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Baton Rouge

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Baton Rouge

Continuing Contracts for 1960

January 11, 1960

This is to justify renewing of two contracts for 1960.

Drafting and Design Contract - Barnard & Burk

This contract is to furnish sufficient manpower of specified qualifications to supplement the General Engineering manpower, permitting the expeditious handling of extra work as well as prompt reduction of expenditures for technical manpower upon completion of peak project work. The contract unit cost is \$11,100 per man-year. Should Ethyl employ equivalent personnel in lieu of continuing this contract, a book cost of \$11,500 (or an incremental cost of \$9,200) would result. The 1959 experience resulted in a contract manpower fluctuation between 11 and 26 which partly justifies the unit cost of contract over incremental Ethyl cost. Similar fluctuation in contract manpower is expected in 1960. Other justification, based upon morale of Ethyl employees and advantageous recruiting factors, continues. Specifically, Ethyl employees and applicants feel that the Ethyl Engineering department jobs offer increased security and less routine drafting demand than would be possible without the subject contract.

The contract charging rate continues below standard because the original basis of fee negotiation was primarily for hiring service, while in practice it has been essentially equivalent to normal engineering services.

The 1960 Engineering department budget allows for 26 man-years of work estimated at \$290,000. This figure is subject to considerable variation depending upon approval to definitively engineer some major construction projects.

The terms of last year's contract included 50% fee on straight time salaries and 10% fee on overtime salaries. The 1960 contract

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provides for the same 50% fee on straight time salaries even though there has been an increase in payroll burden (FOAB). However, there is an increase in fee from 10% to 25% on overtime salaries to compensate for these engineering services at a rate nearer that of the straight-time fee.

Overtime has been controlled to a minimum level consistent with construction schedule demands. In 1959 the overtime salary dollars were approximately \$5,000 (2.2% of total contract). The increased fee on \$5,000 would be \$750. The increase in FOAB is estimated at about \$900. So the increased terms provide a standoff in meeting increased payroll taxes and at the same time provide a fee for overtime work more proportional to standard.

Concrete Testing Laboratory Services

Bids have been taken for 1960 concrete inspection and testing services for the Baton Rouge plant from Pittsburgh Testing Laboratory and Shilstone Testing Laboratory. The contract was renewed with Shilstone for 1959 after its original award to Shilstone for 1958 because of poor service from Pittsburgh in 1957. Both laboratories are quoting the same unit cost; however, Shilstone continued to provide good service in 1959. The amount of the contract is indeterminant but it is estimated that it will be less than \$2000. The cost for services provided by this contract is charged to the projects using the concrete.

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CED/GSR/mew