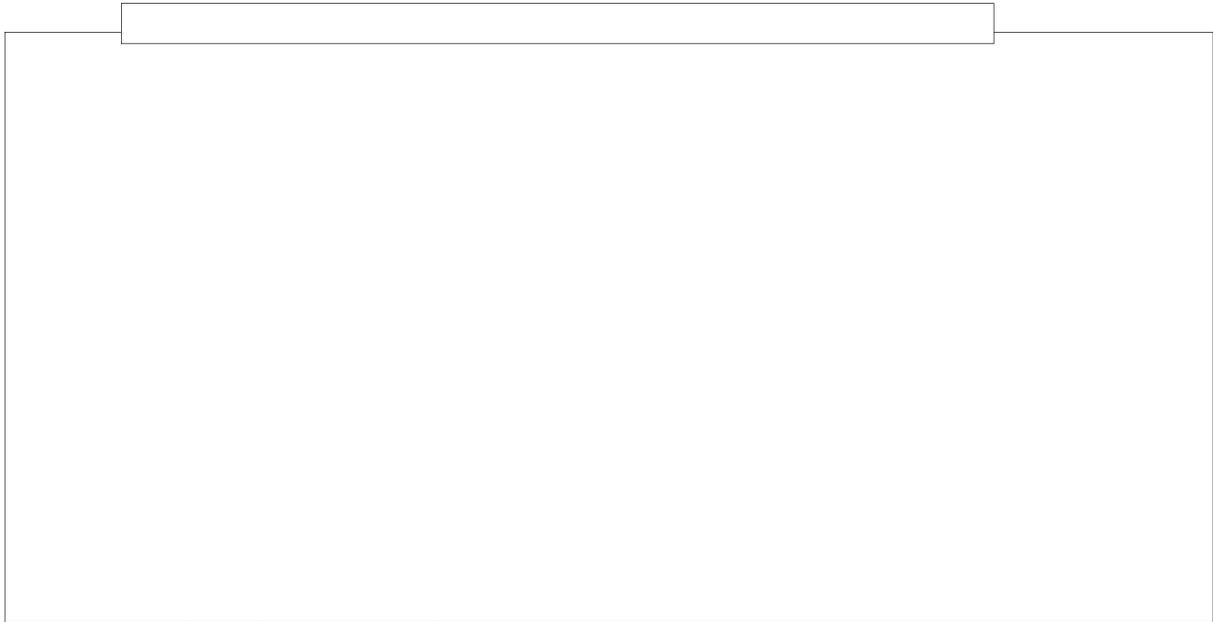
Dr. Steininger asked whether we had learned any lessons. He felt that perhaps we should not use incentive contracts for this type of development because as Admiral Nimitz observed, there is too much Government interference for incentive contracting in a program which had to be defined as the work progressed. I pointed out that Mr. Duckett appeared to have a rational approach. He agrees we must make some compromises with the contractor. Dr. Steininger observed we should recognize that some of the increases in the cost should be charged to the complex interfaces. Dr. Steininger also wanted to know whether a good deal of the cost increase of the total program is in the spacecraft. I replied that there is an over-run in the spacecraft but the largest over-run outside of the Perkin-Elmer over-run is the SI camera. This increased from \$30M to \$54M. Dr. Steininger wanted to know if the SI camera was being bought on an incentive contract but we admitted we did not know. I pointed out that General Martin is an enthusiast for incentive contracting and he has written an excellent report on the subject.

I asked Dr. Steininger as to what his future plans were and he pointed out that Dubridge asked him to stay and take on the added responsibilities of the post Dr. Spurgeon Keeney held. At the moment he plans to stay in his present position.

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needs. On the other hand I observed members of the Air Staff are more aggressive in supporting projects which they directly control.

John L. McLucas

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