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Cleveland, Ohio

*✓ A59731*

*1-26-48  
-0541/C-723*

From CLEVELAND  
To NACA

Subject: Invitation G-723 - Cyclotron -- Bids to be opened January 23, 1948.

References: (a) Collins Radio Corporation letter, November 26, 1947.  
(b) Telephone conversation January 26, 1948, between Messrs. E. R. Chamberlin and J. R. Craig.

1. The following is a tabulation of bids received on subject invitation.

	<u>General Electric Co.</u>	<u>Collins Radio Co.</u>	<u>Westinghouse Electric Corp.</u>
Item 1	\$727,250.00	\$730,726.40	\$794,231.00
Item 2	\$742,700.00	\$730,726.40	
Item 3	\$782,880.00		
	(all subject to a maximum 20 percent escalation)	(all subject to a maximum 10 percent escalation)	(subject to a maximum 20 percent escalation)

Each bidder supplemented his proposal with a letter. One copy of each bid, and the letters forming parts thereof, are transmitted herewith, together with a copy of Addendum No. 1 to subject invitation, and of reference (a).

2. It will be noted that G. E. Co. bid the lowest base price for Item 1; however, their bid is subject to 20 percent escalation. Collins bid more than G.E.'s price for Item 1, but their bid is subject to only 10 percent escalation. Under Item 2, G. E. quoted approximately \$12,000.00 higher than Collins, but Collins did not guarantee to surely meet the specifications. The bid of Westinghouse seemed to be considerably higher than the other two, and was also subject to 20 percent escalation; therefore their bid will not be considered in discussing various points of the G.E. and Collins bids in the following paragraphs.

3. Immediately after opening of the bids it was decided that negotiations would be in order inasmuch as all bids were infirm. It was not definite which bid, that of G.E. or Collins, would be most advantageous; therefore, separately, each of the two bidders was asked if he could guarantee his delivery or better it, if he could reduce his escalation or remove it entirely, and if there was anything else he could offer to give the Government the best cyclotron for the money. G. E. stated that they did not know what improvements, if any, they could make in their bid, but would like until January 27 to see. They have said that they will be here on that morning to discuss their proposal. In the discussion with the Collins, their representative, Dr. Salisbury stated that they had not guaranteed results under Item 2 because it was not definite that these results could be obtained; however, he indicated that if we could award them a contract, he had the power to say that they would guarantee the results. We also discussed with him the escalator provision and asked him if he could reduce it or remove it, and also what he could offer to guarantee delivery or

*Taken to W.O. by Mr. Rothman*

*1-26-48*

letter the delivery. He was then told that G.E. was coming in January 23, would undoubtedly submit a supplemental proposal. He stated that he, too, would be here on January 23, and undoubtedly would be in a position to submit a proposal more advantageous to the Government than Collins's original one. From these discussions our engineers frankly admitted that they were only considering Item 2; apparently they do not want Item 1. It was later found that this was so and that information recently made available to our research people indicated that we should buy no cyclotron of less performance than that specified under Item 2. After the discussion, Dr. Salisbury of Collins advised the undersigned that his bid included a figure of approximately \$13,000.00 for erection of the magnet at the site. I told him that the specifications made no mention of labor on the site and that if his proposal did cover this installation work, for this Laboratory to consider it in evaluating his bid against a competitor's he should state in the letter which he will submit on January 23 that the original bid did include \$13,000.00 for installation and that if the Government did not require installation, the bid could be reduced by that amount. He then stated that he believed that this was correct, and that he would check with his company and include such a statement if so.

4. In analyzing the bids it is also pointed out that Collins are delivering all the equipment not to the site, but to the nearest railroad siding (Serea, Ohio). This would necessitate the addition of the hauling charges from Serea to the Laboratory to the Collins bid in comparing it with that of G. E. Our present hauling contract rate is \$0.185 per 100 pounds, or \$3.70 per ton. The total weight of the cyclotron and its parts is roughly estimated at 300 tons, so that the cost of hauling is approximately \$1,100.00. It is further pointed out that in Collins's proposal they have taken exception to our standard Condition 4 and our patents clause, and has proposed substitutions (partly set forth in reference (a)). It is requested that there be analyzed to see whether or not they can be accepted.

5. After conversation of reference (b) the undersigned has advised Mr. Guller of G.E. as follows: They are to come in tomorrow and they will discuss any technical information they wish to discuss, or we wish to discuss with them. They will have a written proposal which they will give to me which I will hold confidential from the discussion and from Collins. I also will advise the Collins representative on his arrival that the same action is to be taken on his proposal. Therefore, neither company's proposal will be made known to the other but will be analyzed by employees of this Laboratory, who will be cautioned that they are not to divulge any part of either proposal to anyone, and our comments and recommendations will be forwarded to your office tomorrow night. I also have advised Mr. Guller of G. E., and will advise the Collins representative, we will not be able to make a decision until Thursday, January 29, at which time we feel sure that we will be able to award a contract.

CC: J. R. Braig  
Files (3)  
Procedure

JRB:ive  
Encs<sup>3</sup>

RETURN TO AREA  
PURCHASE FILES

James R. Braig,  
Procurement Officer.

Cleveland, Ohio  
June 1, 1948

MEMORANDUM For The Director.

Subject: Procurement of Cyclotron for use in research on the effect of nuclear radiation on materials.

1. The following is a resume of the action taken to procure the subject cyclotron:

(a) Specifications were submitted to the following concerns, Collins Radio Company, General Electric Company, Westinghouse Electric Company, Allis Chalmers Mfg. Company, Radio Corporation of America, Bell Telephone Laboratories, Inc., Western Electric Company, and High Voltage Engineering Corporation, for proposals for a cyclotron based on three varying performances, namely current delivery of 100 micro amperes to the outside target, 200 micro amperes, and 100 micro amperes rating, with beam exit window four feet (4')-six feet (6') from vertical center line of cyclotron, thru use of an extension tube, and with the window not less than two feet (2') from vertical portion of the magnet yoke. Along with the specifications a letter was sent to each concern requesting constructive criticism and comments. Comments were received from three firms, Collins Radio, General Electric, and Westinghouse, and from these comments an addendum was issued to the specifications incorporating those features considered most desirable. Bids were received from three sources, Collins Radio, General Electric and Westinghouse Electric as follows:

	<u>General Electric Co.</u>	<u>Collins Radio Co.</u>	<u>Westinghouse Electric Corp.</u>
Item 1	\$727,250.00	\$730,726.40	\$794,231.00
Item 2	742,700.00	730,726.40	
Item 3	782,880.00		
	(all subject to a maximum 20 percent escalation)	(all subject to a maximum 10 percent escalation)	(subject to a maximum 20 percent escalation)

2. Information obtained by laboratory personnel indicated that a cyclotron of 200 micro ampere rating, and not less, should be considered, so discussion with all centered around Item 2.

3. In view of the fact that Item 2 was the item to be considered and inasmuch as all bids were infirm, negotiations were initiated with the two bidders on Item 2, that is General Electric Co. and Collins Radio Co., since it is the policy of the Government in such cases to negotiate with infirm bidders for the purpose of getting equipment at the least cost to the Government.

4. In discussion with Collins Radio Company, their representative, Dr. Salisbury stated that though they had not originally guaranteed performance under Item 2, if awarded the contract, they would do such. Analysis of Collin's bid by Dr. Salisbury revealed that approximately \$13,000 had been added to their bid for installation which had not been made a part of the specifications. Dr. Salisbury stated his company would further figure the job and submit a further proposal not including the installation feature.

5. General Electric Company was contacted through their representative, Mr. Culler, and discussions were held regarding technical operation, etc., of their proposed cyclotron, as well as possible reduction in, or omission of, the escalation clause. They too were to submit a supplementary proposal.

6. Supplementary proposals were received from both concerns and were held confidential. It is to be noted that since Collins Radio specified shipment to Berea, Ohio

and not to the site, hauling charges had to be added to their bid. Bid analysis is as follows:

<u>Colling Radio Company</u>		<u>General Electric Company</u>	
\$730,726.40	base bid	\$715,000.00	base bid
- 15,455.00	less erection of magnet	+ 53,625.00	amount of maximum es
<u>\$715,271.40</u>	corrected base bid	<u>\$768,625.00</u>	total price (7-1/2
+ 60,798.07	amount of maximum escalation(8-1/2%)		fully escalated.
<u>\$776,069.47</u>			
+ 1,100.00	plus hauling		
<u>\$777,169.47</u>	total price fully escalated		

7. These negotiated proposals were sent to the Washington Office with the recommendation that the lowest bidder meeting the Government's specifications be awarded the contract, which in this case was the General Electric Company. A contract was accordingly awarded to the General Electric Company.

William Day, Jr.  
Acting Procurement Officer

WD:cjs