

RALPH P. MERRITT

FORT HUACHUCA

ARIZONA

*T. Adj. Gen.*  
January 10, 1949

Major General A. M. Tuthill, M. G. AZ  
The Adjutant General  
Phoenix, Arizona

Dear General Tuthill:

I am replying to your letter of January 7, 1949 by which you invite me, subject to the concurrence of the Governor, to become sole agent and contractor on behalf of the National Guard to carry out the terms of the deed from the Government to the National Guard of Fort Huachuca contained in paragraphs 7 to 11 inclusive of the War Assets Memorandum dated December 10, 1943, copy of which was mailed to you and Governor Garvey on December 21, 1943. I accept the invitation and am prepared to enter into the contract, outlined by you, upon being advised of the Governor's concurrence.

It is my understanding and, I believe, the understanding of the Department of the Army and of War Assets Administration that the administration of all property transferred under Public Law 829 is vested in the State acting by and through its National Guard. Administrative authority is vested in the Adjutant General. However, all policies of the National Guard are presumed to have the concurrence of the Governor and therefore my acceptance is submitted to you for the approval of the Governor whose support and cooperation is essential to the success of the undertaking. If the proposal is to be successful, an early agreement is necessary since the transfer of title is scheduled for action within the next month, when the National Guard must be prepared to meet the financial obligations involved.

The plan to enter into a contract for the operation of the non-military area (Areas 1 to 6 inclusive and Area 18) of Fort Huachuca conforms to accepted Governmental procedure. The Atomic Energy Commission operates its wide spread plants by contracts on a cost plus fixed fee basis. War Assets operates many of its facilities under similar contracts. The deed of the Government to the National Guard of land, buildings and utilities of Fort Huachuca specifically gives the right, in paragraph 8 of the memorandum, to enter into "operational contracts".

It is necessary to point out that there is an important difference, however, between standard operational contracts and the one which you invite me to undertake. Standard practice guarantees to the contractor, from established funds, the costs of operation and a management fee while this proposed contract has no established funds and will place the responsibility on me, as the contractor, to create sources of income, less than half of which now exist, to pay my operating budget and my own services. The contract will be unique in offering no guarantee

and placing a heavy financial responsibility on the contractor, It is no gold mine but a creative, pioneering job. To be successful it is necessary to have national contacts and complete support of State authorities. I am willing to accept your invitation with full recognition of these facts, believing that a unified control of the administration of the non-military areas under such a contract and your support of my program of operation will produce the necessary revenue. If I should fail to accomplish this objective after being given full cooperation by your office, within the terms of the deed, the contract would be surrendered by me before any deficit is created.

I look upon the proposal to enter into such a contract as an invitation to an important public service to the State of Arizona. To protect the interests of the Government which retains the right of recapture and to provide complete utility services for the National Guard, it is necessary that the non-military areas of Fort Huachuca (areas 1 to 6 inclusive and area 13) be transferred to the State together with the military areas (areas 7 to 17 inclusive and the Artillery Range). The maintenance of the non-military areas at a proposed annual budget of \$75,000 is therefore an essential service to the military establishment. It also provides opportunity for opening to the public an unique historical monument and a recreational and housing area which, when combined with the proposed plans of the Game and Fish Commission in the protection and increase of native wild life, will become of great importance to this part of Arizona. To be associated with the creation and operation of such a project is a public service which I would be glad to undertake.

Herewith attached is a summary of the present War Assets budget of \$9,000 a month which I have reduced in the past five months from \$11,000 a month. There is also attached the break-down of the proposed operating budget for the National Guard which is approximately \$6,000 per month. Savings arise from the reduction in number of buildings (due to sales by War Assets) and the anticipated payment of maintenance and operating costs of the military area (estimated at \$15,000 per year) by National Guard funds from State or Federal sources and by scaling down the number of employees and certain rates of pay.

The present income of the non-military area which can be applied to the payment of the budgeted costs of the contractor coming from sale of utilities, leases and rentals of quarters is approximately \$30,000 a year. The difference between this present income and the budgeted costs of \$75,000 would be paid in the first year by the application of paragraph 10 of the memorandum which provides for the relocation of utility services and the disposal of obsolete surpluses. Based on War Assets appraisals, the net income from such disposals should be \$50,000. Thereafter the difference will be secured from rental of housing units now vacant, leases to light industries, recreational and educational institutions and other opportunities to create income offered to the National Guard by the terms of the deed of Fort Huachuca.

Should inquiry be made of my experience and qualifications, I will be glad to add to the information which may be found in "Who's Who in America" by offering a copy of the Government files giving my entire record of experience in property management. If any other points require clarification, I shall be happy to supply the information.

C For the confidence you have shown in offering this invitation to me, I am deeply appreciative. It has been a source of satisfaction to work with you and your staff, with Governor Garvey and the United States Senators from Arizona and the Federal agencies in the coordination of the plan of transfer of Fort Huachuca to the National Guard. There is nothing I would now rather undertake than to follow this transfer by working out the plans of operation of the property in the public interests of the State of Arizona.

O With highest regard and thanks for the compliment you have paid me through your letter, I am

Very respectfully yours,

/s/ MALCOLM P. MERRITT

Malcolm P. Merritt

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RPM:lmw

Fort Huachuca

Annual Maintenance and Operating Budget  
War Assets Administration  
December 31, 1948

<u>Type</u>	<u>Number</u>	<u>Salary per year plus overtime</u>
Fire Guards	18	\$ 54,300.
Maintenance	4	8,916.
Electrician	1	3,036.
Water Engineer	1	3,190.
Office typist	1	2,724.
Office Secretary	1	3,000.
Maintenance Engineer	1	6,500.
Project Managers office		3,000.
Material, supplies, telephone and shop operations		<u>18,000.</u>
	Annual budget	\$ 107,666.
	Monthly	9,000.

Reduced from \$11,000 per month September 1, 1948.

Income of Non-Military Area  
as of January 31, 1949

	<u>Annual Rate</u>
Leases	\$ 1,834.
Power Plant	24,000.
Rental of quarters	<u>3,960.</u>
Present annual income -	\$ 29,834.

Budget of National Guard non-military operation and maintenance, \$75,000.

Additional income to be created, \$45,000 annually from expended rentals, leases and sale of utilities.

Fort Huachuca

Non-Military Area Protection and Maintenance  
Annual Budget (Areas 1 to 6 inclusive and Area 18)

<u>Type of Employee</u>	<u>Number</u>	<u>Monthly Salary</u>
Chief of Security	1	\$ 250.00
Electrical Supervisor	1	250.00
Maintenance Supervisor	1	250.00
Plumber and Carpenter		225.00
Fireguards @ \$200.00 each	9	1,800.00
Mechanic	1	225.00
Laborers @ \$200.00 each	2	400.00
		<u>3,400.00</u>
Maintenance of 3 pieces of Motor equipment		600.00
Materials and supplies		400.00
Utilities		750.00
Management, clerical, telephone and office supplies		<u>1,200.00</u>
		\$ 6,350.00
		76,200.00