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## **New York Airways Collection - Proposals, STOL Demonstration, 1967**

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a lease arrangement and would also provide assistance and support to insure a meaningful flight program and the collection of adequate data for system evaluation.

The proposal thus brings together the talents of a principal aircraft manufacturer, a firm with expertise in air traffic control and terminal guidance and an experienced short-haul urban transport air carrier.

#### Type of Contract and Cost

The proposal is intended to be made final in the form of a cost-reimbursement-type contract, with provision for a limited incentive fee based on the sharing of revenues. The gross estimated cost for the entire project amounts to about \$16.2 million. However, the cost to the Government would be substantially reduced: first, by the sales or salvage value of spare parts and equipment remaining at the conclusion of the program and, second, by crediting to the Government a share of the revenues.

New York Airways will attempt to obtain as much of the subcontracting as possible on a fixed price basis in order to minimize the cost uncertainties. However, there will still be so many unknowns and uncertainties involved that costs cannot be estimated with sufficient accuracy or reasonableness to permit use of a fixed-price contract. The cost-reimbursable method of procurement is therefore essential for the prime contract.

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