

December 4, 1964

To: J. G. Mullaly

Pursuant to some informal comments I have made on this subject on the telephone, I would now like to propose somewhat more formally that someone from Purchasing and also someone from the office of the General Counsel be asked to look into our "contract" with Allied Maintenance with a view toward obtaining a reduction in the excessive override.

I have specific reference to paragraph (J) of our purchase notice which says that we must pay Allied "an amount equal to 2.42% of the aggregate wages of Seller's union personnel in the Exhibit area, which shall be considered as reimbursement for costs incurred prior to the opening of the Fair, which percentage, with the approval of the New York World's Fair 1964-1965 Corporation, may be increased or decreased by Seller effective as of June 1, 1964."

It would seem logical to presume that all of Allied Maintenance costs occurred prior to the opening of the Fair have now been paid for. Through November 14, our labor costs amounted to \$642,956. The override at 2.42% totaled \$15,559. at that date and will probably total another \$3,000. by the end of this year. Other exhibitors have also paid a percentage for preopening costs so that we must assume that every expense incurred by Allied has been paid for several times over including the aggregate of monies paid by all exhibitors.

I think we should reach an understanding with Allied as to when this particular percentage will stop. It is understandable that Allied incurred a fair amount of preopening expenses, but once this has been paid for, the other percentages in its markup should be sufficient to handle overhead plus a fair profit.

At the same time, this analysis is being made of our contract with Allied, I think we should have a more definitive opinion as to our "rights" to go direct to the union hiring halls for certain personnel. I think we would fare much better from a standpoint of expenditure and job performance were we able to hire our own carpenters, plumbers and maintenance painters next year. There is, of course, considerable merit in staying with Allied on janitorial personnel because of the great amount of turnover among these workers. Also, because of the very tight control of Local 3, we would, of course, have to stay with World's Fair Maintenance on electricians. We have no complaints about World's Fair Maintenance, except for their attitude toward our Ride Console Operators, but this is largely a union matter.

In view of our over-budget situation, and in view of the presence
of the Company

Ford Motor Company

Intra-Company Communication

NEW YORK WORLD'S FAIR

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In any event, it is my opinion that we are paying too great a markup to Allied Maintenance and should seek ways of reducing or eliminating the 2.42 percentage and also possibly saving ourselves money by going around them for certain trades which we can supervise and control.

William W. Hersey
Operations Manager

WJH/ah

cc: J. E. Sattler