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MOUND LABORATORY-MONSANTO
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May 18, 1962

Mr. W. B. Cresmer, Area Manager
U. S. Atomic Energy Commission
P. O. Box 66
Miamisburg, Ohio

MOUND DECLASSIFICATION REVIEW
1ST REVIEW-DATE: 9/10/97
AUTHORITY: ☐AOC ☒ADC ☐ADD
NAME: J. McFlaughan
2ND REVIEW-DATE: 9/3/97
AUTHORITY: ADD
NAME: R B Ratay
DETERMINATION (CIRCLE NUMBER(S))
1. CLASSIFICATION RETAINED
2. CLASSIFICATION CHANGED TO:
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7. OTHER (SPECIFY): UCNI, PMC

Dear Mr. Cresmer:

Proposed Revisions to the
FY 1962 Financial Plan - Operations

As a result of our review of cost trends through April 30, 1962, it appears that the current financial plan ceiling of $12,644,000 for FY 1962 Net Program Costs can be reduced by $1,450,000. The present estimate for operating costs is $9,955,000 which represents a decrease of $1,035,000 from the Financial Plan. A reduction of $512,000 in this category was anticipated in the FY 1962 estimates presented in the FY 1964 Budget Submission. This was based on knowledge, at that time, of procurement slippages primarily in the detonator program and was reflected as part of the increase in prefinancing for the first quarter of FY 1963. A further reduction of $523,000 in FY 1962 Operating Costs is now possible because of a number of factors including (1) slippage in procurement of materials for the MC-1651 transducer, the MC-1652 timer (both for the Retrofit Program), and parts for explosive devices MC-1464, MC-1463, MC-1303 and MC-1292, (2) late release of final design specifications from design agencies, and (3) curtailment in recruiting production and support personnel during the latter part of calendar year 1962 due to contract funding limitations and difficulty in hiring qualified technical personnel. A major portion of the cost associated with these items, budgeted for the fourth quarter of FY 1962, will actually be incurred after June 30.

Please note that we have requested a change in the allocation of funds for the SHAP activity. As of this date $33,000 has been committed for equipment and additional equipment costing $94,000 is urgently needed to provide capacity for sustained metal reduction and storage of raw material with a minimum amount of waste generation. Therefore, equipment obligational authority in the amount of $127,000 is needed under this activity in FY 1962. Of this amount $24,000 will be costed in FY 1962 with a $103,000 carryover. Operating costs for this activity have been reduced to $97,000 so that the total amount presently obligated under the Contract remains unchanged at $224,000.

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A minor change is reflected in the Physical Research Program. Operating costs have been reduced to $174,000 and equipment costs have been increased to $152,000. The net change in total costs is a decrease of $32,000 from the Financial Plan.

Although commitments for equipment were made to the extent of obligational authority as it became available throughout the year, 61% of total procurement was initiated after January 30. Promised delivery dates now indicate an underrun of $423,000 for the equipment expenditures originally planned for FY 1962. Approximately 60% of the equipment dollar committed in FY 1962 will be costed after June 30.

Attached is a detailed breakdown of our latest estimate of FY 1962 fund requirements. You will note that the $1,491,000 reduction in fundable costs is offset by a comparable increase in undelivered orders, indicating fourth quarter FY 1962 cost slippage rather than a reduction in the total costs of present production assignments and equipment requirements.

We shall be glad to discuss these financial plan changes with you at your convenience.

Very truly yours,

David L. Scott
Plant Manager

HLA/ DLS:dm
Enc.

CC: Mr. W. B. Cressmer (2)

bc: Mr. H. L. Almand, w/enc.
Mr. D. L. Scott, w/enc.

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DATE 5-7-62 INIT. [illegible]

MONSANTO RESEARCH CORPORATION
MOUND LABORATORY

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MOUND LABORATORY-MONSANTO
Central File No. 62-5-218

Revised FY 1962 Financial Plan
(In Thousands)

Activity		Current Financial Plan	Adjustment	Proposed Financial Plan
Procurement	03-01-01	$ 1,881	$ -381	$ 1,500
Hydriside	03-02-02-05	257	-22	235
Initiators	03-02-02-06	1,775	-34	1,741
Detonators	03-02-03-01	3,440	-200	3,240
Off-Schedule Deliveries	03-03-01	-697	86	-611
Deliveries to D D & T and Program 43	03-03-03	-263	-115	-378
Start-Up Costs	03-04-04	713	-60	653
Quality Assurance and Surveillance	03-04-05	744	1	745
Net P S & S		7,850	-725	7,125
General Weapons Development	03-16-04	3,159	104	3,263
Reimbursable Work	03-16-09	-750	-292	-1,042
Net D D & T		2,409	-188	2,221
Weapons Equipment	03-02-99	352	-22	330
	03-16-99	595	-230	365
	03-90	430	-150	280
		1,377	-402	975
Total Weapons Program		11,636	-1,315	10,321
Fuel Fabrication	04-30-01-07-2	174	-77	97
Equipment	04-30-01-07-9	50	-26	24
Research and Development	04-40-02-09-1	350	-0-	350
Equipment	04-40-02-09-9	80	-0-	80
Total Program 04		654	-103	551
Physical Methods of Isotope Separation	05-01-04-01	211	-37	174
Equipment	05-01-04-99-9	147	5	152
Total Program 05		$ 358	$ -32	$ 326

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Revised FY 1962 Financial Plan
(In Thousands)

Activity	Current Financial Plan	Adjustment	Proposed Financial Plan
All Other (Programs 07,08, 43, 46, 53) - Net	$ -4	$ -8	$ -12
Net Program Costs	12,644	-1,458	11,186
Change in Unapplied Resources	138	47	185
Reconciling Transfers	150	-30	70
Fundable Cost	12,932	-1,491	11,441
Undelivered Orders:			
O/C 9-30-62 - Operations	1,450	-0-	1,450
O/C 9-30-62 - Equipment	550	50	600
Prefinancing - Operations	2,580	980	3,560
Prefinancing - Equipment	364	461	825
EOY	-3,989	-0-	-3,989
Change	955	1,491	2,446
Obligations Required	$13,887	$ -0-	$13,887

DISTRIBUTION:
Copy 1, 2, 3 - Mr. W. B. Creamer, Area Manager, AEC
4 - Mr. D. L. Scott
5 - Mr. H. L. Almand

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