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DEPARTMENT OF THE AIR FORCE
OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM

18 May 1967

Colonel Worthman:

As a result of Dr. Flax's agreement in principle on the realignment of MOL management--General Stewart sent this wire authorizing General Martin to defer signing the GE and Douglas "black" contracts in order to preclude their having to be reissued by General Keeling or whoever becomes Asst Director, MOL, for Procurement (we understand General Keeling will become General Ruegg's deputy in DCS/S&L, Hq USAF--General Gerrity took AFLC, General Ruegg got the DCS/S&L job).


Lt Col Yost

Attachment

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*File
FUNCTIONS/MOL
RAR B-8*

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RAR-A-y
RAR B-8 ✓
BYE-66514-67

DEPARTMENT OF THE AIR FORCE
DIRECTORATE OF SPECIAL PROJECTS (OSAF)
AF UNIT POST OFFICE, LOS ANGELES, CALIFORNIA 90045

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13 April 1967

REPLY TO
ATTN OF: SP-1

SUBJECT: Management Responsibility for Phase II MOL/DORIAN Activities
at GE

to: DNRO (Dr. Flax)

Director, MOL (General Ferguson)

1. The purpose of this letter is to identify a basic problem concerning current management plans within the MOL/DORIAN Program as related to GE Phase II activities together with my proposed solution.

2. Following is a statement of the basic problem: Current plans for the initiation and control of the Phase II MOL/DORIAN effort at GE are based on the issuing of two contracts at GE. That is, a "Black" contract issued by SAFSP and a "White" contract issued by the MOL SPO with joint management of these two contracts. Although these two contracts stand alone from a security point of view, they are not independent from a management consideration since neither alone represents a manageable entity. There is presently only one definitized Phase II task at GE and that is for the production of reconnaissance payload hardware, support equipment, and services for the payload. Joint management of the two contracts covering this single, closely integrated task is not only an impractical approach, but is inconsistent with the presently assigned responsibilities which delegate the development, acquisition and test of the sensor payload to the Director of Special Projects. Following is a discussion of this problem and my proposed solution.

3. With the announcement of GE as the "Experiments Integrator" for the MOL Program it was initially assumed that there would be meaningful "white" tasks for GE other than those associated with the sensor payload. However, as the definition of the MOL Program progressed, other "white" tasks failed to materialize. The tasks that did evolve were explicitly associated with the high resolution optical system being supplied by EKC. These tasks included the production of payload hardware such as the tracking mirror gimbal and drive system together with the control and

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navigation system for executing the pointing and tracking function of the sensor payload; the production and integration of the acquisition and tracking telescope system into the payload system; the production of all electrical, mechanical, and special alignment equipment AGE to support the above defined AVE; the production of the reconnaissance mission development simulator and the mission module simulation equipment; software for mission control and on-board operation of the payload and the operation of AGE and simulators; the provision of services as the interface custodian of the EKC/GE interface and as the representative for the payload interface with DAC, T-IIIM, and MAC; the supporting of systems testing of GE equipment at EKC, DAC and VAFB; and the supporting of mission operations at the STC. In the absence of white experiments for GE to integrate into the MOL of meaningful "white" tasks for GE other than those associated with the sensor payload, my personnel, with limited MOL support, proceeded to divide and negotiate the GE sensor support tasks outlined above into "white" and "black" tasks and contracts using Program 206 experience as a guideline. Although the basic GE reconnaissance payload task is "black," experience shows that it is unnecessary to do all of the work in the "black." In fact, it is highly desirable in any program to keep the "black" funding to a minimum. This is particularly true in the case of MOL where the total funds have been announced in the "white" and it may be difficult in the future to explain the disappearance of large amounts from this total into the "black" efforts. This division of the GE role between "black" and "white" resulted in two work statements each containing the same nine major tasks with the following division of effort and dollars between the two:

<u>TASK</u>	<u>Percent Effort</u>	
	<u>WHITE</u>	<u>BLACK</u>
System Engineering	11	89
AVE	59	41
AGE	99	1
Training	60	40
System Test (In-house)	45	55
System Test (Out-of-house)	Deferred	Deferred
On Orbit Operations	15	85
Documentation	59	41
Program Management	64	36

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The above split-out of effort on a security basis meets all of the objectives of traditional "black" and "white" contracting as done within SAFSP, but the resulting contracts are not independent from a management point of view, e. g. , a unilateral technical direction in the "white" could change "black" work and subsequently incur costs which must be justified and paid in the "black," or visa versa. The justification for overrun would therefore be very difficult to defend and justify in the black; one contract could not be terminated without terminating the other. The GE sensor support effort, although it has been split on a security basis into two contracts, should not be subjected to split management anymore than one would consider separate management of the "black" and "white" portions of the 206 Program.

4. During the negotiations of the GE "Black" and "White" contracts I had always contemplated a single management agency for the two contracts. At that time I recognized that the efforts of the MOL SPO to obtain authority for "black" contracting, if successful, would probably place them in the management role for GE. However, it was evident that, if indeed this came about, there would have to be a transfer of responsibility for a major portion of the payload from SAFSP to MOL since all of the current GE work directly involves the sensor payload.

5. It is my understanding from my discussions of the subject as well as all of the policy directives pertaining to MOL that I am responsible for the development, acquisition and test of the reconnaissance payload for MOL. In the discharge of this responsibility, I will be responsive to the technical specifications and interface requirements provided by the Deputy Director, MOL. Therefore, since all of the GE work pertains to the reconnaissance payload, to conform with this assignment of responsibility and to provide for management of the work at GE as an entity, both the present "black" and "white" contracts for GE should be executed and managed by the Director, SAFSP.

6. Such a course of action requires no change in the present security direction. It does require some change in our security implementation plans as follows: change the "Black" Contract Security Guide to read: (1) SP participation in MOL is Unclassified, (2) SP may contract in the "white" for non-mission revealing effort. In addition "white" SP contracts would appropriately classified (Secret, Confidential, Unclassified), the existence of an SP contract for MOL is unclassified, and the use of "Release of News Information Clause" (Standard SP Clause) which requires prior PCO written approval of any news release.

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7. The MOL "Black" Financial Procedures (BYE-37613-65) would require no change, but a change would be required in the "white" financing to permit SAFSP to use "white" MOL funds.


a. The DORIAN budget estimates submitted to [REDACTED] by SAFSP would be expanded to include requirements for "white" MOL funds.

b. Budget approvals for DORIAN received from [REDACTED] would be expanded similarly to include "white" MOL funds.

c. Budget Authorizations for "white" MOL funds would continue to be sent through AFSC channels to SSD in the same manner as present, except that the Budget Authorization document would identify that portion of the B/A which is to be used exclusively by SAFSP as well as that portion which is to be used exclusively by the MOL SPO.

8. Since personnel manning for both AF and Aerospace in the MOL SPO has been built up on the assumption of a GE management role, I would expect that upon the implementation of this plan this source of manpower would be reassigned to the SAFSP military and Aerospace offices involved in the management of the GE effort.

9. Upon receipt of approval to proceed with the Phase II contracts, I am prepared to take the necessary action outlined above and execute and manage both "black" and "white" contracts for the present GE tasks in the MOL Program.


JOHN L. MARTIN, JR
Brigadier General, USAF
Director

Copies to:
Gen Stewart
Gen Berg
Col Heran

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BYE-66538-67

DEPARTMENT OF THE AIR FORCE
DIRECTORATE OF SPECIAL PROJECTS (OSAF)
AF UNIT POST OFFICE, LOS ANGELES, CALIFORNIA 90045



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REPLY TO
ATTN OF: SP-1

20 April 1967

SUBJECT: Management Responsibilities for the MOL Program

TO: Director, NRO (Dr. Flax)
Director, MOL (General Ferguson)

1. The purpose of this letter is to discuss problems related to the MOL program field management structure and presently assigned responsibilities within that structure, to identify workable alternatives, and to recommend changing to one of these alternatives before proceeding with the outstanding Phase II MOL contracts.

2. The problem may be stated summarily as follows: The present MOL program field management structure and assignment of responsibilities is seriously incompatible with the MOL program as it is presently defined. Some changes are mandatory in order to proceed further under the present assignment of responsibilities. (For one specific example, see my 13 April letter (BYE-66514-67) on the changes necessary to proceed with the GE Phase II contract.) Some other changes will be necessary as the program proceeds. However, even if these changes are made as the compelling circumstances arise, the resulting management structure will be seriously inadequate to cope with this program. For several reasons, outlined in the following paragraph, the evolution of the program through the Phase I effort has made obsolete the field management structure which was selected at the initiation of the program. For effective management of the program, this basic structure must be changed; piecemeal changes to the existing structure, while mandatory in order to proceed into Phase II under this structure, can never produce really effective management of this complex program.

3. The problem exists for several related reasons. One of the main reasons is that the nature of the program which has evolved during the Phase I work is considerably different in several important respects from the program envisaged when the original program directives were written. At that time, the reconnaissance payload was thought of as an entity which would be developed and tested by the Eastman Kodak Company under the Director of Special Projects. This unit

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would then be turned over to the Deputy Director, MOL who would be in charge of integration of this and other payloads into the overall MOL system. The concept presumed clean, definable system interfaces. In actuality, the reconnaissance payload which has evolved, together with closely related equipment, is much more complex and has very involved interfaces throughout the MOL system. Its manufacture is divided between the Eastman Kodak Company and the General Electric Company, with Itek serving as a sub-contractor to both. This division was made necessary by critical shortages of resources at the Eastman Kodak Company. The test flow is far more complex than originally contemplated. The original management structure was conceived when the MOL was a manned program only. Subsequent decisions concerning unmanned versions and program options have been superimposed on the original structure, resulting in some major managerial inconsistencies. As the Phase I effort has progressed, it has been obvious that some changes must be made. By mutual agreement, the Deputy Director, MOL and the Director of Special Projects have delayed proceeding with full implementation of some specific management aspects of existing directives in anticipation of some changes which the Deputy Director, MOL had recommended (with the concurrence of the Director of Special Projects). In the absence of approval of these recommendations there is no alternative but to proceed under the full provisions of these directives although this cannot solve the basic problem. Finally, it should be noted that, even under the most favorable definition of the payload and contractor structure, the original management concept was not desirable from some field management aspects. The actual evolution of the program has further accentuated the effect of these features.

4. Major deficiencies of the present MOL program management structure, as I see them, are summarized below:

a. The reconnaissance mission has been repeatedly stated to be the only reason that the MOL program exists; indeed, at the present, it is the only tangible mission of the program, yet the responsibility for the reconnaissance aspects is divided between the Deputy Director, MOL and the Director of Special Projects in such a way that it is not manageable in any sense as either a payload or a mission by either. No one individual in the field can be effectively responsible for accomplishment of this mission.

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b. The present division of responsibilities is based upon differences in security ("black" versus "white") rather than upon manageable entities. As a result, there is no manageable entity for which the Director of Special Projects is responsible. Although he is charged with extensive responsibility by some aspects of the present directives, these assignments are curtailed substantially by other provisions of the same directives, and the manner in which they have been interpreted and implemented in order to proceed with the program effort to date under the original organization and manning. A few examples will illustrate: The Director of Special Projects is charged with the development, acquisition, and test of the reconnaissance payload, yet a substantial part of this payload is covered by the "white" GE contract which has been planned for the Deputy Director, MOL to execute and manage. The first test of the entire assembly of hardware for which the Director of Special Projects is responsible "for development, acquisition and test" will occur at the Douglas plant, under the contract which has been planned for the Deputy Director, MOL to execute and manage. The Director of Special Projects is responsible for the "development of those elements necessary to use the MOL sensors in unmanned systems," yet the support module (containing data recovery systems) necessary for converting the manned MOL to an unmanned configuration is presently in the (deferred item) Douglas contract which has been planned for execution and management by the Deputy Director, MOL.

c. By far the predominant factor in the overall system engineering and technical direction is the reconnaissance payload and the related hardware, which is assigned to the Director of Special Projects, yet the "top-level overall general system engineering and technical direction" function is assigned to the Deputy Director, MOL, with the responsibility of the Director of Special Projects in this function described as both "secondary-level general system engineering and technical direction" and "detailed system engineering and technical direction." This arrangement, in addition to other obvious deficiencies, results unavoidably in extensive overlapping of reconnaissance payload work between the two organizations, more total personnel than would be necessary under other management structures, and some unavoidable confusion with contractors who must deal with both organizations on the same work.

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d. Although the closely related "black" and "white" contracts written to date have been carefully compared at the time of preparation to insure that they are consistent, the consistency obtained is, to a large degree, a paper consistency only. In practice, the direction given under one contract cannot avoid affecting to varying degrees, the work of the other (see my separate letter of 13 April (BYE-66514-67) on this situation as it pertains to the proposed GE Phase II contracts). Since separate organizations are responsible for each of these contracts, neither organization, in reality, can exercise effective management.

e. The deficiencies noted above in the present management structure greatly accentuate obstacles which the MOL program faces on three counts:

(1) The reconnaissance objective requires the attainment of the extreme edge of the state-of-the-art with a massive optical system far more complex than ever before attempted, with every facet of the development, assembly and test of this equipment critically important to any chance of success, with a far more involved contractor interrelationship than ever employed in any other satellite reconnaissance project, on a schedule which demands this success on the first flight. (Even if it were required only on the last flight of the present program, this schedule would greatly exceed any schedule ever attained by any other, far less ambitious, satellite reconnaissance program, where more than two dozen flights have been necessary even to approach far less demanding optical performance, with much smaller and simpler payload systems.) The present management fragments responsibility for this critical task.

(2) The overall program is in serious financial difficulties even before starting most of the Phase II effort, as is evident from the estimates presented at the 14 April program review, and the financial limitations contained in current program guidance. These estimates are made up partly of negotiated effort (but not negotiated to the schedule which must be followed) and partly of estimates of the costs of deferred effort not yet negotiated at all. This deferred effort includes all of the mission module testing at the Eastman Kodak Company, and all of the combined testing at Douglas, and all of the Vandenberg and STC effort. This effort heavily involves the overlapping responsibilities of the two organizations under the present

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management structure and program plans, and, under this structure, will necessarily involve separate "black" and "white" contracts split on the basis of security rather than manageable entity. Effective negotiation, and subsequent control of these costs will be impaired by this management approach. In addition to this deferred effort, the program will necessarily undergo many changes as a result of numerous problems encountered in such an ambitious undertaking. Many necessary changes have already been identified, but withheld pending completion of the Phase II contracts. The present management structure is awkward in respect to any effective change control; in this program where a large number of such changes will be unavoidable, the control of changes and the associated costs will be impaired by this management structure and division of program responsibilities.

(3) The MOL program already has a serious problem in respect to its "black" aspects. It is unusually large for a single satellite program -- 2 to 3 billion dollars -- with very few flights for such a large cost. In addition, it has been publicly announced, widely discussed, separately budgeted and defended before Congress in the "white." Yet a large proportion of the total program costs will be spent on "black" contracts, and all of these funds must come from the publicly identified figures for the entire program. Under these circumstances, the effective management of the work for these disappearing funds would seem absolutely imperative. Yet the present management structure fragments responsibilities across all of the aspects of the program which most affect these costs.

5. Before outlining workable alternatives, I want to make two general observations which I believe should be taken into account.

a. Division of management responsibility and authority on the basis of security is totally unworkable. This division must be based upon manageable entities. Unless this is done, "black" areas will be unavoidably larger than they need to be on the basis of security considerations alone, and even then the resulting management will be seriously impaired. No one can have any effective responsibility for the reconnaissance mission results.

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b. Since the justification of the present program rests on the attainment of reconnaissance results at the extreme border of the state-of-the-art with a more ambitious and far more complex system than ever before attempted in the satellite reconnaissance field, it seems axiomatic that responsibility for the reconnaissance aspects should not be divided. Continuance of the program will require continued expectation of reconnaissance success as the development proceeds, and the results of the program are obviously going to be judged by the quality of the reconnaissance take obtained. Therefore, a single field management agency should be responsible for these results.

6. Although each of the following three alternatives has some aspects that are undesirable from some points of view, I believe that each is workable, and that any one of them would be very much better than the present structure:

a. Assign the Deputy Director, MOL complete field responsibility for all aspects of the MOL program, both "white" and "black." This would require "black" contracting authority for the Deputy Director, MOL as previously recommended. It would not require any change in the "white" or unclassified MOL program. All changes would consist of transfers of "black" contracts and work, including associated military and Aerospace personnel, from the Directorate of Special Projects to the Deputy Director, MOL. It would result in two collocated organizations in the satellite reconnaissance business (but it should be noted that both organizations are already in this business, only neither can effectively manage its presently assigned responsibilities.)

b. Assign the Director of Special Projects complete field responsibility for all reconnaissance aspects, including the reconnaissance mission aspects of the astronauts training, and including system engineering and overall system test of any reconnaissance hardware or function. Assign the Deputy Director, MOL responsibility for system engineering and system test of all non-reconnaissance program aspects including life support and safety-equipment for the crew. (If the payload was a self-contained unit, as originally conceived, this assignment of overall system test responsibility for the reconnaissance

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aspects might not be mandatory. But in the actual case at hand, where the complex reconnaissance payload and associated equipment dominates the entire system, with hardware from the booster interface to the Gemini (or unmanned) capsule, it is essential.) This alternative would require no public announcement of change (other than admission that the Directorate of Special Projects is providing some (non-mission revealing) support to the MOL program), but it would require a substantial change in fact. The Deputy Director, MOL would retain responsibility for all of the announced objectives of the program (reconnaissance, of course, has not been announced). He would retain the contract for the Gemini capsule and a contract with Douglas for the basic "white" laboratory vehicle. This vehicle would be, in effect, transferred from a "white" status to a "black" status in much the same manner as is followed by the Directorate of Special Projects in converting a "standard" Agena into a "project-peculiar" Agena. The Director of Special Projects would be responsible for all contracts and work involving fabrication, installation, and test of the reconnaissance mission equipment. The Deputy Director, MOL would retain responsibility for all life support equipment, crew safety, all astronaut training except that training peculiar to the reconnaissance aspects of the mission, and basic laboratory vehicle and equipment such as power supply, stabilization subsystem, etc. Publicly, the Deputy Director, MOL would be in charge of the MOL flights. Actually, he would be in charge of all aspects of the flight except the reconnaissance aspects, which would be the responsibility of the Director of Special Projects. Decision to launch would require the concurrence of both. All field decisions concerning the reconnaissance mission would be the responsibility of the Director of Special Projects; all other field decisions would be the responsibility of the Deputy Director, MOL. In addition to transfer of appropriate military and Aerospace personnel from the Deputy Director, MOL to the Directorate of Special Projects, this alternative would require re-arrangement of some of the presently planned work at Douglas from the Deputy Director, MOL to the Director of Special Projects, and the Director of Special Projects would execute and manage both the "white" and "black" GE contracts. It would not require any "black" contracting authority for the Deputy Director, MOL. It would preserve the publicly described MOL program, and it would divide responsibility between the two participating organizations along the lines of manageable entities, with a clear field responsibility for the reconnaissance results.

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c. Assign the Director of Special Projects complete field responsibility for all aspects of the MOL program. This is the opposite of alternative 6a, but unlike that alternative, this one would require a publicly announced change in the program management, in addition to the actual internal transfer of the entire field organization to the Directorate of Special Projects, with subsequent re-arrangement.

7. a. In addition to the alternatives outlined above, there are two other apparent alternatives which have been suggested before as possible solutions. These apparent alternatives are based on the concept that the Director of Special Projects could provide "black contracting services" to the Deputy Director, MOL, with the latter to be responsible for all work done under these "black" contracts. The provision of such "contracting services" would require a charter specifically defining the responsibilities of the Director of Special Projects, including consideration of each responsibility normally assigned by ASPR to the contracting officer which would in this case be assigned to the Deputy Director, MOL instead. Since the Director of Special Projects and the Deputy Director, MOL are actually assigned to two entirely separate management structures within the Air Force, a more explicit statement of the contracting officers' responsibilities would be required than for some other Air Force organizations within which this type of division may be made, particularly as they may differ by approved exception to ASPR, or official higher level interpretation of these and other pertinent directives. The two apparent alternatives which have been proposed on this basis are:

(1) Assign complete responsibility for all aspects of the program to the Deputy Director, MOL except that the Director of Special Projects would be responsible for all MOL work done at the Eastman Kodak Company, and also would provide "black contracting services" to the Deputy Director, MOL for all other MOL work for which "black" contracts are required. (Although the Eastman Kodak Company is involved in the program at Douglas, at Vandenberg AFB and at the STC, these discussions have always apparently considered that management by the Director of Special Projects under such a scheme would be required only at the Eastman plant.)

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(2) Assign complete responsibility for all aspects of the MOL program to the Deputy Director, MOL, including the work at the Eastman Kodak Company, with the Director of Special Projects to provide "black contracting services" for all "black" contracts.

b. Under either of these approaches, the Director of Special Projects could not be responsible for negotiating the contract or changes to it, nor for its financial management since to do either requires changes in the work or its schedule. All such negotiations would have to be completely joint endeavors, and neither the Director of Special Projects nor the Deputy Director, MOL could effectively be responsible for the results. The Deputy Director, MOL would be responsible for determination of all changes, work approvals, etc., but the Director of Special Projects would have to retain the exclusive responsibility to issue any direction to the contractor or approve any item relating to the contract. Without retention of this feature, the contractor would take action on the basis of discussions with various personnel from the offices of the Deputy Director, MOL, which would then be reflected in complete loss of contractual discipline essential to any effective management.

c. The previously discussed problem with the GE contracts (my 13 April letter, BYE-66514-67) will illustrate how difficult this would be. In this case, there must be a "white" and a "black" contract, or else the entire effort must be "black." (The latter course is not acceptable for two reasons: it would make a much larger portion of the publicly announced MOL funds be spent on "black" contracts, substantially increasing this problem, and it would be essentially impossible for the GE Company to handle because the MOL work represents the majority of the Company's work at the location where the MOL work is done.) As pointed out in the referenced letter, division of contracts on the basis of security inevitably results in such close interrelationship that direction given under the "white" contract can affect work done under the "black," and vice versa. If the concept of providing "black contracting services" were applied to this case, the Deputy Director, MOL would determine and issue instructions to the contractor concerning the "white" contract, and he would determine, but the Director of Special Projects would issue, instructions covering the "black" contract. It is extremely difficult to see how the Director of Special Projects could be really responsible for anything except lending his name to the "black" contract. It is obvious that the contractor personnel will not be able

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to keep directions separate with respect to what organization determines and approves and what organization passes on such actions officially on work which has been administratively separated into two contracts on the basis of security. I do not believe that responsible and effective contract management can be realized under these circumstances.

d. It should be noted that extension of the "contracting services" concept to cover both "black" and "white" contracts in such cases not only would not solve the problem but would introduce a further one: both organizations are known to have "white" contracts now, which include full normal management responsibility in each case. The introduction of an arrangement whereby the Director of Special Projects, on a "white" MOL contract, must provide the contracting officer and all official direction and approvals under the contract, but the Deputy Director, MOL provides all technical supervision and determines all technical direction would be extremely odd. It would be fully observable since the work in question is "white," and would be an obvious indication to the "white" world that something very strange is going on in the MOL program.

e. In addition to the disadvantages noted above, such a course would be particularly undesirable for another reason. The satellite reconnaissance industry involves a relatively small number of contractors, who are already dealing with an involved NRO management of "black" contracts with close and even overlapping relationships between personnel, resources, and facilities. The Directorate of Special Projects is involved with each of the reconnaissance associated contractors in the MOL program: with GE both separately and in joint projects with another government agency; with EK separately, including joint use of major facilities between SP projects and the EK work for MOL; with Itek directly and in joint projects with another government agency, in addition to working with Itek as a sub-contractor to both GE and EK for reconnaissance aspects of the MOL program; and with all other contractors presently involved or likely to become involved in the reconnaissance aspects of the MOL program. In all cases other than the MOL, the existing NRO management structure has a contracting "service" and the technical responsibility centered in the same field organizational unit. A single individual in the field

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can be (and is) held responsible for all aspects of each contract. To introduce into this area of industry, for management of work closely related to and, in some cases overlapping, other NRO work, a management structure with contracting "services" and technical and other management responsibilities separately chartered to two different management organizations cannot help but cause serious dilution of existing managerial discipline, with deleterious effects on the associated NRO projects as well as the MOL program. This would be an important consideration if all of the work in question was "white;" it would be even more serious in view of the interrelationship between the "white" and "black" contracting effort that is actually involved.

8. I believe that each of the three alternatives outlined in par 6 is workable, and that any one of them would be much better than the present structure. They are the only alternatives under which managerial integrity of the reconnaissance aspects can be obtained, and a single individual in the field be held responsible for the reconnaissance mission. Adoption of any of these alternatives would require major changes to both the present directives covering the MOL program and the present field organizational structure and assignment of military and Aerospace personnel.

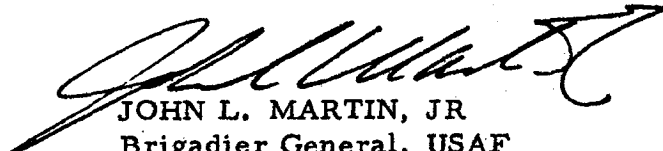
9. I do not believe that the apparent alternatives discussed in paragraph 7 are workable in this program, and I have outlined the principal reasons for this conclusion. While the provision of "contracting services" can be done with "white" contracts for other programs under different organizational structures, it would be particularly inadequate for this program in this organizational structure with substantial "black" and "white" contractual interrelationships.

10. As I stated in the executive session at the 14 April MOL Program Review, I believe that the program has another pressing problem in that the major program variables are incompatible as presently specified and that the objectives should be re-examined and re-ordered in terms of priority. However, the management problem must be solved before the program proceeds. I believe that revision of the present structure and assignment of responsibilities is imperative prior to the signing of the outstanding Phase II contracts and any

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negotiation of the deferred items. I recommend that this revision be carried out by selection of one of the alternatives outlined in paragraph 6, to be followed in sequence by corresponding revision of program directives. Subsequent re-arrangement of field organization and personnel should be carried out by the Deputy Director, MOL and the Director of Special Projects, according to the alternative selected.


JOHN L. MARTIN, JR
Brigadier General, USAF
Director

Copies to:
Gen Stewart
Gen Bleymaier
Gen Berg
Col Heran

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