NAVY

SAVINGS ATTRIBUTABLE TO PLANNED MULTIYEAR PROCUREMENT OF WRC–1 AND R–1051 RADIO SETS

On February 17, 1965, the Navy, Bureau of Ships, awarded a contract to Bendix of Baltimore for a 3-year multiyear production of radio sets WRC–1 and R–1051. The face value of this multiyear contract was $17,805,335.

These radio sets were developed by General Dynamics, who besides making the first production runs after development also won a competitive contract for 1 year's production requirements in fiscal year 1964.

By reason of the stability of our specifications and the establishment of requirements inside the 5-year force structure we were able to offer the sets for 3-year multiyear competition this year (fiscal year 1965). In multiyear competition the decision on whether the single year buy or the multiyear buy is the more economical is made directly from the results of the bidding, which includes offers both for the single-year and the multiyear quantities.

In this immediate case, the lowest unit price bid for only the fiscal year 1965 quantities would have resulted in a total cost of $25,358,240 if applied to the anticipated 3-year requirements. The lowest bid for the multiyear requirement was $17,805,335. This represents a saving of $7,552,905, which is directly attributable to the planned multiyear procurement. (See advance procurement plan 127–63.)

BUSHIPS PROCUREMENT PLAN NO. 127–63—AN/WRC–1 AND R–1051 (AN/WRR( ))

Description.—The AN/WRC–1 is a Navy, service-approved, single sideband high-frequency radio set for general purpose shipboard, submarine, and shore installation communications. The radio set, a separate receiver and 100-watt PEP transmitter, is comprised of the following:

Receiver, R–1051/URR (AN/WRR( )).
Transmitter, T–827/URT.
Amplifier, radio frequency AM–3007/URT.
Interconnection box, J–1265/U.
Handset, shock and vibration mount, and cable assemblies.

Milestones per SECNAVINST 4200.18

1. *Research and development, test, and evaluation.*—Research, development, test, and evaluation has been completed as the result of NObsr 77628 with General Dynamics Electronics at a cost of approximately $1,600,000.

2. *First production.*—First production equipments are scheduled for delivery in December 1963 under a pilot production contract NObsr 87614 with General Dynamics Electronics for a total of 28 units.

3. *Availability of technical data.*—Preliminary drawings are scheduled to be delivered with the first preproduction model in June 1963. Using these drawings the Bureau will develop a technical data package by November 1963. Such a data package will be suitable for a limited competitive procurement in fiscal year 1964 for equipments required beyond a 17-month leadtime.

4. *Introduction of advanced type contract.*—Negotiations leading to the placement of the first major production contract in fiscal year 1963 will be directed toward the inclusion of incentive contract provisions in the event sufficient costing information is not available at this point for agreement on a fixed price.

5. *Competitive subcontracting and breakout.*—The contractor's "make or buy" program will indicate those buy items where competition will be demanded when practicable and feasible. No breakout of components is planned due to the design of this equipment. Breakout of complete equipments for competition is planned in fiscal year 1964.

6. *Competition for complete equipment.*—Competition is planned for complete equipments beginning in fiscal year 1964. The following schedule is based upon funding as now planned for fiscal years 1963–67.

Fiscal year	WRC–1		R–1051	
	Sole source	Competitive	Sole source	Competitive
1963	306		1,274	
1964		324		807
1965		279		799
1966		316		790
1967		369		833
Total	306	1,288	1,274	3,229

NOTE.—The above milestones are numbered on the attached chart in the same order as listed above.

AIR FORCE

Examples where money was saved as the result of advanced planning. These items were awarded under price competition and would have been sole source except for advance planning.

EXAMPLES

A. Systems

1. AN/ALQ–71 and 72 ECM pod requirement; procured prior to fiscal year 1965 noncompetitively; procured competitively first time, with 105 firms solicited and 16 bids received; awarded to low bidder; cost savings-validated at $17.5 million.

2. Subsystem C (484N) not previously procured; budgeted at $7.3 million; procured competitively, with 14 firms solicited, with 3 firms submitting 8 acceptable technical proposals; awarded to low responsive bidder at cost savings validated at $0.8 million.

3. Four satellite payloads; budgeted at $2.5 million; procured competitively, with 47 sources solicited; 17 bids received; 6 acceptable. Low bidder was also best technical source; awarded at validated cost savings of $1.15 million (price competition).

RESEARCH AND DEVELOPMENT, AND SUBSEQUENT PRODUCTION CONTRACTS

Mr. LIPSCOMB. What is the ASPR provision relating to commitments to research and development contractors with respect to obtaining subsequent production contracts?

Mr. IGNATIUS. The ASPR provision that governs the area is ASPR 3–108 which sets forth the considerations that should underlie the decision of whether to award first production to the company that developed the item, and it lists a number of the important factors—how much learning is required by a new producer, to what extent is there still a need for designing improvement in the item, are there any advanatages in remaining with the developer in order to get a better set of drawings so that when you go out to buy you buy on the basis of good drawings.

In general, the ASPR coverage leads me to conclude that you have to make a case-by-case decision looking at, in each instance, the factors involved. On the one hand you might decide on the first production that you should go competitive and in another case you might decide you want to remain on the first production with the developer. In general, I would say that the electronics field, by and large, involves items where it probably makes good sense generally