

SAFEGUARD CONTRACTOR ASKS ADDITIONAL \$109 MILLION

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Minneapolis, MN (AP) - A company doing major construction work on the Safeguard antiballistic missile site near Nekoma, ND, is seeking \$109 million more on top of the \$138 million contract awarded by the government in 1970, according to the Minneapolis Tribune.

The newspaper said in its Sunday editions, in an article by Washington correspondent Finley Lewis, that "the situation is regarded as unprecedented by many of those familiar with the project and the contract."

The story gave these details:

The Army and General Accounting Office say, however, that the position taken by the contractor, Morrison-Knudsen Co. and Associates (M-K), of Idaho, is understandable because of unusual circumstances surrounding the project.

US officials acknowledge that the firm had to start the project hastily to meet government deadlines. Having Safeguard well along was considered a bargaining chip by the Nixon administration in Strategic Arms Limitation Talks (SALT) with Russia.

"However," wrote Lewis, "congressional informants said last week that the bargaining chip argument was only a superficial factor in dictating the procedures that were followed. The Army's real interest, the informants say, was in pushing ahead with the construction phase as a means of forestalling congressional critics who had come close to derailing the project in the first place."

Many design changes underlie M-K's claim for another \$115 million, to which the government has agreed on \$6 million, it was stated.

Robert K. Woodhead, the firm's vice president for corporate affairs, was quoted as saying, "It is our policy and in our best long-term interests to keep costs at the lowest possible level on every project, consistent with the demands of time and completion schedules."

The M-K contract calls for construction of nuclear-resistant buildings to house radar systems and missile silos.

Overall cost of the Safeguard project in North Dakota, including procurement and testing of weapons and radar systems, is estimated at \$5.5 billion.

Lewis wrote that the Army Corps of Engineers declared any additional reimbursement to M-K would be based on "hard negotiations in which the contractor will be required to justify his claims based on verifiable data."