PLAINTIFF'S EXHIBIT KEN-114

KAISER ENGINEERS

INTER-OFFICE MEMORANDUM

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AT File Memorandum

DATE November 27, 1968

FROM R. J. Wolf

COPIES TO J. E. Hughes, T. A. Bedford, W. F. Bort, G. A. Zwissler, E. D. Lowell, J. G. Nelson, F. X. Kast, H. A. Adams, R. Tietig, Jr.

AT Oakland

JOB NO. 3005-024

RECEIVED NOV 28 1968 KAISER ENGINEERS W. F. BORT

SUBJECT Stelco Proposal

Stelco file

As a result of our meeting with Stelco Monday, November 25, we have been asked to present a proposal for the Nanticoke 80" Hot Strip Mill, in accordance with the "Construction Engineering Specifications for the 80" Hot Strip Mill, Nanticoke, Ontario", attached. The proposal is to be delivered the week of the 16th of December.

In order to prepare this proposal I would appreciate it if the personnel noted below would take on the responsibilities for the data outlined and forward the information to me by December 9, so that the total proposal can be put together and reviewed by Management in time to deliver it to Stelco the week of the 16th:

T. A. Bedford

1. Gather the information relative to visas, working permits, or any other action which must be taken to permit us to send our personnel into Canada.

2. As I understand it, Canadian income taxes above a certain level of salary are higher than American income taxes and it is generally our policy to reimburse the men to the equivalent of American taxes. I would appreciate any information you could gather relative to this subject so that we could use it in our estimates of cost.

Frank Bort

Prepare the following:

1. A draft of the scope of work to be performed by the construction management organization

2. An organization chart (by function and without names) for construction management.

3. An estimate of man hours for construction management.

4. A manpower curve for construction management.

5. A salary rate range schedule for U.S. KE personnel for construction management

6. A salary rate range schedule of personnel to be hired in Canada

7. An estimate of the cost of the construction management activity.

G. A. Zwissler

1. A draft of the scope of work to be performed by the engineering organization.

2. An organization chart (by function and without names) for project and design personnel.

3. An estimate of engineering man hours.

4. An engineering manpower curve

5. A salary rate range schedule for U. S. personnel

6. A salary rate range schedule for personnel to be hired in Canada.

7. An estimate of the cost of the engineering

F. X. Kast

Frank Kast is requested to make an independent estimate of the cost of the project and detail design work.

E. D. Lowell

1. An estimate of the capital cost of the facility to be used as a basis for selection of the fee percentages.

H. A. Adams

1. Working with Jack Nelson prepare the commercial side of the proposal.

2. In addition to the scope of work, etc. needed in our normal proposals we need, I think, to reaffirm the advantages which Stelco will realize if they hire KE.

The proposal should be based on the following premises:

1. Project engineering and detail design will be performed in the owner's Hamilton office.

2. We will send key project, design and construction management personnel from the States and recruit the remaining engineers, draftsmen and construction management personnel in Canada.

3. Using the concept that this is a project office, cost estimates should be based on salaries plus salary costs, without overhead added.

4. Assume that the owner will provide office space, supplies, etc. at no cost to us.

5. We should assume that the owner's computer will be available at no cost to us for the preparation of reports such as the cost and comparison to estimate report, or that if we need to rent outside computers it will be a reimbursable item and also not be included in the estimate.

6. The general time frame being considered by Stelco is as follows:

   a. Start engineering January, 1969
   b. Start construction in the Spring of 1970
   c. Complete the program approximately April, 1973
   d. Total elapsed time $4\frac{1}{4}$ years.

7. No mention was made of a confidential clause and I do not think we need it in the proposal.

8. The proposal should be addressed to J. G. Walker, Assistant General Purchasing Agent, at the Hamilton Works, with a copy to L. H. Chater, Chief Engineer.

RJW:fc
Att.