

October 10, 1961

TO: T. H. Macke, Jr.

SUBJECT: Budget Performance on World's Fair Presentation

As you know, Mr. Ward called Mr. Moore last week and recommended that we request approval for an additional expenditure to cover costs incurred by WED Enterprises in development of the World's Fair presentation.

Here is the background of Mr. Ward's recommendation.

About the first of July, WED Enterprises submitted an estimate of \$300,000 to do the necessary architectural and design work for a complete presentation to our top management. On July 13, I requested authorization for \$125,000 which, with what remained of previous authorizations, would give us sufficient funds to complete this phase of the project. Mr. Ford approved this on July 18.

Early in August the people at WED became convinced that it was important to proceed as soon as possible with an actual mock-up of certain key features of the car-ride track. While their estimate included funds for engineering the ride system, they did not include mock-up construction in this phase of the project.

When this was discussed with me, I pointed out that I had requested funds once and I did not intend to make another request prior to our presentation. Despite this, they felt this work important enough to the validity of their presentation -- both in terms of practicability and reliable cost estimates -- that they made arrangements to proceed with the mock-up on their own.

While they do not require, nor even expect payment for this work at this time, they do intend to include the cost as a part of a more extended program of testing which would be included in the total funds requested for the project.

When this matter came to the attention of Purchasing, they took the position that no work can be done without authorized funds to cover it. I have pointed out that WED does not expect to bill us for this work until funds are authorized and they are willing to finance it for the interim period for the sake of expediting the information which this portion of the program will provide. This, however, is not satisfactory to Purchasing and thus we have these alternatives:

- a. Order the work stopped immediately even though WED strongly recommends it and is willing to finance it for the time being.
- b. Request funds to cover the cost.
- c. Convince Mr. Ward that there is no harm done in permitting the work to proceed, with charges to be accumulated against a total authorization to be obtained as a result of our presentation.

This last alternative -- assuming it is even remotely possible -- is the most desirable from my standpoint. It involves, however, a calculated risk that the whole project might be thrown out at the management presentation.

If alternative b. is selected, I suggest that we hold off on any request for additional funds until we know the results of the re-evaluation described in my memo to you of October 9. While I feel quite sure that the whole job can be accomplished with an additional authorization of \$60,000 (the estimated cost of the test mock-up), we can be much more certain of our ground in 10 days.

It appears to me that there are ample authorized funds to carry us to mid-November even including the test track program.

Mott B. Heath

July 21

EXHIBIT A

1272

4/17/61

BUDGET AUTHORIZATION - NEW YORK WORLD'S FAIR

Approved by Mr. Ford December 1960	\$325,000.00
Approved by Mr. Ford July 18, 1961	<u>125,000.00</u>
TOTAL	\$450,000.00

W. B. Ford Assoc.	\$ 50,000.00	
Minoru Yamasaki	1,240.13	
WED Enterprises & W. Becket to date	98,961.53	
Travel and other	<u>2,529.93</u>	
	\$152,731.59	<u>\$152,731.59</u>

BALANCE.....\$297,268.41

Total Rental Commitment.....	\$2,439,984.00
Paid - 5/19/61.....	609,996.00