



The Cookbook

How To Get Contracts Awarded In EPA



ACKNOWLEDGEMENTS

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Mark Anderson, OIG
Karen Chambers, RMC
John Comstock, OSWER
Dennis Cunningham, OIA
Tom Doherty, OGC
Debbie Ebele, Region III
Vicki Bailey Ellis, OARM
Ed Murphy, OAM
Jill Robbins, OAM
Kathy Seikel, OPPTS
Marilyn Smith Church, OPPE
Jordan Strauss, OAM
Steve Wilson, OW

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A special thanks to Robert Gray for his contribution to Chapter III and to Roy Rathbun for his contribution to Chapter IV and to Annette Duncan for her long hours of word processing in preparing the final report.

ACRONYMS

The following list is an alphabetical list of all acronyms used throughout this Cookbook. Its purpose is to serve as a quick reference for those unfamiliar with acronyms commonly used with the EPA acquisition/procurement process.

AAS	- Advisory and Assistance Services
ADP	- Automatic Data Processing
APR	- Agency Procurement Request
BAFO	- Best and Final Offer
CBD	- Commerce Business Daily
CBI	- Confidential Business Information
CERCLA	- Comprehensive Environmental Response, Compensation, and Liability Act
CMM	- Contracts Management Manual
CO	- Contracting Officer
COI	- Conflict of Interest
CS	- Contract Specialist
DOPO	- Delivery Order Project Officer
D&F	- Determination and Findings
EPAAR	- Environmental Protection Agency Acquisition Regulation
FAR	- Federal Acquisition Regulation
FIFRA	- Federal Insecticide, Fungicide, and Rodenticide Act
FIRMR	- Federal Information Resources Management Regulation
FMFIA	- Federal Managers Financial Integrity Act
FOIA	- Freedom of Information Act
G&A	- General and Administrative
GAO	- General Accounting Office
GFP	- Government Furnished Property

IGCE	- Independent Government Cost Estimate
JOFOC	- Justification for Other than Full and Open Competition
LOE	- Level of Effort
OAM	- Office of Acquisition Management
OARM	- Office of Administration and Resources Management
ODC	- Other Direct Cost
OIG	- Office of the Inspector General
OIRM	- Office of Information Resources Management
OMB	- Office of Management and Budget
OSDBU	- Office of Small and Disadvantaged Business Utilization
OTA	- Office of Technology Assessment
PEB	- Performance Evaluation Board
PO	- Project Officer
POP	- Period of Performance
PRR	- Procurement Request Rationale
QA	- Quality Assurance
QAO	- Quality Assurance Officer
QAT	- Quality Action Team
R&D	- Research and Development
RCRA	- Resource Conservation and Recovery Act
RFP	- Request for Proposal
RMC	- Resources Management Committee
RTP	- Research Triangle Park
SB/LSA	- Small Business/Labor Surplus Area
SBA	- Small Business Administration
SO	- Source Selection Official

SOW	- Statement of Work/Scope of Work
SRO	- Senior Resource Official
TEC	- Technical Evaluation Criteria
TEP	- Technical Evaluation Panel
TEPR	- Technical Evaluation Panel Report
TSCA	- Toxic Substances Control Act
WAM	- Work Assignment Manager
WCAB	- Washington Cost Advisory Branch
WP	- Work Plan

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CHAPTER I

INTRODUCTION

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**SECTION I-B WHAT TO DO -- A FLOW CHART FOR THE ACQUISITION
PROCESS**

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SECTION I-A HOW TO USE THIS COOKBOOK

This Cookbook is designed to be a user-friendly guide for POs to use in preparing all the paperwork that the OAM will require in order to award a mission-support, LOE contract. Guidance more specific to other types of contracts will be available later. This Cookbook does not cover special ADP needs, small purchases, or procedures under the Brooks Act for architect-engineer contracts, although some of this information will be useful for those other needs. Before beginning work on procurements, you should consult the CO designated for your office or your program liaison to determine which procedures and information are different and which are the same.

This Cookbook assumes you have at least a basic understanding of the nature of Government work and that you have been trained in the ethics of contracting. It does not assume that you have a detailed knowledge of contracting procedures. The Cookbook hopes to provide you with that knowledge. It will be kept up-to-date, and should be kept in a notebook as procedural updates/changes are provided by OAM. All of your efforts that are consistent with this Cookbook will be useable in obtaining a contract.

This Cookbook is available in hard copy format. In general, the forms included in the hard copy can be used for submitting to OAM the required materials. If you would like a hard copy, please contact the OAM Document Distribution Unit, 3rd floor, Fairchild, telephone: (202) 260-8573.

If you have comments on the substance, content, format or suggestions to make this cookbook easier to use, please send them to: Karen Chambers, Policy, Training and Oversight Division, OAM, Mailcode 3802F, Telephone: (202) 260-9795.

SECTION I-B WHAT TO DO -- A FLOW CHART FOR THE ACQUISITION PROCESS

A major task for a PO is to monitor progress toward the award of the contract. The following page (Figure I-D) gives you an overview of the process to help you understand the entire process. The PO and the CO should work as a team to make progress towards the award of the contract. As a team, they should understand the process and monitor progress toward achieving the award, including the milestones and the "norms" for meeting those milestones, which are shown on Table I-1. During the pre-award phase, a major PO responsibility is to provide a quality purchase request package with all attachments and backup information required to the CO. This will allow the CO to award a contract that meets the program needs in the timeframe required.

As a rule of thumb, once you have an award date in mind, you should back calculate a start date (date of acceptable submission to OAM) one (1) year earlier. Then subtract at least two (2) to six (6) months for your Office's preparation and approval process. Next, use the norms on the following page for comparing the progress of the acquisition through OAM.

If you do not have an award date in mind, simply calculate an expected date from the norms given on the following page.

It is our hope and expectation that if we can work well as a team, we can reduce this lead time.

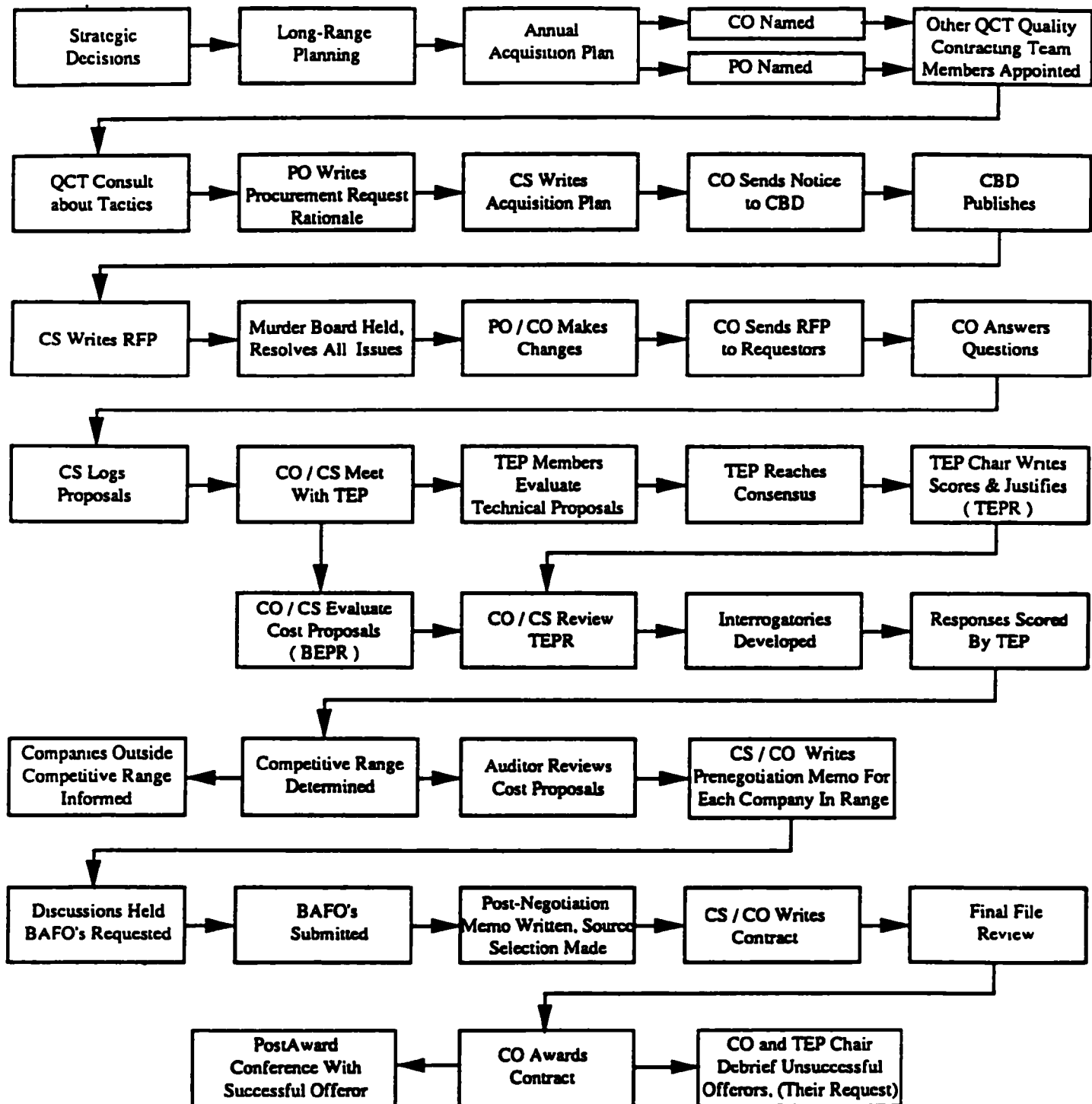
TABLE I-1. Baseline Data (Largely From 1991 Procurements as Determined in a November 1992, Survey) and the QAT's Suggested Goals for Improving the Process (all data in elapsed days).

<u>Milestone</u>	<u>Baseline State</u>			<u>Desired State: Goals</u>	
	<u>Best</u>	<u>Avg.</u>	<u>Worst</u>	<u>1993-94</u>	<u>1995-1996</u>
OAM Acceptance	1	65	184	38*	15
Acq. Plan Prep.	1	40	89	17	8
Acq. Plan Approv.	13	54	158	16	14
RFP Prep.	1	65	189	39	15
RFP Approved	5	30	78	21	16
RFP Issued	2	11	31	9	5
Proposals Rec.	31	41	59	40	40
TEPR Requested	1	3	8	1	1
TEPR Completed	7	67	221	46	24
Comp. Range Prep.	2	14	47	7*	5
Comp. Range Appr.	3	16	221	14	7
Audits Received	15	59	119	47*	41
Pre-Neg Memo Prep.	1	22	62	8	5
Pre-Neg Appr.	1	2	8	2	1
Negotiation Done	2	7	16	6	3
BAFOs Requested	1	1	2	1*	1
BAFOs Received	2	6	13	5*	3
rTEPR Requested	1	1	3	1*	1
rTEPR Completed	1	11	41	7*	3
Post-Neg Memo	2	13	35	9*	6
Source Sel. Prep.	1	19	149	2	1
Source Sel. Appr.	1	11	93	5	3
Contract Prep.	1	2	12	1	1
File Review	1	12	93	2	1
Contract Signed	1	10	19	3	2
AVG. ELAPSED TIME	125	347	543	337	240

* Steps marked for elimination or reduction in frequency of use (see recommendation 3(a)).

** QAT for streamlining the procurement process.

COMPETITIVE PROCUREMENT PROCESS



PO - PROJECT OFFICER
 CO - CONTRACTING OFFICER
 CS - CONTRACT SPECIALIST
 CBD - COMMERCE BUSINESS DAILY

TEP - TECHNICAL EVALUATION PANEL
 BAFO - BEST AND FINAL OFFERS
 RFP - REQUEST FOR PROPOSAL

**SECTION I-C WHO TO CONTACT FOR QUESTIONS NOT ANSWERED
IN THIS COOKBOOK**

OFFICE OF ACQUISITION MANAGEMENT

Betty L. Bailey
Director

Jeanette Brown
Deputy Director

Competition Advocate

Jordan A. Strauss

POLICY, TRAINING, AND OVERSIGHT DIVISION

Rosemarie Nance (202-260-5024)
Acting Director

Procurement Policy Branch

Interprets (FAR, EPAAR)
Acquisition Directives

Edward Murphy (202-260-6034)
Chief

Quality Assurance Branch

FMFIA
COI
Audit

Thomas O'Connell (202-260-8268)
Chief

Information Management Staff

John Oliver (202-260-8288)
Chief

Training and Certification Branch

Gina Nightengale
Chief (202-260-6033)

HEADQUARTERS PROCUREMENT OPERATIONS DIVISION

John Gherardini (202-260-6035)
Director

Purchasing and Contracts Management Branch

Tim Farris (202-260-6566)
Acting Chief

Contracts Support Section

Forms
Distributes
FOIA

Jim Thompson (202-260-2332)
Head

Specialized Procurement Management Section

Small Purchase Orders
Bankcard

Glen Sites (202-260-2355)
Head

ADP Procurement Branch

Hiram Wilcox (202-260-6692)
Chief

ADP Placement Section

Stuart Toleman (202-260-7996)
Head

ADP Hardware Management Section

Alan Trail (202-260-3190)
Head

ADP Service Management Section

Sheila Ames (202-260-4412)
Head

Administrative Procurement Branch

Tom McEntegart (202-260-1433)
Chief

Administrative Placement Section

Phil Osborne (202-260-6454)
Head

Administrative Management Section

Joan Roberts (202-260-3211)
Head

COST ADVISORY AND FINANCIAL ANALYSIS DIVISION

Donald Hambric (202-260-3163)
Director

SUPERFUND/RCRA PROCUREMENT OPERATIONS DIVISION

Diane Balderson (202-260-9458)
Director

Superfund/RCRA Program Management Staff

Pat Patterson (202-260-9158)
Chief

Superfund/RCRA Headquarters Contract Operations Branch

Paige Peck (202-260-2548)
Chief

Placement Section

David Stutz (202-260-6201)
Head

Management Section

Mark Thomas (202-260-9172)
Head

Regional Contract Placement Branch

William Topping (202-260-9184)
Chief

Site Evaluation and Enforcement Section

Sheila Kelly (202-260-1985)
Head

Remedial and Emergency Section

Mary Jo Blumenfeld (202-260-3192)
Head

Regional Contract Management Branch

Karen Higginbotham (202-260-2308)
Chief

Eastern Section

Bruce Bakaysa (202-260-2308)
Head

Western Section

Barbara Bosco (202-260-3185)
Head

CONTRACTS MANAGEMENT DIVISION -- RESEARCH TRIANGLE PARK

Mike Bower (919-541-3045)
Director

Don Sutton (919-451-3046)
Deputy Director

Jerry Dodson (919-541-2249)
Small Business Specialist

Contract Support and Policy Branch

Sandra Davis (919-541-3024)
Chief

Small Purchase Branch

Robert Traylor (919-541-3416)
Chief

Contract Placement Branch

Holly Powell (919-541-4369)
Chief

Contract Management Branch

Thomas Sharpe (919-541-3572)
Chief

CLP Acquisition and Management Branch

Janet Simmons (919-541-4081)
Chief

CONTRACTS MANAGEMENT DIVISION -- CINCINNATI

Mark Kellerman (513-366-2026)
Director

Robert Edgeton (513-366-2101)
Deputy Director

Construction and Small Purchase Branch (CSPB)

Christina Colon (513-366-2043)
Chief

Acquisition Management Branch

Becky O'Kelly (513-366-2104)
Chief

Cost Advisory Branch

Warren Reynolds (513-366-2045)
Chief

Contract Management Branch

Michael Berich (513-366-2028)
Chief

Contract Support Branch

Marsha Wood (513-366-2020)

EXTERNAL SUPPORT

Legal Counsel/Advisor

HQ-Richard Feldman (202-260-2794)

CIN-Thomas Darner (513-366-7917)

RTP-Thomas Doherty (919-541-0818)

Office of Small and Disadvantaged Business Utilization

Margie Wilson (703-305-7305)

Office of Information Resources Management

Stephen Hufford (202-260-7732)

Patents

Thomas Gorman (OGC) (202-260-1339)

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PRE-ACQUISITION PLANNING

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PRE-ACQUISITION PLANNING

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- o **Who's Responsible for What?**
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- o **Overview**
- o **Responsibility**
- o **Timing and Content**

SECTION II-A PRE-ACQUISITION ACTIVITIES

Overview

Advance planning is an essential part of conducting the government's work. As a PO, you will be responsible for either preparing, or assisting in the preparation of three planning documents:

- (1) an annual acquisition plan which outlines proposed acquisitions for the next two fiscal years;**
- (2) an individual acquisition plan which sets milestones and addresses financial, technical, legal, and management issues to be considered in the contracting process for your specific contract; and**
- 3) an individual contract management plan which supplements individual acquisition plans by discussing how a specific contract, once awarded, will be managed.**

This chapter tells you how to prepare each of these.

Who's Responsible for What?

Although you may think that you have a formidable task in front of you, there is plenty of support to help you prepare your acquisition package.

On the contracting side, in addition to the CO who will be guiding you through the solicitation preparation process, the OAM has just established a liaison office whose main responsibility will be to help you assemble a good contracting package. This customer assistance office will answer any questions you might have regarding the preparation of your procurement planning document, SOW, and TEC and will provide you with samples and guidance as needed. Furthermore, this office will work with you to discuss milestones and track your requirement through contract award.

On the program side, there are also several people who are there to advise and support you. As an example, Budget Officers are responsible for extramural budget requests and should keep you informed about changes in extramural budgets. In addition, most offices have a senior contracts person, who, along with the Budget Officer is responsible for various aspects of pre-acquisition planning. If your office does not have a Senior Contracts Coordinator, the SRO (usually a Deputy Assistant Administrator or Assistant Regional Administrator) will be responsible for designating the individual responsible for the functions given below.

General Timing and Content

The acquisition package is a comprehensive set of documentation that provides complete background information on a requirement, sufficient for the CO to develop and process a solicitation for the requirement.

The elements of the acquisition package are:

- o **Procurement Request Package**

The PR package is comprised of the PRR Checklist (32 point document) with its attachments, the Certification to accompany PRR, and the Office Director Certification of Procurement Request. Further discussion of the PRR is contained in Section III.

- o **Acquisition Plan**

The acquisition plan outlines various aspects of the requirement (based on the PR package), describes the procurement process to be followed, details budget and funding considerations, and sets the procurement schedule. One of the most important purposes of the acquisition plan is to establish milestones for all steps in the solicitation and source selection phases of the procurement process. A general rule of thumb is to initiate acquisitions approximately 18 months before award to allow time for processing.

- o **CBD Synopsis**

A procurement abstract is developed as an attachment to the PRR (32 point document) describing the type of work required, identifying the office to be supported, and listing the desired qualifications of a contractor. The procurement abstract is used by the CO to prepare a CBD synopsis to announce the procurement in the CBD.

**SECTION II-B HOW TO SAFEGUARD AGAINST CONTRACT
VULNERABILITIES**

OR

Before I Get Started,

What Do I Need to Know to Keep Me Out of Trouble

Overview

Believe it or not, if your contract is criticized because of inadequate contract management, you alone will not be held accountable. The Agency has recently established SROs, who, in addition to their other duties and responsibilities as Deputy Assistant Administrators and Assistant Regional Administrators, are accountable for ethical, effective resource management in his/her Program or Region. In other words, if the GAO or the OIG finds evidence that your Office still views the Agency's environmental protection mission as more important than providing sound contract management, your SRO will find his/her self under Congressional scrutiny for his/her inability to manage his/her contracts properly.

One way to protect both yourself and your SRO is to identify potential vulnerabilities before the contract is awarded and develop specific contract management controls to address those special sensitivities, either as an attachment to the 32 point document or as a part of your contract management plan.

Included in this section are areas that require safeguards. Also included are samples of contract language or management controls. Use them as examples, drawing on those that are relevant to your acquisition; however, please ensure that they are adapted to the unique needs of your contract.

AAS and Other Sensitive Areas

In order to procure AAS or support in areas which the Agency considers sensitive, you must first prepare a certification for your Assistant Administrator's signature. This document is ultimately approved by the Assistant Administrator for the OARM.

AAS is defined as those services acquired from non-governmental sources by contract or by personnel appointment to support or improve agency policy development, decision-making, management, and administration, or to support or improve the operation of management systems as described in OMB Circular A-120. FAR Subpart 37.2 provides further information on the types of activities that are considered AAS.

Sensitive contracting areas as defined in EPA Order 1900-2 consist of the following:

- o Budget preparation support**
- o Support services such as analyses, feasibility studies, etc. to be used by EPA in developing policy**
- o Reorganization and planning support**
- o Regulation development support**
- o Any support in the in-house evaluation of another contractor's performance**
- o Involvement in strategic acquisition planning**
- o Support on improving contract management**
- o Providing specialized expertise in the contractor selection process**
- o Providing specialized expertise in the development of SOW, Work Assignments, and other contract-ordered tasks**
- o Any support involving EPA policy or regulatory interpretation**
- o Independently providing technical guidance concerning EPA policies or regulations on EPA's behalf to outside parties**

The next page contains a sample AAS memorandum.

Figure II-1

ATTACHMENT _____	
Memorandum	
Subject:	Approval for Advisory and Assistance Services
From:	_____ Assistant Administrator
Through:	Betty L. Bailey, Director Office of Acquisition Management
To:	_____ Assistant Administrator Office of Administration and Resources Management
<p>I am requesting your approval to acquire advisory and assistance services as defined in Office of Management and Budget (OMB) Circular A-120. The proposed acquisition is necessary to support the _____ program in the following area:</p> <ul style="list-style-type: none">o (Identify contract-specific support areas)oo <p>In accordance with OMB Circular A-120, I certify that the services to be performed will not: 1) unnecessarily duplicate any previously performed work or services; 2) be used in performing work of a policy/decision-making or managerial nature; 3) be used to bypass personnel ceilings, pay limitations, or competitive employment procedures; 4) be contracted for on a preferential basis to former Government employees; 5) be used specifically to aid in influencing or enacting legislation; or 6) be used to obtain professional or technical advice which is readily available within the Agency or another Federal agency. Accordingly, it is determined that the requested services are appropriate and meet the requirements of OMB Circular A-120, the Federal Acquisition Regulations (FAR) Subpart 37.2, and applicable EPA guidance</p>	
Concur	_____ Betty L. Bailey, Director Office of Acquisition Management
Approved	_____ Jonathan Cannon, Assistant Administrator for Administration and Resources Management

Contracting Areas Requiring Special Control Measures

The following is a list of contracting areas requiring special control measures based on the EPA Order "Contracting At EPA". A special discussion must accompany any procurement request involving these activities.

- o **Situations where contractors share office space with EPA employees**

Control measures must be established to prevent the performance of personal services to ensure that contractors do not have inappropriate access to privileged or sensitive information.

EXAMPLE

To ensure that contractor employees do not have inappropriate access to privileged or sensitive information, we have established file cabinets in a portion of the office not accessible to contractor employees. Our employees have heard that any privileged or sensitive information must be stored in these file cabinets when not being used by the EPA employees. Additionally, EPA supervisors have been asked to monitor that this procedure is followed.

To prevent the performance of personal services by contractor employees, all EPA employees co-located with contractor employees have been informed they may not make any direct work assignments to the contractor. Supervisors have been cautioned not to treat contractor employees as their own staff. All assignments to these contractor employees will be made through the PO.

- o **Support in preparing responses to Freedom of Information Act requests**

Control measures must be established to ensure that contractors are in compliance with all regulations involving FOIA, the Privacy Act, and CBI.

- o **Any situation where a contractor has access to confidential business information, and/or any other sensitive information.**

Control measure must be established to ensure that contractors do not have inappropriate access to privileged and sensitive information, to ensure that security systems are in place preventing the release of sensitive information to non-designated contractor employees, etc.

EXAMPLE

To ensure that non-designated contractor employees do not have inappropriate access to privileged or sensitive information, areas of the on-site trailers will have file cabinets equipped with locks designated for storage of sensitive information. Contractor and EPA employees will be notified that any privileged or sensitive information must be stored in these file cabinets when not being used by the appropriate employees. Specific contractor employees will be designated to have access to the information in these cabinets. These employees will sign special confidentiality agreements to ensure that sensitive information will not be inappropriately used or released to unauthorized individuals.

Contractor and EPA employees will monitor the use of sensitive information through log-in sheets which will record the date, time and name of the individual removing the material for use, and the date and time of return of the material. The trailer and file cabinets will be locked after business hours and only authorized personnel will have keys to access these files. On-site access will be restricted to authorized personnel only. Supervisors will be asked to monitor that this procedure is followed.

- o Any situation where it can be assumed that the contractor is EPA, without specifically identifying itself as a contractor.

Control measures must be established to ensure that contractor employees are clearly identified. In addition, it is also your responsibility to remind your contractor that he/she is to always preface any comments made with the statement that the individual is an employee of a contractor. He/she should also identify himself as such whenever he/she attends any meetings with EPA staff.

EXAMPLE

So that contractors will not be assumed to be EPA employees, all contractor personnel will be required to wear badges identifying themselves as contractor employees. Signs will be posted at the site to ensure that the public realizes that contractors are on-site along with EPA employees.

COI Issues

OAM has developed a COI Rule which defines COI provides a discussion for contractors and COs to help clarify the Agency's position on COI issues and procedures. Organizational COI exists when the nature of the work to be performed under a contract and a prospective contractor's organization, financial, or other interests are such that award of the contract may result in an unfair competitive advantage, or impair the contractor's objectivity in performing the contract work. The OMB is currently reviewing the rule's compliance with the Paperwork Reduction Act. EPA will finalize its Rule once it receives OMB approval.

The rule, once approved, will amend coverage on COI for all contracts and provide for stronger reporting and certification requirements. It will also add special COI clauses and emphasize the identification of conflicts, both during and after performance, to protect the Agency's cost and recovery actions. Although the rule was written primarily for the Superfund program, the processes for non-Superfund programs are the same and the clauses can be adapted for non-Superfund programs where COI is the issue. In any case, the acquisition package must contain detailed technical information on the activities involved in potential organizational COI, so that the CO can incorporate special provisions into the procurement to mitigate or avoid conflict of interest.

Inherently Governmental Functions

As a PO, you are prohibited from issuing work assignments or delivery orders for work that is inherently governmental. What is "inherently governmental"? Inherently governmental means any activity which is so intimately related to the public interest as to mandate performance by Government officials and employees.

Examples include:

- o The actual preparation of Congressional testimony
- o The interviewing or hiring of individuals for employment at EPA
- o Developing and/or writing of Position Descriptions and Performance Standards
- o The actual determination of Agency policy
- o Participating as a voting member on a PEB; participating in and/or attending Award Fee meetings

- o The actual preparation of Award Fee Plans
- o Preparing Award Fee letters, even under typing services contracts
- o The preparation of documents on EPA letterhead other than routine administrative correspondence
- o Reviewing vouchers and invoices for the purposes of determining whether costs, hours, and work performed are reasonable
- o The preparation of SOWs, Work Assignments, Technical Direction Documents, Delivery Orders, or any other work issuance document under a contract that the contractor is performing or may perform.
- o On behalf of EPA, actually preparing responses to audit reports from the OIG, GAO or other auditing entities
- o On behalf of EPA, preparing responses to Congressional correspondence
- o The actual preparation of responses to FOIA Requests, other than routine, non-judgmental correspondence
- o Any contract which authorizes a contractor to represent itself as EPA to outside parties
- o Conducting administrative hearings
- o Reviewing findings concerning the eligibility of EPA employees for security clearances
- o The actual preparation of an office's official budget request

By now you are probably saying "Whew, this is a lot of work! How can I effectively do all of this by myself?" Well, good news. The Agency has recently implemented a concept known as quality contracting teams. In order to promote teamwork and coordination, a team consisting of contracting personnel, legal counsel, and others will work with you from the inception of the procurement through contract closeout in an advisory and oversight role. For more information, see Section II-C.

SECTION II-C QUALITY CONTRACTING TEAMS

We all know that in the past, at times there has been a lack of coordination between the OARM, program offices and the Office of General Counsel on important contracting matters. As a means to promote teamwork and accomplish life cycle management of contracts from award to closeout, the Agency has recently implemented a "contracting team" approach.

What is a contracting team?

A contracting team is a group of individuals, convened upon the conceptualization of the contract, who are responsible for contract management oversight through contract close out. This way, all team members should be fully knowledgeable of the history and terms of the contract, and EPA's rights and obligations.

Who makes up the contracting team?

Members include the Procuring CO, the Administrative CO, PO, Program Office Manager or Supervisor, Legal Counsel, Cost Analyst, Financial Management Division representative (on an as needed basis to discuss fiscal questions and appropriations issues), and Property Administrator (where necessary and feasible).

What exactly does a team do?

- o Review and provide recommendations on individual acquisition plans (pre-award) and contract management plans (post award) for every major acquisition.
- o Validate compliance with the plans at team meetings; monitor work towards completion, cost control, and effective contract management; and identify corrective actions to be completed.
- o Develop goals for ensuring the successful acquisition and management of their contract.

This seems like it will be resource intensive. Will a team be set up for every acquisition?

No, quality contracting teams are mandatory for all acquisitions with a maximum potential value greater than \$100,000,000. Teams are discretionary for acquisitions with a maximum potential value between \$5,000,000 - \$100,000,000. For discretionary cases, OAM will make a determination as to whether a quality contracting team is feasible after reviewing factors such as conflict of interest, potential vulnerabilities, CBI access, the importance of the contract

to EPA's mission, and resource availability. This information is contained in Chapter 15 of the CMM. You can also call Paul Schaffer at 260-9032.

SECTION II-D ANNUAL ACQUISITION PLAN

Each program office is required to submit an Annual Acquisition Plan that lists all of the new contract actions expected to be valued at more than \$25,000 for the next two upcoming fiscal years. This section tells you the content and specific purposes of the Annual Acquisition Plan.

Purpose

The plan provides information for three purposes: (a) to advertise next year's awards to potential proposers to increase competition and ensure fairness; (2) to assist OAM in workload planning; and (3) to assist the OSDBU in their preparation of an annual report to SBA which forecasts expected contract opportunities for small and disadvantaged business concerns.

Responsibility and Timing

In April of each year, OAM will issue a call letter. The memorandum will also identify those contracts scheduled to expire within the next two fiscal years (FYs).

By June 30 of each year, your SRO will forward the required information listed below.

OAM will then meet with program representatives to discuss program priorities, contracting workload, ways to increase competition, minimum leadtimes, coordination efforts to maximize responsiveness, and anticipated problems.

OAM will then publish the annual acquisition plan summaries in the CBD in the first quarter of the next FY.

FY#1 of your two year plan usually will not be too detailed. Basically, you should just be reaffirming milestones, scope of competition, and budget for actions already in-house. However, please ensure that you add new requirements that have recently become necessary. For FY#2 of the plan, include acquisitions to be initiated during the upcoming year which are planned for award in the subsequent year. A form is provided on the following page.

Content of Plan

At a minimum, the plan shall include the following information:

- o Name of your Contracting Office (Headquarters, Cincinnati, RTP, Region ____)

- o Preparer's name and telephone number
- o Allowance holder and organization
- o Short unique description that distinguishes your procurement from similar work of the same nature. (Please avoid the use of acronyms)
- o Estimated total dollar value (regardless of funding source and including all options) of each planned acquisition and whether funds are available
- o Whether the proposed acquisitions will be set-aside for small business or 8(a) concerns

For each action in the Workload Planning year (2nd year)

- o Estimated date PRR will be sent to OAM
- o Date you need or expect the award to be made (should be at least eighteen months from OAM's receipt of PRR)
- o Type of contract desired (Cost Plus Fixed Fee, Cost Plus Award Fee, Indefinite Delivery/Indefinite Quantity) Note: The CO will make the final determination as to the appropriate contract type)

For the plan as a whole, attach a discussion of:

- o Items that need special attention (quick response services, deviations from normal procedures, innovative contracts, strategic changes)
- o Resources available and EPA personnel responsible for managing the contracts (POs, WAMs, DOPOs, TEP members, etc.)
- o Potential vulnerabilities in managing the contract, and how they will be handled. (See Section II-E and EPA Order 1900-2)

Remember, this is just a plan, so during preparation, build in enough flexibility in case your contract has to be restructured to:

- o adjust to changing priorities
- o increase competition
- o link budget and contracts planning
- o ensure a smooth transition between existing contracts and recompetes

- o balance small business set-asides, 8(a) procurements, and full and open competitions
- o provide for advertising expectations about upcoming contracts (to the public and to potential contractors).

Figure II-2

FY _____ ACQUISITION PLAN

CONTRACTING OFFICE _____

PREPARED BY: _____
Name Telephone No.

ALLOWANCE HOLDER _____ ORGANIZATION _____

APPROVED BY _____
Senior Resource Official Date

PLANNED ACTIONS:***

1. Title and brief description of procurement or modification				
Required award date	Estimated dollar value*	Are funds currently available?	Set-aside for small (SB) or 8(a) firms?*** SB 8(a)	
2. Title and brief description of procurement or modification				
Required award date	Estimated dollar value*	Are funds currently available?	Set-aside for small (SB) or 8(a) firms?*** SB 8(a)	
3. Title and brief description of procurement or modification				
Required award date	Estimated dollar value*	Are funds currently available?	Set-aside for small (SB) or 8(a) firms?*** SB 8(a)	
4. Title and brief description of procurement or modification				
Required award date	Estimated dollar value*	Are funds currently available?	Set-aside for small (SB) or 8(a) firms?*** SB 8(a)	

* includes all options
** insert "SB" for small business or "8(a) for 8(a) firms
*** if a follow on procurement, circle the number of the
action

SECTION II-E INDIVIDUAL ACQUISITION PLANS AND CONTRACT MANAGEMENT PLANS

Overview

Any acquisition expected to be greater than \$5,000,000 (\$25,000,000 for Superfund or ADP procurements) is required to have an Individual Acquisition Plan (prepared by the CO) and a Contract Management Plan (prepared by the program office's PO).

Responsibilities

To develop the Individual Acquisition Plan, the CO will obtain information from you (as well as from legal counsel, cost/price analysts and others) to use in designing a strategy for obtaining the award. This information includes:

- o A statement as to why the services are needed
- o A summary of the technical and contractual history of the acquisition
- o Delivery or performance period requirements
- o Technical, costs and schedule risks
- o Possible sources
- o Budgetary and funding estimates
- o Property to be furnished by the Government
- o Milestone for receipt of the statement of work and purchase request

Some of this information will be found in the Annual Acquisition Plan. Other parts may be found in the Procurement Planning rationale and will need your confirmation for final inclusion. However, after receipt of your input, the CO is ultimately responsible for final preparation.

You, however, are responsible for preparation of the Contract Management Plan. This following section tells you how to perform that responsibility.

Timing and Content

The objective of the Contract Management Plan is to

identify how a specific contract will be managed from the point of award through its completion. If required, your contract management plan should be included as an attachment to the PRR (see Chapter III).

Items that should be covered include:

- o Identification of the personnel responsible for managing the contract from the point of award through its completion.
- o Internal office procedures, such as document flow, and sequence of signatures
- o Key vulnerabilities (i.e., COI, access to CBI)
- o Methods of tracking important resources, such as deliverables, property and funds
- o Lessons learned from the previous contract (i.e improvements to the SOW, method of contract management, quality control procedures, or incorporation of audit recommendations)
- o Security

Further information on Annual Acquisition Plans, Individual Acquisition Plans, and Contract Management Plans is contained in Chapter 1 of the CMM. Now, Section III will tell you where this information fits into the Procurement Planning Request.

CHAPTER III
THE PROCUREMENT REQUEST RATIONALE

CHAPTER III

THE PROCUREMENT REQUEST RATIONALE

SECTION III-A GENERAL INFORMATION

SECTION III-B CHECKLIST ITEM #2 - Explanation of All Components

- o EPA Form 1900-8 "Procurement Request/Order"
- o Procurement Abstract
- o SOW
- o Concise Technical Proposal Instructions
- o Competitive TEC
- o JOFOC
- o D&F to provide Full & Open Competition After Exclusion of Sources
- o AAS Certification
- o Justification of Need (GFP)
- o QA Review Form
- o Recommended Sources List
- o Reports Description
- o GFP Description
- o Controls for Sensitive Contracting
- o How Procurement Fits Into Contracting Strategy

SECTION III-C Items 1 and 3 through 32 Of the Checklist

- o OMB Strictures on AAS Contractors
- o Sensitive Contracting Supporting Rationale
- o Legal Analysis Procurement Question
- o Unsolicited Proposal Question
- o Proposed PO

- o Sources Recommended Question
- o New Contract or Modification Questions
- o Set-aside Question
- o OMB Circular A-76 Question
- o Priority Processing Question
- o Multiple Appropriation Funding Question
- o Prohibited Contracting Activities Question
- o FIRMR-controlled Requirements Question
- o RCRA Procurement Guidelines Question

**SECTION III-D ADDITIONAL ITEMS THAT MAY BE REQUIRED FOR
YOUR PROCUREMENT PACKAGE BUT ARE NOT INCLUDED
IN THE CHECKLIST**

SECTION III-A GENERAL INFORMATION

Assembling a procurement request package may appear to be a daunting task for the uninitiated (and even for those who have done it before). The authors of this Cookbook understand this feeling of being overwhelmed by the procurement process (we've each faced it ourselves).

One reason program offices have felt so uncertain about what it takes to get a procurement "through the system" is EPA has never developed a blueprint for assembling an acceptable procurement package request. This chapter of the Cookbook represents our best effort to provide such a blueprint. We have developed this chapter of the Cookbook in as "user-friendly" a style as we could to walk you through each of the steps you must follow to assemble a package that will be acceptable to your CO.

The centerpiece of all procurement request packages is the 32-Point PRR Checklist ("the Checklist"). The checklist must be completed for all procurement actions for new contract awards over \$25,000. This chapter of the Cookbook contains:

- (1) a copy of the checklist, which you may photocopy (or obtain from Chapter 2 of the CMM),
- (2) all the information you will need to complete the Checklist, including explanatory notes on each of the 32 "points", and
- (3) forms and explanations for other material not specifically referenced in the Checklist that may also be needed for OAM to process your procurement.

To make it easier to understand the type of documents that are needed, think of the contents of the procurement request package as separated into two categories, standard and conditional documentation. Standard documentation must be prepared for all procurements (with certain exceptions resulting from dollar thresholds). On the other hand, preparation of optional documentation is dependent more on the specific requirements of the procurement. For example, if the procurement involves GFP or AAS, additional paperwork is required.

The first thing you will need to do is copy the 32-point checklist, read through it, and decide what paperwork applies to your contract. Next, refer to Section I-C of this Cookbook and contact your contracts servicing center in Headquarters, RTP, Cincinnati, or the Regional office to ask that a CS be assigned to the procurement. Establishing contact early on with the procurement office may eliminate

procurement "ping pong" (rejection and re-submission of inadequate procurement requests) by enabling you to work with the experts right from the start. Finally, if your office has an in-house procurement expert working for the SRO, use that person as an information resource.

Documents required for ALL procurement request packages are as follows:

- 32-point PRR Checklist
- Planning Purchase Request (EPA 1900-8)
- SOW
- QA Review Form
- IGCE
- PO Certification Form (EPA 1900-65)
- Procurement Integrity Certifications
- Procurement Abstract
- Recommended Sources List

Additional documents that MAY be needed for processing the procurement are listed below and described in full detail in this chapter:

- Labor Definition Requirement
- Nominations for TEP Selection
- TEC
- GFP Description
- JOFOC - only applies to non-competitive procurements
- D&F to provide full and open competition after exclusion of sources [see FAR 6.2]
- AAS Justification
- Justification of Need (for GFP, including contractor-acquired property, if known in advance)
- Nominations for PEB (Award Fee)
- Award Fee Plan (Only for Award Fee Contract)

- Discussion of Controls for Sensitive Contracting
- Justification for Contract Period of Performance Exceeding 36 Months
- Justification for Contract Option Quantities Exceeding 50% of the Base Quantity
- Identification of potential COI and proposed mitigation/elimination

SECTION III-B CHECKLIST ITEM #2 - EXPLANATION OF ALL COMPONENTS

Item #2 of the Checklist contains several distinct elements, some of which are mandatory for every procurement and others of which are required only for certain types of procurements, i.e., competitive procurements, sole source procurements, etc. These elements are enumerated below.

Next to the title of each element is a reference, indicated in brackets([...]), where applicable. Immediately to the right of the reference document title (or to the right of the element name (when no reference exists), is a "C" for conditional or "M" for mandatory.

Finally, each element contains an explanation of when it is required and how it must be completed by the program office. A full list of all procurement package mandatory and optional items is also included on page 2 of this chapter. After the "M" or "O" designation, we have referenced the Attachment # where an example of the item may be found as an appendix to this chapter.

EPA Form 1900-8 "Procurement Request/Order" (M) (Attachment 1)

This document provides funding for the procurement. When initiating a procurement, a "dummy" form is used for planning purposes and does not commit funds. However, this "planning purchase request" must provide the estimated dollar value of the procurement, the Allowance Holder Code, and the date funds are expected to be available. The request must be signed by the same officials required to authorize funding documents. Please refer to the PO Handbook for the appropriate signatory authorities. Before a contract award is signed, the PO must provide OAM with a funded Procurement Request.

Procurement Abstract (C) (Attachment 2)

The procurement abstract is the basis for the procurement synopsis published in the CBD. It should include:

- a brief statement of the type of work required
- desired qualifications of a contractor so that the contracting community has enough information to decide if they are qualified to pursue the RFP.
- statement of whether the procurement is to be openly competed or set-aside for small businesses or "8(a)" firms,

- information on the magnitude of the requirement, i.e., for LOE contracts, the maximum period of performance and maximum potential LOE.

SOW (M)

The SOW provides the basis for the performance of all work required by the contract. For further information, please refer to Chapter IV of this Cookbook.

Concise Technical Proposal Instructions (C) (Attachment 3)

Standard EPA solicitation instructions provide general direction to offerors on the preparation of technical proposals. The project office may add additional specific instructions if it so chooses.

Estimated Labor Requirements and Classifications:

Standard experience and educational qualifications have been developed for professional/technical labor classifications and these appear as boiler plate language in solicitation and contract documents prepared by the OAM. For example, professional levels (PLs) 1 through 4 are designated. If the standard qualifications do not meet the requirements of the project office, separate qualification statements should be developed and furnished with the Procurement Request.

For LOE contracts, the Project Office should include information concerning the required skill mix (percent PL4, PL3, etc.), and "plug costs", if any, for ODCs and travel. "Plug costs" may be based on historical experience gained from predecessor contracts adjusted for known requirement of the instant procurement or another "bottom up" analysis of estimated costs. This section should also include any special requirements for the format in which you want technical proposals to be prepared, including desired page limitations on technical proposals.

Competitive TEC (O)

The requirements for TEC are covered in detail in Chapter V of this Cookbook.

JOFO (O) (Attachment 4)

The FAR requires that procurements be awarded using full and open competition. However, there are times when full competition is not possible. The FAR Part 6.302 lists the seven (7) circumstances which permit other than full and open competition according to the law.

They are:

- o Only one responsible source and no other supplies or services will satisfy agency requirements.**
- o Unusual and compelling urgency.**
- o Industrial mobilization; or engineering, development or research capability.**
- o International agreement.**
- o Authorized or required by statute.**
- o National security.**
- o Public interest.**

A justification must fall within one of these areas before a requirement will receive consideration for restricted competition or single source procurement. Requests which result from the lack of planning for future contracts DO NOT fall within one of these areas. It is important that the project office be aware of the time it takes to place a contract and to plan accordingly.

The form in the CMM, page 2-F4-1 is to be completed by the Project Office. The PO Handbook contains a detailed section on the preparation of the JOFOC [paragraph M-3.106-8(f), pages 3-27 - 3-31.1]. Because non-competitive procurement procedures are discouraged, the Project Office is advised to contact the procurement office as soon as a non-competitive procurement is contemplated to discuss the rationale for the action and to receive direction and guidance on the need and development of the JOFOC. This will speed up the acquisition process and help eliminate wasted effort.

D&F to provide full and open competition after exclusion of sources [Reference: FAR 6.2] (C) (Attachment 5)

If the Government determines that one or more potential offerors should be precluded from competing on a procurement action in order to establish or maintain an alternative source of support, and that by limiting the competition in this way reduced overall costs for the acquisition will result, this justification shall be provided. This determination is not related to set-asides for small or disadvantaged businesses or labor surplus area concerns.

AAS Justification (C)

This memorandum must be prepared for any procurement
III-8

for which the SOW includes AAS. Procurement Policy Notice #92-01, dated November 8, 1991, contains instructions for preparing AAS memoranda. A sample memorandum is provided in CMM, Chapter 2, page 2-B-1. The memorandum must be signed by the Assistant Administrator for the Project Office. It should be directed to the CO for procurements of less than \$5 million; for procurements of more than \$5 million, the AA for OARM is the approval official.

Justification of Need (GFP) (C)

All personal property, whether furnished by EPA or acquired by the Contractor, must be justified. [Minimum contents of the justification are set forth in the PO's Handbook, Chapter 3, Sections M-3.106-16(h)]. You must complete a "Justification of Need" if you intend to transfer equipment purchased under an expiring contract or if you wish to purchase new equipment under the new contract.

OA Review Form [Reference: EPAAR 1546.201] (M)

This form documents the need to assure that environmentally related measurements are scientifically valid. The PO indicates on the form whether environmental measurements will or will not be required. The form must be fully completed if the procurement is in excess of \$25,000 and the accounting data object class is:

- 25.32 R&D contracts
- 25.35 Program contracts
- 25.47 Occupational Health Monitoring
- 25.49 Other work related to Occupational Health and Safety
- 26.01 Laboratory Supplies
- 31.01 Scientific & Technical Equipment

Your QAO must be designated as a member of the TEP if the estimated value of the procurement is over \$500,000. In such cases, some percentage of the TEC should relate to quality assurance. If you do not know who your QAO is, contact your contract liaison. The form found in attachment 6 is also located in the CMM, Chapter 2 pages 2-F3-1&2].

Recommended Sources List (Optional)

The recommended sources list is a list containing the names of contractors that the Project Office wants included in the solicitation mailing list. This list should include

all possible known sources. Providing this list is strictly optional for the Project Office since most members of the vendor community scan CBD announcements regularly and send written requests for all solicitations to which they may be interested in responding.

Reports Description (C)

Standard contractor reporting requirements are included in EPAAR 1552.210 and will automatically be included in your solicitation unless you request otherwise. If the EPAAR requirements do not provide adequate information to monitor financial and technical progress of the contract, you may develop additional requirements as necessary.

GFP Description [Reference: EPA Property Manual, PO Handbook, Chapter 3, Section M-3.106-16, CMM, Chapter 5] (C)

The Project Office shall furnish this attachment if the Government intends to provide property to the contractor. The attachment must give a complete description of the property, its estimated value, its condition and an indication whether it will be used up by the contractor during performance of the contract. Consult the above references for complete information in this area.

Controls for Sensitive Contracting (C) (Attachment 7)

Provide a complete description of the sensitive activities and your internal controls (based on the information given in the Checklist explanation). This discussion should be incorporated into the AAS services memorandum for AAS contracts. For non-AAS contracts involving sensitive activities, a separate document is required.

SECTION III-C ITEMS 1 and 3 - 32 OF THE CHECKLIST

Congratulations! Once you have completed Item 2 of the Checklist, you have most of the hard work in assembling the procurement package behind you! The rest of the Checklist items are truly just that -- items to check, fill out, or otherwise, indicate your understanding of basic procurement regulations or other issues of particular concern in EPA contracting.

**Item 1: The title of this procurement
is _____.**

The Title of the procurement is needed to identify the procurement action. It should be as descriptive as possible.

Item 3: This procurement () involves or () does not involve AAS or sensitive contracting areas. (If such services are involved, attach a copy of the justification required by Chapter 2 of the CMM, the original should be forwarded in accordance with Chapter 2. See Figure 2-2 for the required approvals). For both AAS and sensitive contracting areas, attach a discussion of how the procurement fits into your overall contracting strategy.

[Reference: CMM Chapter 2, pages 2-4 and 2-A-1 through 2-A-9]

AAS include:

- individual experts and consultants**
- studies, analyses and evaluations**
- management and professional support services**
- engineering and technical services**

NOTE: The vast majority of EPA contracts involve AAS. If you believe your procurement does not fall into this category, contact your CS for a determination of whether or not this requirement applies.

Per OMB Circular A-120, paragraph 7, the AAS approval must address the reasons for use and make the certifications summarized as follows. The AAS shall not be:

- used for policy, decision-making, or managerial work which is the direct responsibility of Agency officials,
- used to bypass personnel ceilings, etc.
- awarded preferentially to former Government employees,
- used to aid in influencing or enacting legislation,
- procured through grants or cooperative agreements, and
- used to obtain professional or technical advice which is readily available within the Government.

For Sensitive Contracting areas, i.e., budget preparation support, regulatory development support, policy support, evaluation of another EPA contractor, etc., prepare the certification per CMM Chapter 2 (page 2-C-1). A document that provides a comprehensive listing of sensitive contracting areas is EPA Order 1900.2, dated 10/22/90.

Item 4: This procurement () involves or () does not involve legal analysis. I have () or have not () discussed this procurement with the Office of General Counsel which () concurs or () does not concur with proceeding with this procurement.

This refers to legal services for analyzing and interpreting the law, not to be confused with litigation and regulatory support services. If the procurement is for legal services, Office of General Counsel must agree with using extramural resources for this purpose.

Item 5: I () anticipate or have knowledge of () I do not anticipate or have any knowledge of organizational conflict of interest issues related to this procurement. (If yes, describe conflict in an attachment.)

[Reference: FAR 9.5, OAM Procurement Policy Notice 91-06, dated 23 Jul 91] Will ANY offeror, if awarded this contract, find itself in a COI situation? [If YES, see ATTACHMENT #27]

Item 6: Listed below are special EPA employee(s) who are or will be participating in EPA's processing or managing of this procurement, together with a list of their non-Government employers. Check here if none ().

EPA Special Employees	Non-Government Employer

[Reference: EPAAR 1503.600-71] A special EPA employee is an EPA officer or employee who is retained, designated, appointed or employed for not more than 130 days during any period of 365 consecutive days. EPA has developed a policy regarding the placement of contracts with such employees within 365 days of the termination of their employment to preclude COI. The Project Office must identify these employees to insure that this policy is observed. (NOTE: Regular EPA employees are not mentioned in the checklist but are mentioned in the EPAAR reference.)

 Item 7: This procurement () is or () is not based on an Unsolicited Proposal.

[Reference: CMM Chapter 3] Special procurement rules apply for awarding a contract based on an unsolicited proposal. All unsolicited proposals are to be forwarded to the Office of Grants and Debarment of OARM for processing. A copy of the technical proposal will be returned to the appropriate technical office for technical evaluation.

 Item 8: Designated as "reserved" on the form. Does not need to be completed.

 Item 9: The name of the proposed PO is

_____.

He/she () has or () has not been certified as an EPA PO.

The project office may propose a PO for this procurement only if he/she has met all PO requirements. EPA Form 1900-65, requesting approval of the proposed PO, must be completed and signed by the project office Division Director.

 Item 10: I () recommend or () do not recommend prospective sources for this procurement. (If sources are recommended, list in an attachment.)

The project office should list the names and addresses of any vendors to which they would like copies of the solicitation sent. Developing such a list is strictly optional since the vendor community is accustomed to scanning the CBD for announcements of interest and will notify OAM in writing of any RFPs for which they wish to be added to the mailing list.

Item 11: This procurement anticipates () a new contract award or () an additional work modification to existing contract no. _____. It also anticipates that it will be processed as a () competitive procurement or () other than full and open competition. (Note: If other than full and open competition is recommended, attach appropriate justification as described in Part 1506 of the EPAAR. Also see sample format (Figure 2-4). Attach the PO's Certification that the data provided in the justification is accurate and complete.)

[Reference: FAR 6.3; see EPAAR 1506 for JOFOC execution]
[Also attach PO certification, CMM Figure 2-F4.]

Procurements can be placed non-competitively only if one of the following conditions exists.

1. Only one responsible source
2. Unusual and compelling urgency
3. Need for industrial mobilization
4. International agreement
5. Authorized or required by statute
6. National security
7. Public interest

NOTE: EPAAR specifically mentions the use of #1 & #5 in EPA considerations. [See ATTACHMENT #6]

Item 12: This proposed procurement is appropriate for () total small business set-aside or () total small business/labor surplus area (SB/LSA) set-aside; or () partial SB/LSA set-aside; () partial SB set-aside; () 8(a) set-aside; () LSA

set-aside; or () none of the above (check only one). Consult the OSDBU for advice.

EPA is required to make every effort to achieve our socio-economic goals. These include contracting out to small and small disadvantaged business whenever possible. All procurement requests must be processed through the OSDBU or a local representative of that office. OSDBU's review responsibilities are set forth in EPAAR 1519.201-2(c)(3). As indicated in the checklist, the project office is to consult with the OSDBU and Prepare EPA Form 1900-37 "Record of Procurement Request Review." See ATTACHMENT #26

(NOTE: For information on set-asides see: Small Business Definition - FAR 19.001; Set-asides explained - FAR 19.501 & 19.502; for Labor Surplus Areas Definition - FAR 20.101.)

- Item 13: (a) The estimated POP is _____ months after the effective date of the contract () inclusive or () exclusive of submission of any final report which may be required.
- (b) The schedule of deliverable items (excluding reports) is as follows. Check here if no deliverable items are required ().

Delivery

Item No.	Description	Quantity	Date
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Contract POP question. [Ref.: EPAAR 1517.202] If the total proposed period of contract performance is more than 36 months, a justification is required. [see ATTACHMENT #18]

Regarding submission of final reports, under cost reimbursement contracts all costs chargeable to the contract must be incurred during the contract period of performance (POP). Therefore, the POP must include the submission of any final reports. Under delivery order contracts, products may be delivered to the agency up to 90 days following the end of the POP. Therefore, the POP of delivery order contracts need not be inclusive of final reports.

- Item 14: This procurement anticipates that the following options will be needed. Check here if no options are anticipated ().

Description of Term of Option (Description may be indicated in a separate attachment)

[Reference: EPAAR 1517.202]

If option quantities exceed the basic quantity for any contract period by more than 50%, a justification is required. The use of this justification is intended to encourage program offices to identify the range of support needed with as much precision as possible.

Item 15: The following reports are required (describe in an attachment). Check here if no reports are required (). For each separate report required, describe the following:

- o Type of report (e.g., draft, final, interim, special, etc.)
- o Descriptive title (e.g., monthly progress report)
- o Minimum content requirements
- o Number of copies required
- o Distribution (with complete addresses of all recipients)
- o Delivery schedule
- o Number of days the Government will have to review, comment, approve/disapprove and return (as appropriate)

Where specific report formats containing the information above are used repetitively, "standard" formats are established or may be established with the servicing CO. Maximum use of such standard formats is encouraged. Examples include monthly progress reports, financial progress reports and final reports.

Item 16: Peer review of Contractor-generated documents () will be or () will not be required.

[Reference: EPA Order 2200.4A "EPA Publications Review Procedure"]. This question refers to scientific review of documents/deliverables.

Item 17: Government property, data, or services () will be furnished or () will not be furnished under this procurement. (If furnished, describe in an attachment including quantity and date available). GFP, Data, Services question. Will the Government provide anything which the contractor will need in order to fulfill its contractual obligations? This includes data or other written material. All Government furnished items must be clearly defined. If GFP is provided, such action must be justified.

Item 18: Budget. (An attachment may be used.)

- o The total estimated budget for the basic effort and all options is \$_____.
- o The estimated funding for the current FY is \$_____.
- o The estimated total cost of ODCs is \$_____. (If possible, indicate estimate of significant sub-items such as travel, computer time, consultants, equipment and material.
- o For LOE actions and other actions where hours, rather than an end product, are to be purchased, indicate for the basic and all option periods the number of hours required, by category, with definitions for each category.

Item 19: This procurement () is or () is not subject to the requirements of OMB Circular A-76. (If A-76 applies, required documentation must be provided with the PR.)

It is not the Government's intent to be in competition with private business. Therefore, if a commercial or industrial item or activity can be obtained from the private sector for less than it would cost the Government to make the item or perform the same activity, it should be obtained from the private source. However, if the Government has the capability to perform the requirement, and can do it for less than any private source, the item shall be made or activity shall be performed "in-house." If the Government has not developed the capability or capacity to make the

item, or perform the activity, the procurement is not subject to the requirements of OMB Circular A-76. Inherently Governmental functions are outside the scope of this Circular. [See PO Handbook, page 2-5 & 2-6.]

Item 20: This procurement () requires or () does not require priority processing (a brief priority justification may be attached).

(To be completed by procurement office:)

() Approved () Disapproved

Date _____ Chief, Contracting Office _____

The procurement office establishes a procurement milestone schedule for each procurement based on workload and does its best to meet the requirements of each project office. If the Project Office requests priority processing, a special effort will be made on the part of the procurement office to closely coordinate all aspects of the procurement with the Project Office and expedite individual elements of the procurement process. If priority processing is requested, state the date by which the procurement is needed and explain why the procurement was submitted for processing at an earlier date.

Item 21: This procurement () will or () will not involve the testing of human subjects in accordance with EPA Order 1000.17.

The answer to this question should be self-explanatory.

Item 22: This procurement () does or () does not include acquisition of membership in an association is included, attach a certification indicating that the primary purpose of membership is to obtain direct benefits for EPA, which is necessary to accomplishment its functions or activities.)

The answer to this question should be self-explanatory.

Item 23: This procurement () is or () is not for leasing of motor vehicles. (If affirmative, attach certification per FAR 8-1102.)

The answer to this question should be self-explanatory.

Item 24: This procurement () is or () is not to be funded from more than one appropriation.

Typically, EPA contracts are funded from a single appropriation. However, if you intend to fund your procurement with more than one appropriation (for example, a mixture of AC&C, R&D and Superfund monies), then you must demonstrate that the funds allocation mix is proportional to the relative benefit expected to accrue to the program(s) supported by each funding source. The proposed funding mix must be approved by the Director of the Financial Management Division in OARM. Chapter 9 of the CMM provides a more detailed explanation of this requirement.

Item 25: This procurement () will or () will not involve statistical surveys, data collection, using questionnaires, or statistical analysis of survey data. (If affirmative, procurement office will include instruction in solicitation for offerors to obtain the EPA Survey Management Handbook).

[Reference: Paperwork Reduction Act; EPA Survey Management Handbook] If, in the performance of this contract, the Contractor is required to solicit the same or similar information from ten or more public respondents (anyone other than a Federal agency or its employees), the Contractor shall not proceed until prior approval is obtained from the OMB as required by the Paperwork Reduction Act. Such approval is identified by an OMB Approval Number which EPA shall furnish to the Contractor. The approval of a work assignment or delivery order by the CO does not constitute approval for the Contractor to solicit information, unless the information request includes fewer than ten (10) public respondents or the work assignment/delivery order approval specifically references the OMB Approval Number.

The Office of Policy, Planning, and Evaluation,
(Phil Roth - 260-2683), publishes the EPA Survey
Management Handbook which tells what to look for
in creating a statistical survey.

Item 26: To the best of my knowledge, the work specified in
this procurement action does not unnecessarily
duplicate any other work previously performed, or
being performed, under my authority.

This question was developed by OAM in response to an
OIG concern over duplication of work because portions of
many SOWs are similar, if not identical to each other, and
there is a danger that different offices within the agency
may not be sufficiently aware of other agency activities to
avoid duplication of contractor effort. This certification,
made by the PO, supports the CO in assuring that the
Government is not paying to have the same work done twice.

Item 27: To the best of my knowledge, the work specified in
this procurement action does not involve any
"prohibited contracting activities" listed in
Chapter 2 of the CMM.

[Reference: CMM Chapter 2, pages 2-F-1 through 2-F-5]

Prohibited activities include the following which MUST
NOT be included in the SOW. These are inherently
Governmental functions.

- o Preparation of Congressional testimony
- o Interviewing & hiring EPA employees
- o Writing position descriptions and performance standards
- o Determining Agency policy
- o PEB voting member or Award Fee board participant
- o Preparing Award Fee letters (even as typing service)
- o Preparation of Award Fee Plans
- o Preparation of documents on EPA letterhead
- o Reviewing vouchers or invoices for cost reasonableness
- o Preparing SOWs or other work issuance documents for a
contract the preparer is performing

- o Preparing audit report responses
 - o Preparing responses to Congressional correspondence
 - o Preparing FOIA responses
 - o Contractor represents itself as EPA
 - o Conduct administrative hearings
 - o Performing EPA employee security clearance reviews
 - o Preparing official budget requests
- *****

Item 28: This procurement [] will/ [] will not involve any of the areas requiring special contract controls listed in Chapter 2 of the CMM. (If the procurement involves such areas, a special discussion must be attached detailing proposed control procedures to be enforced.)

[Reference: CMM Chapter 2, page 2-D-1 for list]
Situations requiring special controls. They include:

- o Contractor in EPA office space
- o Contractor provides FOIA response support
- o Contractor works with CBI
- o Contractor appears to be EPA.

If one of these situations exists, controls are required. They are to be set forth in an attachment to the procurement package. Management controls that involve the contractor's management or staff should be detailed in the contract SOW as well. [See ATTACHMENT #30]

Item 29: This procurement () does or () does not, involve requirements governed under the FIRMR (Note: If the procurement involves the FIRMR, a requirements analysis and draft APR should be attached.)

If the procurement contains any ADP or Telecommunications work a justification must accompany the procurement request. A procurement can contain up to \$2.5 million worth of ADP or Telecommunications work without being processed as a FIRMR-controlled procurement. If the procurement contains

over \$2.5 million of ADP or Telecommunications work, the provisions of the FIRMR will govern the procurement. In such cases, the procurement for this equipment and these services will be placed through the ADP Placement Section in OAM Headquarters procurement operation and the project office must attach; (1) a Requirements Analysis, and (2) a Draft APR. Further information on this subject may be found in the June 16, 1993, memorandum from OIRM entitled, "Acquisition of Federal Information Processing Resources" or by calling Irv Weiss, OIRM on 260-9388.

Item 30: (a) The SOW/Specifications involve the use of items subject to RCRA Procurement Guidelines (see CMM Chapter 13).

☐ YES ☐ NO

(b) If YES, the items are:

(c) The specifications for the item(s) complies with the applicable RCRA Procurement Guidelines.

☐ YES ☐ NO

(d) If NO, the PO must check the appropriate box and provide an explanation why items containing recovered materials were not used.

☐ the price is unreasonable;

☐ applying minimum-content standards results in inadequate competition;

☐ Obtaining the designated items results in unusual and unreasonable delays; or

☐ recovered items do not meet all reasonable performance specifications.

EXPLANATION (this may be provided in a separate attachment)

EPA's procurement program for maximizing Government use of Recovered Materials is set forth in Section 6002 of RCRA. The Agency has issued procurement guidelines under RCRA 6002 for a number of designated items containing recovered

materials including paper, building insulation, re-tread tires, and refined oil. A recovered materials clause and contractor certification should be included in contracts involving the use of recovered materials. The Project Office must provide a written justification if it requires the use of an item which is NOT produced from recovered materials, even though the item appears in the OSW "Recovered Materials" guidelines.

Item 31: The desired award date for this procurement is

_____.

This date is used by the procurement office when establishing procurement milestones. It is also helpful to provide the CO with the name of the current contractor, contract number, and expiration date.

Item 32: This procurement () does or () does not include a requirement for use of Government-provided in-bound and direct dial out-bound long distance services. (If affirmative, the SOW shall require the mandatory use of the FTS-2000 network.)

If the Contractor is required to use Government-provided long distance phone service, this requirement must be stated in the SOW along with a requirement that the Contractor use the FTS-2000 network. The project office must obtain approval of OARM's National Data Processing Division.

Signature

Date

Title

Phone Number

**SECTION III-D ADDITIONAL ITEMS THAT MAY BE REQUIRED FOR
YOUR PROCUREMENT PACKAGE BUT ARE NOT LISTED
IN THE CHECKLIST**

- (1) PO Designation, EPA Form 1900-65, (Designation and Appointment of PO/WAM/Delivery Order Officer) (Required for all procurements) [Reference: Checklist # 9]

The Project Office, Division Director or equivalent level, shall designate a PO for each procurement action. The PO shall not act in that position until proper certification has been obtained, and thereafter shall perform the responsibilities of the position within the limits of the certification, unless a waiver is obtained.

The PO certification process is in Chapter 7 of the CMM. To become certified, the designated individual must complete two courses -- the Basic PO training course and Contracts Administration course. Additionally the individual must complete a refresher course every three (3) years. Certification is requested through EPA form 1900-65 (6-85) DESIGNATION AND APPOINTMENT OF PROJECT OFFICER/WORK ASSIGNMENT MANAGER/DELIVERY ORDER OFFICER and is approved by the CO.

- (2) Justification for Period of Performance Greater Than 36 Months. [Reference: Checklist # 13]

If the Project Office anticipates a contract period of performance exceeding 36 months, a written justification must be forwarded with the acquisition request package. EPAAR 1517.202(b) The FAR allows for contracts with periods of performance up to five years in length; however, it has been EPA's practice historically to complete contracts every three years as a means of promoting competition.

- (3) Justification for Optional Quantities Greater Than 50% of The Base Quantities [Reference: Checklist # 14]

Under level of effort contracts, the CO must justify the rationale for any increased quantity options that exceed 50% of the base LOE. This applies to each year of performance. The justification must be supplied by the Project Office. OARM discourages the use of increased quantity options equal to more than 50% of the base LOE. Project Offices should define the magnitude of their requirements with as much precision as possible since the vendor community uses this information to make bidding and staffing decisions.

(4) IGCE (Required for All Procurements In Excess of \$25,000) [Reference: Checklist # 18]

This is a detailed estimate of overall contract costs. Proposals for cost reimbursement contracts are evaluated based on the reasonableness of proposed costs rather than on low price. Therefore, the IGCE is essential for the Government to determine if proposed costs are reasonable (and realistic).

The IGCE must be developed without any contractor assistance. The IGCE should include not only the "bottom line" estimate but also the rationale as to how the estimate was developed, whether it was based on historical costs to date or current cost of similar efforts of the same size and scope, etc. The IGCE for LOE contracts should be based, for the most part, on labor hours required for the base and optional periods, broken down by category (P4, P3, P2, P1, etc.); travel costs; and ODCs such as equipment rental, consultants, and computer time. It is important to provide estimates of the ODCs and travel costs as part of the IGCE since these figures are usually provided to offerors in the solicitation as "plug costs."

(5) TEP Appointments (required for all competitive procurements) [Reference: [EPAAR 1515.61]

The SSO appoints the TEP members based on recommendations from the Project Office. The recommendations should include the name and relevant experience of each individual. The TEP must be composed of at least three (3) members for procurements over \$500,000. For procurements requiring the submission of a quality assurance plan, the QAO must serve on the technical evaluation panel by evaluating and point-scoring QA plans submitted by all offerors. (The QAO need not participate in other aspects of the technical evaluation).

There is no upper limit on the number of panel members; however, with a higher number of members, the logistics of finding a meeting location and convenient time become more difficult and the consensus discussions become more involved. We recommend that no more than five (5) TEP members be appointed.

The PO is required to serve as chairperson of the TEP. For procurements with a potential value of \$500,000 or less, the PO may be the only member of the TEP. All TEP members should have relevant knowledge and/or expertise of the types of services or assistance required by the solicitation.

This is crucial to the integrity of the evaluation process, and to ensure competent and equal treatment of each offeror's proposal. The RFP may not be released until the TEP selection document has been signed by the SSO.

It should be noted that TEP members are involved in the competitive procurement process from start to finish. TEP members play an IMPORTANT and NECESSARY role in the procurement process and need to devote a lot of time to the process in order for it to be successful. Panel members and their managers need to be aware of this commitment prior to agreeing to serve on a panel.

(6) Award Fee PEB Appointments [Reference: Checklist # N/A] [FAR 16.404, EPAAR 1516.404]

This document is required only when an award fee contract type is selected by the CO. Per EPAAR 1516.404-276, the members of the PEB are selected through mutual agreement between the Contracts Office and the Project Office. The chairperson of the PEB must be a Division Director or equivalent in the Project Office. The chairperson and CO recommend other members of the PEB, including the Evaluation Coordinator, Executive Secretary, and Performance Monitors. Members are recommended by memorandum to the responsible Division Director, OAM, who makes the formal appointment of the PEB through memorandum. This formal appointment must be made before the solicitation can be issued.

(7) Award Fee Plan [Reference: EPAAR 1516.404.277]

This document is required only when an award fee contract type is selected by the CO. The "Award Fee" is money which is used by the Government to reward a contractor for better than average performance. The award fee plan describes the process of monitoring, assessing and evaluating the contractor's performance to determine the amount of award fee earned. This plan is developed by the program office. Per EPAAR 1516.404.277, the Award Fee Plan should include the following elements:

- o The base fee amount (This is a fixed fee which the contractor will receive).
- o The total award fee pool (Money available for payment of award fee).
- o Performance areas to be evaluated.
- o Criteria to be used in the evaluations.

- o Relative weights to be assigned to performance areas and to the evaluation criteria.
- o Frequency and timing of award fee determinations.
- o The proportion of the total award fee pool to be available for each evaluation period.
- o The procedure to be followed (the timing involved) in evaluating performance and determining the award fee.

The Award Fee Performance Evaluation Criteria are included in the solicitation. Once the contract is awarded, the PEB will compare the contractor's performance with the evaluation criteria to determine a performance rating and thus the amount of award fee which will be paid.

- (8) Procurement Integrity Certifications [Required for all procurements] [Reference: Checklist # N/A]
[FAR 52-203-8]

Procurement Integrity Certifications must be signed Agency officials who participate significantly in 1) drafting SOWs, 2) reviewing and approving specifications, 3) developing the procurement package, 4) preparing and issuing the solicitation, 5) evaluating bids or proposals, 6) selecting an offeror for award, 7) participating in negotiations, 8) reviewing and approving contract award, or 9) otherwise contributing to the fulfillment of an Agency need or requirement through the procurement process.

- (9) Multiple Appropriations Use Rationale [Reference: Checklist # 24] [CMM, Chapter 9, paragraph 9.6 e.(1).]

This document must be developed for any contract that is expected to be funded from more than one appropriation, as required by a May 14, 1985, memorandum entitled "Contracts Funded from Multiple Accounts--Procedures for Identifying Contract Costs," from the Comptroller and the Director, Office of Administration.

The rationale document should state the estimated allocation of the appropriations to be used (as a percent of the total funding of the contract). This allocation formula should coincide with the benefits expected to accrue to program areas funded by the respective appropriations as a result of services performed under the contract. The memorandum requires approval by the Director, Financial Management Division, OARM.

(10) EPA Form 1900-37 "Record of Procurement Request Review."

[Required for all procurements] [Reference: Checklist # 12]

This form, accompanied by a copy of the SOW and a PO recommendation regarding the extent of competition desired (i.e. open, complete or partial set-aside for small business or other minority, 8(a), etc.), shall be forwarded to the OSDBU (or the local OSDBU representative) for review and recommendation.

(11) COI Documentation [Reference: Checklist # 5]

Over the past several years, organizational COI has been the object of mounting concern in the procurement community. It has been the subject of hearings held before the Senate Committee on Governmental Affairs and an issue of concern in reports issued by The OTA and GAO. In acknowledgement of this concern, the Agency has placed increased emphasis on COI issues.

If the Government were to award a contract to an offeror whose potential for a COI is clearly recognizable when comparing its business activities with its Government contract obligations, the Agency's credibility with the public could be severely damaged. Such a loss of public confidence in the integrity of the Agency's programs could adversely affect EPA's ability to execute environmental initiatives.

The Agency cannot risk relying upon contractors for management support who, by the very nature of their other work, either directly or through another firm, will place themselves in actual or potential COI situations. Consequently, the Agency has developed policies and procedures to avoid, mitigate or neutralize actual or potential COI.

Included in these policies are provisions which allow the CO to prohibit any firm from receiving an award for a management support or AAS contract if it is determined that actual or potential COI, or the appearance of such, could occur if the firm were to perform the management support or AAS.

COI determinations are made on a case-by-case basis by comparing the statement of work with the representations made by each offeror regarding their business activities and affiliations. COI policies and provisions also provide for the establishment of safeguards for avoiding and for identifying, mitigating and neutralizing conflicts of interest during contract performance.

If it is determined that firms performing certain types of work would be put in a conflict of interest situation by their very acceptance of this contract, the PO shall document and give examples of all areas in the SOW where a potential for COI exists. If the CO agrees with the PO's documentation the CO will seek approval to exclude firms which perform the identified type of work from receiving an award under this procurement action. (Exempting Response Action Contractors from performing EPA management support type contracts is an example of this situation.)

(12) Certification of EPA Benefit, regarding Association Membership [Reference: Checklist # 22]

This certification must indicate and demonstrate that the primary purpose of membership is to obtain direct benefits for EPA and is necessary to the accomplishment of its functions or activities.

(13) Motor Vehicle Leasing Certification
[Reference: Checklist # 23] [FAR 8.1102]

This certification shall address the requirement of FAR 8.1102, which generally indicate that leased vehicles:

- must meet prescribed fuel economy standards,
- must be essential to the agency's mission as certified by the head of the agency,
- must meet any agency requirements or approvals, and
- must not be available from General Services Administration.

(14) Explanation of Special Controls [Reference: Checklist # 28]

Certain activities when performed under EPA contracts may place the Agency in a vulnerable or sensitive position if adequate controls are not implemented. This document must list the sensitive areas which apply to this procurement and provide a detailed explanation of the controls which are to be in place through out contract performance to insure that the Agency's interests in these areas are adequately protected.

(15) Determination of Substantial ADP Requirements
[Reference Check List # 29]

This form is to be filled out by the Senior Information Management Official of the cognizant Assistant or Regional Administrator's office. This determination will indicate if the Statement of Work will require the Contractor to furnish/perform more than 2.5 million dollars worth of ADP equipment or services. The form is then sent to the Director, Office of Information Resource Management for approval. An approval from GSA is required for the purchase of ADP in excess of the 2.5 million dollar threshold.

(16) Justification for Exemption to RCRA Procurement Guidelines [Reference: Checklist #30]

Provide a justification to indicate why items, which are to be delivered under this contract, are exempt from the RCRA Procurement Guidelines in that they should not be produced from recovered materials.

CHAPTER IV:
THE STATEMENT OF WORK

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THE STATEMENT OF WORK

SECTION IV-A	WHAT IS A STATEMENT OF WORK
SECTION IV-B	ELEMENTS OF A STATEMENT OF WORK
SECTION IV-C	BACKGROUND STATEMENT AND PURPOSE
SECTION IV-D	CONTRACTOR TASKS
SECTION IV-E	SPECIALIZED REPORTING REQUIREMENTS
SECTION IV-F	DELIVERABLES/PRODUCTS
SECTION IV-G	INSPECTION AND ACCEPTANCE CRITERIA
SECTION IV-H	SCHEDULES
SECTION IV-I	GOVERNMENT FURNISHED DOCUMENTATION
SECTION IV-J	SPECIAL CONSIDERATIONS

SECTION IV-A WHAT IS A SOW?

The SOW the portion of the contract which specifies precisely what services or goods the Government requires from the contractor. The SOW describes the contractor's performance obligations. For services, the SOW must describe the work to be performed, the results which the contractor must achieve, the deliverables which the contractor must produce and the schedule which the contractor must meet.

Since the EPA primarily issues service contracts, this chapter emphasizes the acquisition of services rather than goods. Because of the emphasis on service contracts, this chapter will often refer to work assignments and will frequently use terminology related to LOE contracts for services. However, the principles of sound SOW construction (e.g., use of details, avoiding ambiguous terminology, etc.) remain essentially the same regardless of whether the contract is for goods or services and regardless of whether it is fixed-price or cost-reimbursable.

SECTION IV-B ELEMENTS OF A STATEMENT OF WORK

Most SOWs will contain most or all of the following elements:

- o Background Statement and Purpose**
- o Contractor Tasks**
- o Specialized Reporting Requirements**
- o Deliverables/Products**
- o Inspection & Acceptance Criteria
(measures of performance and completion)**
- o Special Considerations**
- o Schedule**
- o GFP**
- o Government Furnished Documentation**

The next sections of this chapter discuss each of these elements. The sections describe what the elements are and how to write the text for each, and give examples from actual statements of work.

SECTION IV-C BACKGROUND STATEMENT and OBJECTIVE

The background statement serves as a brief introduction to the services to be performed under the contract. It helps orient the contractor by providing a history of what has (or hasn't) been accomplished to date.

The purpose briefly states the objective(s) of the current contract. It provides the "big picture" of what the Government expects the contractor to provide.

In writing a background and purpose statement, remember the following:

- o Keep it brief, preferably no more than one or two paragraphs.
- o Limit the statement to the information you think that the contractor will need to know in order to understand the tasks which follow.
- o Do not include instructions, specifications, delivery schedules or the like. Save the details of the current requirements until later in the SOW.
- o Ensure that the purpose of the services/work required is clear.
- o Do not include language used to sell management on the requirements, i.e., a background statement which concludes with a statement such as "Therefore, we need a qualified contractor to accomplish this work."

Sample Background and Purpose Statement

BACKGROUND

The purpose of this requirement is to provide a hotline that quickly responds to questions related to the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), Underground Storage Tanks (UST), the Superfund Amendments Reauthorization Act (SARA), and the Chemical Emergency Preparedness (CEPP) Community-Right-to-Know/Title III program. The hotline will be the mechanism for EPA's response to inquiries from the public and regulated community; the referral point for document availability; the dissemination of changing information; and the primary means for answering factual questions on EPA regulations and policies.

Hotline personnel shall interact with EPA technical personnel and the public as well as serve Federal, State and local governments. Hotline staff shall be required to coordinate with EPA technical, legal and policy staff to research answers to questions received, and to provide timely, accurate, factual, complete and courteous responses to callers. The hotline will maintain reference files and training programs in support of the aforementioned programs. During the course of one year, the Hotline will answer approximately 175,000 questions. The present Hotline has 36 telephone lines and is operated by 35 telephone operators/information specialists.

SECTION IV-D CONTRACTOR TASKS

Tasks specify the Government's needs and state what the contractor must do in order to live up to their part of the contract. Each task gives the contractor a detailed description of certain work which must be performed or, in the case of level of effort contracts, comprehensive descriptions of work which might be required and then further specified in work assignments.

Task descriptions are the heart of the contract and should be constructed with great care. Remember, the contractor is required to do only as much as you tell them to do through the statement of work. A SOW prepared in explicit terms will provide you with better proposals, make technical evaluation easier and allow for easier contractor management and evaluation after award.

Getting Started

There's one certainty in writing any SOW: If you don't know what you want, you can (and will) end up with a product which satisfies no one. So, deciding exactly what you need is the best place to begin. If you're attempting to define requirements, try the following:

- o Work backwards. Decide what you hope to get out of the contract then describe what the contractor will need to do to reach that goal.
- o Collect and review background documentation and guidance materials related to the requirement (e.g., Agency policy, scientific reports, position papers, etc.). These documents could provide useful ideas, goals, or limits.
- o Review previous contracts for similar or identical requirements. Use these contracts as a starting point for determining how and if your requirement differs from what has preceded it. However, don't assume that the previous SOW is a good example to follow.
- o Use the experts. Seek out POs, WAMs, and COs from past efforts to determine what worked and what didn't on similar past requirements. Especially ask about what could have been done to make past SOWs stronger.

- o Critique current contracts, work assignments or delivery orders. Examine what current contractors are providing and what services the SOW required. If the SOW did not describe an essential service or product, then you should consider addressing this service or product in the new SOW.

Is the Government receiving more than it needs to meet its requirements? If so, the current SOW may be vague. In service contracts, details will provide the contractor with focus and direction and will help to preclude misdirected or inefficient performance. In contracts for goods, well-written, detailed specifications will ensure that the government receives items which meet minimum needs.

- o Ask potential contract users to provide, in writing, descriptions of what work the contractor needs to accomplish. Be sure to ask for specific descriptions; don't accept generalities, such as "perform analyses." Instead, ask potential users to specify what kinds of analyses they need the contractor to perform.
- o Involve the CO in SOW development as early as possible. The CO can determine which services the contractor may legally perform. (Contractors may not perform inherently governmental functions, such as writing position descriptions for Government vacancies, and may be restricted in performing other work, such as AAS).
- o Put yourself in the contractor's place. Based on the SOW, would you be able to supply the services or provide the goods which the Government requires? Would you be able to establish a proposed estimated cost and fee or price?
- o Once you have a list of the requirements, conduct a peer-review, especially with front-line users. Conduct a similar review when you have completed a draft of the SOW.

Writing the Task Descriptions

Once you have a detailed list of the services you want the contractor to provide, you'll need to describe them in a clear and logical way.

Organization

- o Prepare an outline.
- o Begin by sectioning your work requirements into separate, manageable units, or tasks. (For example, a Superfund contractor might be asked to perform Potentially Responsible Party searches and to provide expert witnesses in enforcement cases. These efforts would be described under separate tasks).
- o Under a large task, use subtasks as needed to further define the individual steps or efforts which the overall task.
- o If the SOW is for work which must be completed in a certain sequence, place the tasks in the appropriate sequential order, first to last.
- o Number and provide a descriptive, "stand-alone" title for each task. Also identify subtasks by numbers or letters. (Be consistent. If you identify the first task with a Roman numeral, identify all other tasks by Roman numerals. In any event, every paragraph should be identifiable.

Descriptions

Once you have decided what tasks you want the contractor to perform, you will need to provide a detailed description of each one. These descriptions should clearly state what the contractor must do and also describe the expected results of the work.

Clarity and details are the keys to writing a good task description. Avoid vague, ambiguous and needlessly complex language. When disputes arise regarding ambiguities, the contract is usually interpreted against the contract's author, i.e., against the EPA. If your task descriptions allow for numerous interpretations, the CO will probably end up on the losing side in any dispute.

Use the following approaches to help strengthen your task descriptions:

- o All work where compliance or performance is binding upon the contractor must be expressed in mandatory language and must be distinguishable from background or general information, which should be kept in the "Background" element of the SOW. So, if the contractor must do something, write "The contractor shall. . . ." (For example: The contractor shall conduct a cost analysis. . .).
- o Use "will" to express a declaration or purpose on behalf of the Government. (For example: "The EPA will provide the contractor with. . . "). Remember, the contractor shall; the government will.
- o "May," "should," and "might" are not mandatory words. It is best to avoid them. (Use of "permissive" or "choice" words is appropriate if you intend to give the contractor flexibility).
- o Define and be consistent with terminology. Make sure that you use words and phrases (especially technical ones) in the same way throughout the SOW.
- o Pronouns can be ambiguous. It is better to repeat a noun and avoid any misinterpretation.
- o Avoid "any," "either" and "and/or." These words imply that the contractor has a choice. Use of "permissive" or "choice" words is appropriate if you intend to give the contractor flexibility.

- o Avoid words and phrases which are subject to multiple meanings and broad interpretations. Among the most commonly used vague words are "augment," "workmanlike," "substantial," and "functional." Attachment A to this chapter contains a list of other vague words which you should avoid placing in a task description.
- o Use active voice, not passive. Passive voice promotes ambiguity and leads to needlessly complex sentences.
- o Try to use short, descriptive sentences to ensure clarity.
- o Avoid using bureaucratic, scientific or complex terms except as necessary. When you must use these terms, define them within the SOW.
- o Whenever possible, use simple words and terms in order to avoid ambiguity. Attachment B to this chapter lists complex words and phrases along with corresponding simpler words and phrases.
- o Stress that any papers, recommendations, etc. which the contractor submits are drafts, not final copies. If you are procuring advisory and assistance services (AAS), then discuss the process which EPA will use to review the contractor's work.
- o Avoid the appearance of personal services in the way in which the SOW is written by including as much detail of performance requirements as possible. Doing so will underscore that tasks are sufficiently well defined to allow the contractor to perform independently.
- o Avoid words such as "support" or "assist", which might imply joint efforts between the government and its contractor unless the contract's assistance or support roles are subsequently described in a manner which makes it clear that the contractor will perform independently.
- o Clearly delineate contractor performance requirements.
- o Avoid open-ended SOWs which contain on-going tasks without defining completion.
- o Avoid abbreviations unless they are of common usage or are defined at first usage.
- o Specify or emphasize performance requirements, "what is needed", versus design approach, "how to".

Sample Task Description

Task 3: Create and Implement a Standardized System for Producing and Tracking International Travel Cables

Based on contractor recommendations from Task 1, the DOPO will select for implementation the recommendation which best meets the needs of OIA. The acceptable strategy should include the actual system, a User's Guide, and training for the User's. The User's Guide shall include a data element dictionary. The User's Guide shall be submitted in draft form and final form to the DOPO for approval. The contractor shall also produce system documentation. The system shall have the capability to accept data and produce the International Cable in hard copy. The procedure for producing an acceptable cable should provide for a draft copy of the cable which shall be reviewed by the EPA desk officer and the relevant Department of State contact. Approval of the draft may involve faxing and use of the telephone for verification and advance notification purposes. Verifications with EPA staff may be done verbally but in no case shall the contractor take direction from an EPA employee. An acceptable cable is one that is substantively correct as verified by the Desk Officer and Department of State contact, and is electronically readable by the machines used to process the final version. The system shall be designed to operate within the current OIA LAN and computer system. The system shall include the capability to track all cables by country, region, and mission or project. The system shall be able to produce a daily, weekly and monthly report on all cables sent, segregable by country, region, and mission or project. The above minimum needs may be expanded based on the contractor's recommendations. The expansion of the minimum needs shall be accomplished by an amendment to the delivery order. The contractor shall install the system and demonstrate the ability to produce an acceptable cable. The DOPO shall make final acceptance and approval of the system. The contractor shall provide training to EPA staff regarding the purposes, uses, capabilities and operating procedures of the system. The contractor shall also provide technical and management briefings on system functional capabilities and design as required.

Deliverables:

- System Documentation
- Draft and Final User's Guide
- Standardized System for Producing and Tracking International Travel Cables
- User Training
- Technical and Management Briefing Capability

SECTION IV-E SPECIALIZED REPORTING REQUIREMENTS

Most contracts will include language requiring the contractor to submit standardized reports such as the Monthly Progress Report and Financial Status Report. If you need to receive information in addition to what the standardized reports provide, then include a specialized reporting requirement as part of the SOW or for inclusion in the contract Reports of Work. This requirement will tell the contractor the information they must submit, how often they must submit it and its format. When you develop reporting requirement, remember the following:

- o Reports cost money. Ask only for the information you need.
- o Provide details about each piece of information you need. If you're asking for figures as part of your report, then specify the formula or basis the contractor must use to arrive at these figures. Don't assume that the contractor will use the same approach you would.
- o Specify the report structure. Do you want figures?, charts?, graphs? If possible, provide a template or sample for the report.
- o Specify the media which you want the contractor to use. Do you want the report on paper only? On paper and on a disk? If on a disk, must the Contractor use a certain software package (and version)? [NOTE: Stating "EPA compatible" is not sufficient. Rather, specify Lotus 1-2-3, version 2.3; WordPerfect, version 5.1, etc.]
- o Specify how often the contractor must submit the report and, if necessary, provide dates. For instance: "The contractor shall submit the report by no later than the 15th of each month." If completion of the report is contingent upon EPA comments, then include language such as "within 10 working days of receipt of EPA comments."
- o How many copies of the report must the contractor provide? Who receives copies of the report?
- o Include the amount of time which EPA has for review and approval and the amount of time which the contractor has to correct and resubmit reports.

Sample Specialized Reporting Requirement

10. REPORTING REQUIREMENTS

The contractor shall submit standard delivery order reports due by the tenth day of the following month. The monthly reports will include graphic representation of percent of money spent to money available with an indication of when 75% of contract funds have been used. The monthly reports shall include an aggregate listing of all cables completed for the previous month. The listing shall have information relative to the cable assistance request including the time and date the request was submitted to the contractor, the time and date the draft cable was submitted to State Department, the time and date the final cable was submitted to State Department, the time and date of confirmation of the cable, the time and date of completion of the request. This information shall be identifiable by country, mission, and funding type. The monthly reporting requirements may be modified by amendment to the Delivery Order.

SECTION IV-F DELIVERABLES/PRODUCTS

The term "deliverable" refers to a tangible product resulting from the contractor's work. Deliverables, which are sometimes referred to as "products," can take almost any form. Examples include training manuals, custom software, data entry output, results of an air monitoring survey, reports, etc.

If the tasks which your contractor must perform will result in deliverables, then you need to describe in detail the deliverables you expect to receive. Note that while deliverables are more often addressed in detail at the work assignment/delivery order level, they should be addressed in as much detail as possible at the contract level. Be sure to include the following information in your text:

- o Name of Deliverable.
- o Description (Describe the tangible product which the contractor must deliver. Describe the scope of the data to be addressed, the agenda or topics to be included in workshops or guidebooks, the number of days for training courses, etc.)
- o Delivery Instructions (Identify the government official to whom deliverables must be delivered. Also, specify a location where delivery must take place).
- o Number of copies (Specify the delivery media and the number of hard copies, disks, etc. which the contractor must deliver).

Sample Deliverable Description

SOFTWARE DEVELOPMENT

The Contractor shall design and develop the following system software module and system software capabilities.

Other Permit Related Forms

The Contractor shall design and develop a module that will utilize standard NHDES forms and letters to correspond to permittee's and other Government agencies. This component of the module will include the following capabilities:

1) a program on the EPA mainframe to extract data needed for the form or letter from AFS; 2) a program on the NHDES LAN to merge extracted data with standard form or letter text; a program on the NHDES LAN to print the form or letter; and software to allow AFS transactions with the date of document preparation to be uploaded to EPA's mainframe.

Deliverables:

1. Mainframe Extract Utility
2. NHDES LAN Extract Utility
3. Merge Utility
4. Permit Form Print Utility

Primary chapters in the documentation should include:

a. A background section, with a concise statement of the problem. It should also restate the problem and its solution to the Agency(s) organization order, missions and functions.

b. Prepare documentation such as executive summaries, detailed data dictionaries, training material, and other documentation.

Distribution Report

<u>Addressee</u>	<u>No. of Copies</u>	
	<u>Draft</u>	<u>Final</u>
Contracting Officer	--	1
Project Officer	1	1
Work Assignment Manager	2	2

SECTION IV-G INSPECTION & ACCEPTANCE CRITERIA

Inspection and acceptance criteria tell a contractor what standards the Government will use to judge the goods and services produced under the contract. The SOW must include the specific criteria by which the Government will judge each deliverable and deem it worthy of acceptance. In writing these criteria, do the following:

- o Be specific. The contractor has a right to know exactly what you are looking for in an end product. For instance, if a report must be typed double-spaced with a one-inch margin on every side, then identify these formatting criteria as conditions of acceptance.

Include the names of references with which any reports or guidebooks must comply. Include any quality assurance requirements or references. Include other measures of quality or acceptability.

- o Identify the number of workdays the Government needs, upon receipt of a deliverable, to perform an inspection.
- o Identify the number of workdays which the contractor will have to correct deficiencies following inspection.

Sample Inspection and Acceptance Criteria

8. ACCEPTANCE PROCEDURES FOR DELIVERABLES

The contractor shall provide 3 printed and bound copies of each deliverable for distribution within EPA and one unbound copy suitable for further duplication.

Task 1 - The draft work plan shall be delivered within 5 days of receipt of delivery order. The final work plan shall be delivered within 5 days of DOPO acceptance of the draft plan. The nature and content of the work plan will be judged by the delivery order project officer (DOPO) as to whether the task components have been met.

Task 2 - The interview outline shall be approved by the DOPO prior to conduct of the interviews to determine relevance to the requirement. The contractor shall have periodic meetings with the DOPO to insure that the background review and needs statement work is proceeding in a manner which will lead to an acceptable product.

Task 3 - The contractor shall provide all deliverables in a draft form to the DOPO for comments, corrections and approval prior to submitting final deliverables.

Task 4 - In addition to acceptance procedures outlined above, the DOPO shall meet with the contractor on a monthly basis to discuss and document performance acceptability. Unacceptable work performance may result in modification to or cancellation of the delivery order.

Task 5 - Log sheets shall be delivered at the end of every week. The DOPO shall meet with the contractor on a monthly basis to discuss and document performance acceptability. Unacceptable work performance may result in modification to or cancellation of the delivery order.

All items generated (electronic media included) as a result of the delivery order shall become exclusive property of the EPA. All items purchased in support of this delivery order, including manuals, handbooks, etc. shall become the exclusive property of the EPA.

SECTION IV-H SCHEDULES

Include a schedule in your SOW if you are procuring services which must be performed in a sequential order and within a certain timeframe, or if you are buying goods which must be delivered by certain dates. This schedule should show mandatory dates for completion/delivery of essential services or goods.

In constructing your schedule, keep the following in mind:

- o Always identify any legislative mandates or other bases for critical schedules.
- o Be realistic. Contractors will use the schedule to help in pricing their proposals/bids. An unnecessarily tight schedule will escalate costs.
- o Don't list delivery/completion dates for intermediate steps. Provide dates for essential elements/goods only.
- o List all delivery/completion dates in chronological order.
- o The delivery date need not always be a specific date, . e.g., June 30, 1994. Instead, you may define the due date by number of days, weeks or months, such as "The contractor shall submit the final report within 30 calendar days of receiving EPA comments on the draft report."
- o List the schedules (time frames) for government reviews, approvals, furnishing of data or property, or other input. If you include a "Schedule" section in your SOW, it should simply list due dates. This section should not impose new requirements or ask for additional/different deliverables than those set forth in the rest of the SOW.

Sample Schedule

9. SCHEDULE OF TASKS AND DELIVERABLES

Task	Deliverable	Weeks after Award	Copies
1	- Draft Project Plan	10 days	3
	- Final Project Plan	5 days	3
2	- Interview Outlines	10 days	3
	- Needs Statement	3 weeks	3
3	- System Documentation	6 weeks	3
	- Draft and Final User's Guide	6 weeks	3
	- Standardized System for Producing and Tracking International Travel Cables	6 weeks	3
	- User Training	6 weeks	3
	- Technical and Management Briefing Capability	6 weeks	3
4	- Required System Output	7 weeks/ongoing	
5	- Weekly activity log sheet	Ongoing	

SECTION IV-I GOVERNMENT-FURNISHED DOCUMENTATION

If government guidelines, policies, standards or statistics are necessary for the contractor to perform work successfully, then the SOW should reference these materials. The SOW should also address how and when the government will provide these documents to the contractor and the format (hard copy, electronic) in which the government will furnish the information. The SOW should also state if the contractor is responsible for returning the documents and any other special instructions for the use of these documents.

SECTION IV-J SPECIAL CONSIDERATIONS

The SOW should describe any special considerations which the contractor must make in performance of the SOW. Examples of such considerations include:

- o Requiring expert witnesses.
- o Obtaining security clearances for contractor employees.
- o Access to government installations.
- o How contractor personnel must identify themselves when working on EPA projects.
- o Special regulations which the contractor must adhere to in performing the SOW.
- o Disciplines needed to perform a task (e.g. -- bilingual personnel, personnel with specific computer experience, etc.).
- o Handling of CBI. Especially note that the contractor should not be permitted to:
 1. Interpret FOIA request letters;
 2. Determine if records are releasable under FOIA;
 3. Sign any correspondence dealing with FOIA or other CBI issues.

Sample of a Special Consideration

13. SPECIAL AREAS OF CONCERN

For vouchering purposes, it is very important that charges be allocated as follows:

All work associated with Eastern Europe, ~~excluding~~ SEED related projects (the Regional Environmental Center in Budapest, and the Krakow air and water projects) shall be charged to the following Foreign Assistance Appropriation (FAA) account: 2X6Q13A004

All other work, including SEED related projects (the Regional Environmental Center in Budapest, and the Krakow air and water projects) shall be charged to the following account: 2B3H13A000

ANNEX A

VAGUE/AMBIGUOUS WORDS PHRASES TO AVOID

but not limited to
augment
workmanlike
functional
to the satisfaction of the Contracting Officer (CO)
as determined by the CO
in accordance with the instructions of the CO
as directed by the CO
in the judgment of the CO
in the opinion of the CO
unless otherwise directed by the CO
reasonable requests
when and where directed by the CO
in strict accordance with
in accordance with best commercial practice
in accordance with best modern standard practice
including but not limited to
to be determined at a later date
in accordance with the best engineering practice
workmanship shall be of the highest quality/grade
accurate workmanship
securely mounted
properly connected
properly assembled
good working order
good/quality materials
in accordance with applicable published specifications
products of a recognizable reputable manufacturer
tests will be made unless waived
carefully performed
of an approved type
of a standard type
any phrase referring to "the Government inspector"
in a timely manner
promptly
state-of-the-art
viable
practical

ANNEX B

GENERALLY UNDERSTOOD MEANINGS OF SOW TERMS

Analyze -- solve by analysis
Annotate -- provide with comments
Ascertain -- find out with certainty
Attend -- to be present at
Compare -- find out likenesses or differences
Consider -- think about; decide
Construct -- put together; build
Control -- direct; regulate
Create -- cause to be; make
Define -- make clear; establish limits
Design -- perform an original act
Determine -- resolve; settle; decide
Develop -- bring into being
Differentiate -- make a distinction between
Erect -- put together; set upright
Establish -- bring into being; set up
Evaluate -- find or fix the value of
Examine -- look at closely; test the quality of
Extract -- remove
Fabricate -- build; manufacture; design
Form -- set up; bring into being
Formulate -- to put together; express
Generate -- produce
Inquire -- ask
Inspect -- examine carefully
Install -- place; put into position; load (for software)
Institute -- begin; bring into being; set
Integrate -- merge; combine parts
Interpret -- explain the meaning of; provide oral translation
Investigate -- research; examine
Judge -- form an opinion of
Manufacture -- fabricate from raw material
Observe -- inspect; watch
Organize -- arrange in a logical or coherent way
Originate -- cause; initiate
Perform -- do; carry out
Produce -- make; give rise to
Recommend -- advise; direct a course of action
Record -- set down in writing or on tape
Reproduce -- make a duplicate of
Resolve -- clear up; bring to closure; find an answer to
Review -- examine
Scan -- examine briefly; transfer from hard copy to electronic
 format using an optical character reader (OCR)
Search -- provide a detailed review; look for
Track -- observe; plot the path of

CHAPTER V

TECHNICAL EVALUATION

AND

TECHNICAL EVALUATION REPORT

CHAPTER V
TECHNICAL EVALUATION
AND
EVALUATION PROCESS

Section V-A Technical Evaluation Process

- o **Background**
- o **Purpose**
- o **Basic Requirements**

Section V-B Technical Evaluation Criteria

- o **Typical Technical Evaluation Factors**
 - o **Technical Approach**
 - o **Corporate Experience**
 - o **Management Plan**
 - o **Personnel**
 - o **Past Performance**

Section V-C Price or Estimated Cost Factors

Section V-D Evaluating Proposals

- o **Ground Rules**

Section V-E Technical Evaluation Panel (TEP) Report

- o **Individual Panel Member's Report**
- o **Consensus Report**
- o **Matrices of Individual Scores and Consensus Scores for Each Offeror**
- o **Consensus Members Score Sheets and TEP Consensus Score Matrix**
- o **Interrogatories**
- o **Panel Comments**

- o Each member must sign and return the certifications

Section V-F Conflicts of Interest

Appendix V-1 Dos and Don'ts (or everything you needed to know about TEP reports, but were afraid to ask.)

Appendix V-2 Technical Evaluation Criteria

Appendix V-3 Samples Individual and Consensus Score Sheets

Appendix V-4 Individual Score Sheets - Bad and Good Examples

Appendix V-5 Scoring Plan

Appendix V-6 TEP Report Format

Appendix V-7 Individual and Consensus Score Sheet Matrices

Appendix V-8 COI Statement

Section V-A TECHNICAL EVALUATION PROSCCESS

BACKGROUND

The technical evaluation process is the most important pre-award function served by the Project Office. The evaluation process demands objectivity, expertise, rational judgement, and integrity. If any of these needs are lacking, the results could be protests, delay of award, or in extreme circumstances, court appearances.

Implementing the technical evaluation process for Project Offices is the TEP. The TEP is chaired by the PO and should ideally consist of three (3) to five (5) representatives, including one person from outside of the program office sponsoring the procurement. Also, if environmental measurements are included in the SOW, a QAO should be a member. Experience has shown that the larger the panel, the more difficult it is to reach consensus. Further, it is difficult to simply convene a large panel, due to members' schedule conflicts.

The panel should expect to expend about two weeks of effort to evaluate the proposals. This will vary, however, depending on the number of proposals received and the complexity of the requirement. The members recommended for the panel should be submitted by memorandum at the time the Procurement Request package is received in OAM. OAM will contact the TEP chairperson in advance of the proposals being received and confirm a block of time that the panels' services will be needed. It is important that the Project Office set aside the time for this process to minimize delays. Management should be advised that certain individuals will be needed on a full-time basis for the period of time necessary to evaluate the proposals. It is also suggested that the evaluations be conducted away from normal working conditions so that everyday distractions do not delay the evaluation process.

PURPOSE

The basic function of the technical evaluation process is to determine in the most objective and fair method possible, which of the technical proposals received in response to a solicitation best meets the requirements of the solicitation and is most advantageous to the Government.

BASIC REQUIREMENTS

The technical evaluation process is built around the technical evaluation criteria. Evaluation criteria should be tailored to the specific procurement rather than to a standard format. For most competitively negotiated procurements, however, sound planning requires several issues to be addressed during solicitation preparation in order to avoid problems during

negotiations. These are:

- ▶ The evaluation criteria must be established before issuance of the solicitation and must be adhered to during the evaluation process. Changes to the evaluation procedures after receipt of proposals can be construed as favoring one offeror over another, threaten the integrity of the procurement, and can lead to protests and delays in contract award.
- ▶ Evaluation criteria are standards against which each proposal will be measured. Panel members must understand that competing proposals are not rated against each other, but against the Government standard -- the evaluation criteria.
- ▶ All evaluation criteria used must be stated in the solicitation. Also, the relative importance of each evaluation factor must be indicated. The best way to do this is by specifying the numeric weight associated with each factor. The weighting of the criteria should reflect, as accurately as possible, the relative importance of the evaluation criterion. For example, if the requirement calls for heavy emphasis on certain technical expertise, then a "Key Personnel" criterion may be the most critical factor for successful completion of the effort and should therefore be the most heavily weighted.
- ▶ Evaluation criteria must not unduly favor the incumbent contractor.

The key to a successful technical evaluation process, then, is sound technical evaluation criteria and a fair, objective and rational process that compare offerors against a known standard.

SECTION V-B TEC

TEC (see Appendix 2) are a means for providing uniform guidance to the evaluators on how to rate/score an offeror's proposal with respect to a given factor. They focus the evaluation on each individual factor and assist in achieving consistent and impartial evaluations.

The selection of technical evaluation factors must be directly related to the specific procurement described by the SOW, which describes the work/tasks the contractor is required to perform. The factors selected should be those that allow the evaluator to determine, based upon the proposal submitted, how well the offeror understands the Government's requirements and establish a degree of confidence that the offeror can successfully meet the Government's requirements.

The number of TEC developed should be the minimum needed to enable the TEP to properly discriminate between the relative merit of proposals. Use of a large number of criteria can mathematically dilute the evaluations during scoring to the point where any proposal can achieve a reasonably high score, but actually be poor in one or more extremely important factors. Do not use factors that overlap or duplicate each other. If one factor is dependent upon another, then use one or the other, but not both. Also, a large number of criteria will make the evaluation process extremely difficult, especially where numerous proposals have been received. Keep in mind that, as part of the evaluation process, a detailed write-up (narrative) for each criterion must be provided as part of the TEPR that will be submitted to the CO.

TYPICAL TEC FACTORS

Typical TEC may include:

1. Technical Approach

This factor refers to the merit of the offeror's proposed method for accomplishing the technical objectives/requirements of the contract and the appropriateness of the plan for successful completion of the work. The techniques, processes, and tests that the offeror plans to use should be examined. This may include how the offeror will use its resources for the work. The offeror's grasp of the difficulties and problems involved in performing a particular job reflect on its understanding and ability to perform that job well.

To demonstrate the offeror's understanding of the technical scope of the issues and tasks to be undertaken in the proposed contract, the Technical Approach criterion may be divided into two subparts. The first part may ask the offeror to describe its technical approach for fulfilling the overall requirements

specified in the SOW. In the second part, the offeror would be required to participate in a simulation exercise such as a hypothetical work assignment to further demonstrate its abilities. The offeror would be furnished a sample work assignment and would be requested to describe its philosophy and proposed (specific) technical approach for accomplishing it. The scenario covered by the sample work assignment should be representative of the type of work the offeror would be asked to provide during contract performance. The use of a sample work assignment or delivery order is usually a good idea since it gives an indication of how the offeror would perform under the actual contract.

2. Corporate Experience

This factor refers to the firm's technical experience and abilities that are relevant to the requirements of the RFP. It measures the extent of the offeror's past and current experience in performing similar work. However, be careful not to attach too great an importance (weight) to this criterion since this can result in a small group of offerors with very similar scores and can favor the incumbent contractor (a practice that must be avoided). Awarding consistently high ratings to the more experienced offerors can stifle future competition by consistently eliminating the less experienced offerors. Generally, no more than 15% of the total points available should be assigned to the corporate experience criterion.

3. Management Plan

This factor refers to the merit of the offeror's plan for managing and administering the contract. It is worthwhile to evaluate the degree to which the offeror's management plan has established well-defined lines of authority, responsibility and communication. Other areas that may be evaluated include how swiftly the organization can respond to technical changes and increased workloads and can mobilize to resolve problems; how well the offeror's management techniques can be expected to identify performance problems at an early stage and cost overruns and to help work around subcontractor delays and similar problems.

4. Personnel

This factor refers to the availability, competency, pertinent education, and related experience of a firm's technical personnel. The experience and ability of key technical and support personnel are important factors in successful performance of a contract. The proposal should clearly relate the offeror's personnel qualifications and availability to the requirements of the Statement of Work. The offeror should be required to designate and discuss specific personnel for all, or at a minimum, the most important technical disciplines. The number of

people and their labor category (P4 (highest), P3, P2, etc.) should be stated. It is also a good idea to require offerors to discuss how personnel of different professions will be organized as a team to perform certain tasks...

5. Past Performance

This factor refers to the offeror's record of conforming to specifications and to standards of good workmanship; the offeror's record of containing and forecasting costs on any previously performed cost reimbursable contracts; the offeror's adherence to contract schedules, including the administrative aspects of performance; the offeror's history for reasonable and cooperative behavior and commitment to customer satisfaction; and generally, the offeror's business-like concern for the interests of the customer. This factor should be used to assess the relative capabilities of competing offerors and to help assure greatest value source selections. However, this factor should be written as to allow newly established firms to compete for contracts even though they lack a history of past performance. The TEP may contact offeror-provided references to ascertain information for evaluating this factor.

SECTION V-C PRICE OR ESTIMATED COST FACTORS

In a technical competition, price or estimated cost is not as important a consideration as the offeror's technical ability to perform the work. However, it still is an important factor that must be taken into consideration in the source selection process.

In awarding cost-reimbursement contracts, proposed costs are only estimates and not absolute figures; therefore, they may or may not be the determining factor in source selection. Generally, as technical proposals become more equal in merit, cost or price becomes more important.

The language to describe price or estimated cost factors as an evaluation factor is very rarely drafted by the program office. Program office input may be required in instances where price or estimated cost will be a numerically-weighted evaluation factor but, for all intents and purposes, the program office is not required to develop documentation to describe the evaluation scheme with respect to price or estimated cost.

SECTION V-D EVALUATING PROPOSALS

After the specified time for opening proposals, the CS will open all proposals received "on time" and create an abstract of proposals. This is a logging-in function to be contained in the contract file. The cost proposals will be extracted and the technical proposals will then be distributed to the panel members for evaluation. The technical evaluation process begins when the

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CO/CS formally delivers the proposals to the TEP and briefs the TEP on the proper procedures for handling and evaluating the proposals.

Score sheets are also required for the evaluation process. Score sheets are forms used during the evaluation process for recording the evaluator's scores and narratives applicable for the proposals received in response to the solicitation. Score sheets shall contain the same evaluation criteria and sub-criteria as stated in the RFP (see Appendix 3). While the evaluation scoresheets can be prepared by the PO prior to the beginning of the evaluations, in many cases, the CO has a set of standard forms that can be used. If the PO does prepare her own score sheets, the best course of action is to include a copy with the Procurement Request (PR) package so that the CO or CS may review them before hand.

Ground Rules:

- All persons associated with a technical evaluation must treat Offerors' identities and proposal contents with total confidentiality to avoid compromising evaluation results or leading to unfair advantage.
- TEP members shall not discuss any aspects of the proceedings with anyone outside the TEP. If there is any question in your mind regarding who has a "need to know" contact the CO. This does not preclude discussions with TEP member's management relative to status and timing. However, discussions relative to particular offerors or aspects of their proposals are prohibited.
- Refer to the CO any attempted communications by offerors.
- If any additional information is needed, the TEP shall request it through the CO in the form of interrogatories/discussions. Interrogatories/discussions are any oral or written communication between the government and an offeror. Interrogatories/discussions involve information essential for determining whether a proposal is acceptable. Interrogatories also provide the offeror an opportunity to revise or modify its proposal.

Each member of the TEP shall independently evaluate and score each proposal. After the individual evaluations, the group

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will convene to develop a panel consensus score for each proposal. The TEP Chairperson moderates this discussion and is responsible for developing the consensus narrative. Averaging of scores is NOT permitted (see GOOD and BAD score sheet narrative examples in Appendix 4).

For the consensus summary, a detailed, written narrative must be provided for each individual scoring element fully supporting the consensus rating assigned. It is imperative that the narrative correlate precisely with the score given. A separate discussion must be written for each proposal that summarizes the relative strengths and weaknesses of the offeror in each of the major criteria. Upon completion of the consensus summary, a TEPR will be submitted to the CO. Each individual on the panel must sign the report to attest to its validity.

Scoring standards establish the rating scale that will be used to evaluate proposals. Each score on the scale must be defined. EPA furnishes a standard scoring plan that must be used to evaluate technical proposals. The scoring plan is based on a 0 (poorest) to 5 (best) point scale (see Appendix 5).

SECTION V-E TEPR

The following are guidelines on how to prepare the TEPR. It is very important that you follow the format provided in Appendix V-6 for the final report and follow the directions listed below. Your report must include, at least, the following elements:

A. Individual Panel Member Reports.

This information should be held in a backup file by the PO and made available upon the request of the CO. This information is comprised of the individual score sheets with detailed notes from each TEP member covering each criterion for each offeror. The notes must discuss the relative strengths and weaknesses associated with each proposal. When evaluating the strengths and weaknesses, evaluators should reference proposal page numbers wherever possible.

The narrative descriptions must fully support all scores. For example, for a score of 1, you must clearly describe all of the problems with the offeror's proposal. On the other hand, a perfect score of 5 also must have a detailed narrative supporting that score. You must state WHY and HOW the offeror deserves the score given. A perfect score of 5, however, does not preclude the government from requesting interrogatories or discussions.

Each member must read each proposal in its entirety and must independently evaluate and score each proposal. Please note that each member must sign his/her individual score sheets.

If the CO has not requested the information previously, the PO must submit this backup file to the CO for inclusion in the official contract file prior to contract award.

B. Consensus Report

After the individual scores are completed, the panel members should fully discuss their findings and provide a detailed consensus report. This report will be prepared by the TEP Chairperson and while the contracting officer may require additional information, at a minimum, the following information should be included:

C. Matrices of Individual Scores and Consensus Scores for Each Offeror

This part of the report must include the individual panel member scores for each evaluation criterion. One table must be prepared for each proposal evaluated. Each table must show the numerical (1 to 5) scores each evaluator awarded and the TEP consensus score and points (score x .2 x point weighting) (see Appendix 7).

D. Consensus Members Score Sheets and TEP Consensus Score Matrix

This part of the report shall include the consensus score sheets with detailed notes from the consensus discussion of the TEP covering each criterion for each offeror. The notes must discuss the relative strengths, weaknesses, and risks associated with each offer, etc. In evaluating the strengths and weaknesses, and in developing narratives and interrogatories, refer to proposal page numbers whenever possible. Detailed narrative descriptions must fully support the scores given.

The TEP Chairperson is responsible for compiling the consensus scores and narrative and for facilitating the consensus process. It is recommended that the panel members share the responsibility of recording the consensus notes and narrative during the process in order to assist the Chairperson. Please note that each member must sign the consensus signature summary page attached to the back of the consensus report.

A matrix depicting the TEP consensus scores for each criterion should be included in the summary. A complete listing of consensus scores must be shown for each offeror.

Both the individual scores with narrative and the consensus scores with narrative become part of the official contract file.

E. Interrogatories

The purpose of interrogatories is to better understand an offeror's proposal and to satisfy the legal requirement to have meaningful discussions with all firms in the competitive range. When offerors' proposals contain deficiencies, ambiguities, and/or suspected mistakes, you must formulate questions or interrogatories for offerors. The term deficiencies is a general term of art referring to any part of a proposal that fails to satisfy the government's requirement. Interrogatories are also required for ambiguities and suspected mistakes.

Although, there is a difference between deficiencies and weaknesses resulting from the offerors lack of diligence, competence or inventiveness in preparing the proposal, interrogatories should be used to point out weaknesses and deficiencies identified by the TEP in offerors' proposals. Interrogatories should also be used to clarify information contained in the proposal and/or request information that should have been provided but was omitted.

The goal is to avoid technical leveling through interrogatories. Technical leveling is helping an offeror to bring its proposal up to the level of other proposals through

successive rounds of interrogatories, which may include technical transfusion. Technical transfusion occurs when the Government discloses information from one offeror's proposal that results in improvements a competitor's proposal.

Thus, during the evaluation process, members of the panel should write down questions for each offeror, if applicable. Questions should be stated in such a manner to avoid technical leveling or leading the offeror in a specific direction. The chairperson will consolidate and record interrogatories for the consensus report based on the full panels discussion.

F. Panel Comments

The panel can include any other pertinent information or comments in this section. If for example an offeror's proposal was severely deficient, or if there is a conflict on interest, it should be noted here.

G. Certifications

Each member must sign and return the following certifications:

- o Certification for Conflict of Interest
- o Certificate for Unauthorized Disclosure of Procurement Information
- o Procurement Integrity Certification

SECTION V-F COI

A signed Statement of COI (See Appendix 8) for each member of the panel should accompany the consensus report. This certifies that no apparent COI exists in evaluating the proposals. An example of a COI might be if one of the panel members has a spouse working for one of the offerors. An apparent conflict must be brought to the attention of the CO immediately so that the CO can determine whether or not the person can remain on the panel. The statement also contains a separate area to identify any potential or actual COI which may result in contracting with any of the offerors.

Appendix V-1

DOs and DON'Ts

**TIPS - SUGGESTIONS - DOs AND DON'Ts
(OR EVERYTHING YOU NEEDED TO KNOW ABOUT TEP REPORTS
BUT WERE AFRAID TO ASK)**

- o Always keep in mind the end result: Complete, detailed consensus report. In order to achieve this, your individual evaluation must be complete.
- o Your evaluation must be supported by a strong detailed narrative which is consistent with scores. Do not use phrases such as "looks good to me" or "strong write-up in this area."
- o Support the statements you make in your narratives by providing examples right out of the proposals. Ask yourself WHY and/or HOW an offeror fulfilled or met the evaluation criteria elements.

EXAMPLE:

Statement: The offeror demonstrated excellent experience in managing large dollar, highly complex, multi-tasked contracts.

WHY/HOW: The offeror cited over 200 prior contracts that they have successfully managed. These contracts include the \$60 M EPA Technical Enforcement Support contract, DOE's \$2.5 billion Strategic Petroleum Reserve Project and \$900 M Uranium Mill Tailings Remedial Action Program. The offeror has over 40 years of experience with Federal contracts from many different agencies spanning many program areas including Superfund and RCRA Enforcement.

- o Write up your narratives FIRST then assign that criterion a numerical score. You will find it easier to score once you have read over what you have written.
- o Do NOT reiterate the TEC elements. **EXAMPLE:** under CORPORATE EXPERIENCE you would NOT say "The offeror has demonstrated relevant enforcement related experience." Once again, HOW did they demonstrate that experience?
- o Do not downgrade a proposal because it did not address something we never asked for in our request for proposals (RFP).
- o In evaluating strengths and weaknesses, and in developing narratives and interrogatories, reference proposal pages whenever possible.
- o Do not infer prior knowledge of a company into the evaluation, i.e., "I know they can do it, but they didn't say so". Be like a judge; look only at the written evidence.

- o Avoid "reading into" or "reading out of" any portion of the offer a meaning other than the exact language appearing in the offer. If a clarification is needed, prepare an interrogatory addressing it.
- o Avoid the tendency to interpret the meaning of the offeror's proposal when the writing is ambiguous. Clarify ambiguities with an interrogatory.
- o Recognize that the assignment of a score to an element is subjective and based upon your best reasoned judgement.
- o Recognize that offerors often use "catch phrases, buzz words," and semi-legalistic phraseology which may indicate a less-than-thorough understanding of the solicitation.
- o Recognize the substantive quality of the proposal and do not be influenced by form, format or method of presentation. Look for content.
- o Recognize flattery on the part of the offeror.
- o It is recommended that the Chairperson direct the panel members to read the proposals in different order, i.e., panel member 1 would start with proposal from XYZ and panel member 2 would start with proposal from ABC and panel member 3 would start with proposal from UBSTER, etc.
- o Avoid forming "first impressions" of an offer that might tend to influence the score assigned.
- o Do NOT compare proposals to one another. Each proposal stands on its own merit, and is evaluated strictly against the RFP technical evaluation criteria.
- o Advise the Contracting Officer if any proposals are totally unacceptable and would require a major rewrite.

INTERROGATORIES

- o Your interrogatories should be in the form of questions, not suggestions. Don't slip into the mode of telling an offeror how you would like to see the proposal.
- o Do NOT ask an offeror to address something that we never asked for in the RFP.
- o Recognize ambiguities, inconsistencies, errors, omissions, irregularities, and deficiencies that can affect the scoring. These should be recorded on the individual/consensus evaluation sheets under weaknesses. These will result in interrogatories.

- o Questions should be stated in such a manner as to avoid technical leveling (i.e., helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal).

- o Questions should be stated in such a manner as to avoid technical transfusion (i.e., Government disclosure of technical information pertaining to a proposal that results in improvement of a competing proposal).

CONSENSUS

- o Individual scores should NOT be totaled and averaged to reach a consensus score.

- o The consensus process is NOT a democracy where the majority rules. No member can be "out-voted". Consensus means the "collective opinion" of all members of the panel. Remember, by signing the consensus report, you agree with the final report.

- o During the consensus process, it is recommended that panel members take turns recording the consensus narratives, scores and discussion to help assist the chairperson. The chairperson is responsible for consolidating all comments into the final report but that person is also needed to facilitate the process itself. It is also recommended that after consensus is reached on a particular criterion, that the recorder repeat the narrative recorded to make sure he/she has captured accurately, the narrative and interrogatories discussed and agreed to by the panel members.

The TEPR must support all ratings (scores) given with factual statement and not simply conclusionary statements. For scores of "4" and "5", the superior features (strengths) must be cited. The benchmark (minimum requirement) must be cited in the TEPR. A rating of "3" would indicate that a proposal met the minimum requirements. Narratives with factual rather than conclusionary statements must accompany scores "3.5" or "4.5" and clearly indicate what the distinction is that merits a half score.

The TEPR must identify any weakness, deficiencies, concerns, uncertainties, or suspected mistakes. It should indicate whether the weakness/deficiencies are significant or minor, and whether risks to contract performance are anticipated if uncorrected or unchanged.

For scores of 0 or 1, be emphatic. Provide representatives, if not exhaustive examples of the deficiencies that result in the score. Give references to pages or sections of the offer where

possible. Even where there are scored 0 or 1, it is possible that as a result the offeror may be put in the competitive range. As a result, keep in mind how or whether it would be possible to phrase interrogatories to identify the weakness.

A score of 2 SUGGESTS that an interrogatory is to be prepared, if the offeror is otherwise in the competitive range. Do not use a score of 2 to soften the impact if in fact the item is unacceptable and should be scored 0 or 1. Where a 2 is used, try to phrase the comments to fit the form of the interrogatory.

For scores of 3 to 5, it is appropriate and even NECESSARY to frame interrogatories if there are deficiencies in the offer that could be corrected. Any deficiencies that are not raised in the TEPR and interrogatories cannot be used later to justify selection.

It is suggested that technical panels use a "bottom" up approach to the report in the areas that are scored 3 to 5.

First, indicate that the element is considered adequate or good or superior. If the score is at the 3 level, indicate specific examples of what made the element acceptable. Here, and throughout the evaluation, remember to use page references wherever possible.

Second, if the score is over 3, then ADD examples of the superior features. If there are no deficiencies, but the superior features are not so great as to merit a 5, simply indicate what was adequate and superior, and that there were no deficiencies. Remember that the TEPR will be very carefully reviews for a score of 4 that 'the offeror's approach was supervisor in all areas except for discussion of ozone analysis will be read to suggest that there is a weakness in ozone analysis that should be disclosed to the offeror.

Third, however, if there are weaknesses that you feel could be addressed and improved, then go on to indicate those areas as weaknesses, again phrasing the comment so as to fit the interrogatory.

Appendix V-2

Sample Technical Evaluation Criteria

TECHNICAL EVALUATION CRITERIA

POINTS

1. CORPORATE EXPERIENCE

15

a. Enforcement Experience (10)

The offeror will be evaluated on the extent of their demonstrated relevant enforcement-related experience. The offeror should describe experience concentrating on the specific elements outlined in the SOW. Offerors will be evaluated according to their capability and experience as indicated by their completed and current projects related to enforcement guidance development, program implementation and evaluation; and according to their capability and experience in conducting enforcement programs of similar type, scope, and complexity as outlined in the SOW.

b. Management Experience (5)

The offeror will be evaluated on the extent of their management experience anticipating or resolving potential problems during contract performance and in managing large dollar, highly complex, multi-tasked, multi-disciplinary contracts.

2. Personnel

35

a. Experience, Qualifications and Availability of Key Personnel (20)

The Key Personnel will be evaluated on the extent to which they are senior people with appropriate experience and education; knowledgeable about environmental enforcement programs; capable of providing expert testimony, project management and review, and have substantive knowledge within their issue area; and are available to work on this contract.

b. Experience, Qualifications and Availability of Project Group (15)

The Project Group's ability to successfully manage and complete work assignments for enforcement programs will be evaluated based on their demonstrated experience, academic qualifications, training, availability/percentage of time dedicated to this contract,

accomplishments, and knowledge of enforcement issues under environmental statutes, including consideration of the group's composition, position within the overall organization, and experience to resolve expected problems.

3. Technical Approach

20

The offeror will be evaluated on the extent to which they demonstrate a thorough understanding of environmental enforcement programs and the requirements of these programs; and an understanding of and the ability to perform the tasks listed in the SOW for each of the following areas:

- (1) State Enforcement Programs (3)
- (2) Federal Facility Response Actions (3)
- (3) RCRA/CERCLA Relationship and Other Cross Program Issues (4)
- (4) CERCLA and RCRA General Enforcement Support (4)
- (5) Cost Recovery (3)
- (6) Program Management and Support (3)

4. Sample Work Plan

10

The offeror will be evaluated on their response to the Sample Work Assignment attached to the RFP as Attachment B.

The Sample Work Plan will be evaluated according to the following criteria:

- a. Soundness of Technical Approach and Understanding of Problems Associated with the Task (4)
- b. Adequacy of Project Staffing and Management Plan (3)
- c. Degree to which proposed schedule is realistic and comprehensive within a multi-task and short lead-time tasking environment (3)

5. Management Plan

20

The offeror will be evaluated on the extent to which their proposed organizational mechanisms can successfully fulfill the requirements of the contract.

- a. Organization and Resources (4)

The offeror's effectiveness to successfully manage this effort will be evaluated in terms of the clarity of lines of authority and communication between staff and management; the adequacy and appropriateness of corporate management's plans for identifying and addressing any problems that might

arise; the degree to which the roles and responsibilities of staff and management are defined; and the level of integration of staff, subcontractors and field offices.

b. Cost Forecasting and Tracking (4)

Ability to show how costs in the monthly report will reflect up-to-date information will be evaluated including consideration of monthly billing cycles, accuracy of cost projections and ad-hoc reporting capability.

c. Management Control (4)

The quality and effectiveness of the offeror's management information system to maintain management control of the contract including tracking the progress of work assignments, providing tools for effective management, such as a deliverables tickler system, performing overall cost analysis of types of assignments, etc., will be evaluated. Further, the ability to ensure security and integrity of enforcement related records, how work assignments will be reviewed and distributed in a timely manner, and how conflict of interest checks will be made, shall also be evaluated.

d. Equipment and Additional Personnel (3)

(1) Equipment (1)

The demonstrated availability, or ability to obtain relevant equipment, vehicles, and supplies sufficient for the scope of work will be evaluated. This will include acquisition, disposition, and maintenance procedures.

(2) Personnel (2)

The ability to recruit and maintain staffing levels, including acquisition of non-team subcontractors, required under the contract will be evaluated.

e. Responsiveness (3)

The ability of the offeror to provide quick turnaround response to EPA's needs will be evaluated. Consideration will be given to the location of your project team and all offices to be used for this contract.

f. Quality Assurance Plan (2)

Demonstration of how quality assurance/quality control procedures will yield products of high quality will be evaluated including the frequency and types of audits and internal control checks.

Appendix V-3

Example Individual and Consensus Score Sheets

INDIVIDUAL SCORE SHEET FORMAT

TEP NAME: _____ OFFEROR: _____

ATTACHMENT A - TECHNICAL EVALUATION CRITERIA RFP _____

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

a. Enforcement Experience

10 Points

The offeror will be evaluated on the extent of their demonstrated relevant enforcement-related experience. The offeror should describe experience concentrating on the specific elements outlined in the SOW. Offerors will be evaluated according to their capability and experience, as indicated by their completed and current projects related to enforcement guidance development, program implementation and evaluation; and according to their capability and experience in conducting enforcement programs of a similar type, scope, and complexity as outlined in the SOW.

STRENGTHS:

Page No.

WEAKNESSES:

INTERROGATORIES:

Score: _____ **Weight:** _____ **10** **Total:** _____

INDIVIDUAL SCORE SHEET FORMAT

TEP NAME: _____ **OFFEROR:** _____

ATTACHMENT A - TECHNICAL EVALUATION CRITERIA RFP _____

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

b. Management Experience

10 Points

The offeror will be evaluated on the extent of their management experience anticipating or resolving potential problems during contract performance and in managing large dollar, highly complex, multi-tasked, multi-disciplinary contracts.

STRENGTHS:

Page No.

WEAKNESSES:

INTERROGATORIES:

Score: _____ **Weight:** 10 **Total:** _____

CONSENSUS SCORE SHEETS

TEP NAME: _____ OFFEROR: _____

ATTACHMENT 1 - TECHNICAL EVALUATION CRITERIA RFP _____

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

a. Enforcement Experience

10 Points

The offeror will be evaluated on the extent of their demonstrated relevant enforcement-related experience. The offeror should describe experience concentrating on the specific elements outlined in the SOW. Offerors will be evaluated according to their capability and experience, as indicated by their completed and current projects related to enforcement guidance development, program implementation and evaluation; and according to their capability and experience in conducting enforcement programs of a similar type, scope, and complexity as outlined in the SOW.

STRENGTHS:

Page No.

WEAKNESSES:

INTERROGATORIES:

Score: _____ **Weight:** 10 **Total:** _____

CONSENSUS SCORE SHEETS

TEP NAME: _____ **OFFEROR:** _____

ATTACHMENT 1 - TECHNICAL EVALUATION CRITERIA RFP _____

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

b. Management Experience

10 Points

The offeror will be evaluated on the extent of their management experience anticipating or resolving potential problems during contract performance and in managing large dollar, highly complex, multi-tasked, multi-disciplinary contracts.

STRENGTHS:

Page No.

WEAKNESSES:

INTERROGATORIES:

Score: _____ **Weight:** 10 **Total:** _____

Appendix V-4

Individual Score Sheets

Bad and Good Examples

GOOD GOOD GOOD INDIVIDUAL SCORE SHEETS GOOD GOOD GOOD
TEP NAME: Jane Doe OFFEROR: UBSTER, INC.

ATTACHMENT C - TECHNICAL EVALUATION CRITERIA RFP W000000-E1

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

a. Enforcement Experience

10 Points

The offeror will be evaluated on the extent of their demonstrated relevant enforcement-related experience. The offeror should describe experience concentrating on the specific elements outlined in the SOW. Offerors will be evaluated according to their capability and experience, as indicated by their completed and current projects related to enforcement guidance development, program implementation and evaluation; and according to their capability and experience in conducting enforcement programs of a similar type, scope, and complexity as outlined in the SOW.

STRENGTHS:

Page No.

UBSTER, Inc. has extensive experience in supporting almost all areas of EPA activity. They demonstrated excellent experience in areas of developing enforcement documents and cost recovery actions, citing several very good examples (Pgs. 7-10). They show strong experience in policy and information areas, and regulatory document development. They provided many examples of documents they assisted in developing which were clear, concise and well-written (Pgs. 20-45). They also show strong experience in the areas of training and database development. UBSTER listed over 100 different examples of training courses they developed and presented for EPA and other agencies (Pgs. 51-55). They demonstrated their experience in RAC Indemnification issues, as well as experience in most levels of specific environmental enforcement issues. Their exhibits (Exhibit B/Pages 35-65) indicate over 200 projects and activities of large dollar value that demonstrate considerable expertise and experience in all of the specific elements outlined in the SOW.

WEAKNESSES: UBSTER did not address, or indicate, any experience in the areas of administrative orders/consent decrees and administrative, civil and criminal actions. In addition, it was difficult to evaluate their experience in the areas of work plan, RI/FS and RODS since they were not mentioned in their proposal.

INTERROGATORIES: 1. Please clarify your experience in the areas of administrative orders/consent decrees and administrative, civil and criminal actions.

2. Please clarify your experience in the areas of work plan RI/FS and ROD development.

Score: 4 Weight: 10 Total: 8
A4-2

GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD GOOD

INDIVIDUAL SCORE SHEETS

TEP NAME: Jane Doe OFFEROR: UBSTER, INC.

ATTACHMENT C - TECHNICAL EVALUATION CRITERIA RFP W000000-E1

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

b. Management Experience

10 Points

The offeror will be evaluated on the extent of their management experience anticipating or resolving potential problems during contract performance and in managing large dollar, highly complex, multi-tasked, multi-disciplinary contracts.

STRENGTHS:

Page No.

UBSTER illustrated in their proposal an excellent contingency plan to address problems as they arise (Page 26) and they have several checkpoints built into their plan to prevent problems. UBSTER demonstrated they could respond to EPA problems, i.e. a staff member worked around the clock for two months to provide analytical and reporting support for a Congressional hearing on the adequacy of the RCRA groundwater monitoring program at land disposal facilities. UBSTER clearly demonstrated experience in resolving management problems on short notice and for those requiring critical actions (Page 44). UBSTER recognized and emphasized the importance of extensive communications with EPA personnel at all levels and outlined a complete, effective communications network in their proposal (Page 56).

UBSTER demonstrated superior experience by indicating prior contracts where they have successfully managed large, multi-disciplinary contracts. These contracts include the \$60 M EPA Technical Enforcement Support contract, DOE's \$2.5 billion Strategic Petroleum Reserve Project and \$900 M Uranium Mill Tailings Remedial Action Program (Page 19). In addition, UBSTER, Inc. has supported OSW, OERR and OWPE since the passage of RCRA in 1976 and CERCLA in 1980. They have been involved with all of these programs on activities including regulatory development and program enforcement (Pgs. 20-25). They are currently managing 35 large dollar EPA contracts in the areas of Superfund and RCRA. (Exhibit A/Pg. 106). They have over 40 years of experience with Federal contracts for various other agencies.

WEAKNESSES: None were identified.

INTERROGATORIES: None were identified.

Score: 5

Weight: 10
A4-3

Total: 10

BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD

INDIVIDUAL SCORE SHEETS

TEP NAME: Jane Doe OFFEROR: UBSTER, INC.

ATTACHMENT D - TECHNICAL EVALUATION CRITERIA RFP W000000-E1

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

a. Enforcement Experience

10 Points

The offeror will be evaluated on the extent of their demonstrated relevant enforcement-related experience. The offeror should describe experience concentrating on the specific elements outlined in the SOW. Offerors will be evaluated according to their capability and experience, as indicated by their completed and current projects related to enforcement guidance development, program implementation and evaluation; and according to their capability and experience in conducting enforcement programs of a similar type, scope, and complexity as outlined in the SOW.

STRENGTHS:

Page No.

UBSTER, Inc. has demonstrated good experience. Their proposal was well written. They appeared to understand most of the Statement of Work. They were strong in some areas and weak in others.

WEAKNESSES:

UBSTER, Inc. did not show any experience in seven out of the 11 areas outlined in the SOW.

INTERROGATORIES:

1. Please clarify your experience in the areas outlined in the Statement of Work.

Score: 4.5

Weight: 10

Total: 9

BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD BAD

INDIVIDUAL SCORE SHEETS

TEP NAME: Jane Doe OFFEROR: UBSTER, INC.

ATTACHMENT D - TECHNICAL EVALUATION CRITERIA RFP W000000-E1

1. CORPORATE EXPERIENCE

TOTAL 20 POINTS

b. Management Experience

10 Points

The offeror will be evaluated on the extent of their management experience anticipating or resolving potential problems during contract performance and in managing large dollar, highly complex, multi-tasked, multi-disciplinary contracts.

STRENGTHS:

Page No.

UBSTER, Inc. has lots of real good experience. Their write-up in this area was strong. They included many exhibits and graphs illustrating their experience. UBSTER, Inc. has managed a lot of contracts for the private sector. They indicated in their proposal that they can resolve problems. They know how to get the job done.

WEAKNESSES:

UBSTER, Inc. has no EPA contracts.

INTERROGATORIES:

1. Do you have any EPA contracts?

Score: 3 Weight: 10 Total: 10

Appendix V-5
Scoring Plan

SCORING PLAN

The evaluation of technical proposals shall be accomplished using the Scoring Plan specified below. The values used in technical evaluation shall be limited to those established in the Scoring Plan.

<u>Value</u>	<u>Descriptive Statement</u>
0	The element is not addressed, or is totally deficient and without merit.
1	The element is addressed but contains deficiencies that can be corrected only by major or significant changes to relevant portions of the proposal.
2	Clarification is required. Final scoring of the element will be made following limited discussions or full negotiations if discussions or negotiations are held with the offeror.
3	The proposal element is adequate. Overall meets specifications. However, comments should be made on any perceived weaknesses or on areas in which an offeror could improve.
3.5*	Intermediate merit.
4	The proposal is good with some superior features.
4.5*	Intermediate merit.
5	The proposal is superior in most features.

* The values 3.5 and 4.5 are to be used to indicate intermediate merit. If used, the chairperson of the Technical Evaluation Panel shall provide a narrative to explain the distinction between 3 and 4 or values 4 and 5.

The numeric values (1-5) should be converted into percentages (see value key on appendix A7-2 and A7-3) of the total available points for that value. For instance, if a score of 4 (80%) is assigned to a sub-criteria that accounts for 10% of the total technical evaluation criteria weight, the following calculation produces the total score for that sub-criteria. Thus, the value score percentage of 80% (4) is multiplied by the sub-criteria weight of 10 to produce a sub-criteria total of 8.

Appendix V-6
TEP Report Format

FORMAT OF THE TEP REPORT

MEMORANDUM

SUBJECT: Technical Evaluation Panel Report on Proposals
submitted under RFP _____

FROM: _____, Chairperson
Technical Evaluation Panel
Office of _____

TO: _____, Contracting Officer
Office-Mail Code

A. Introduction

In this section, describe when the panel met; that the _____ (Contracting Officer's name) from OAM briefed the panel on _____, 199_; how long you met; who the panel members are; refer to an attachment containing all the disclosure statements; etc. Also state that no panel members had a conflict of interest in this section.

B. Background (Make the following Statement)

The proposals received were evaluated in accordance with the evaluation criteria contained in the subject RFP and pursuant to EPAAR 1515.6.

C. Individual Technical Evaluations

Indicate that attached to this report as Attachment A are the individual score sheets of each TEP member for each proposal.

D. Consensus Technical Evaluations

Refer to Attachment B (Consensus Score Sheets) and what it represents. The consensus should include a detailed narrative on all of the technical evaluation criteria elements.

E. Overview

The following is a summary of the results of the TEP evaluation:

Insert Attachment C - Consensus Matrix

F. Certifications

Attachment D - Certificate for Conflict of Interest

Attachment E - Certification for the Unauthorized
Disclosure of Procurement Information
A6-2

Attachment F - Procurement Integrity Certification.

G. Attachments

List your Attachments

H. CONSENSUS Signature Page

Add the signature sheet, with original signatures, for each consensus report (see below).

CONSENSUS REPORT SIGNATURE PAGE

_____ Date	_____ , Chairperson
_____ Date	_____
_____ Date	_____
_____ Date	_____

Appendix V-7

Sample Individual and Consensus Score Sheet Matrices

INDIVIDUAL SCORE SHEET MATRIX

TEP NAME: _____ OFFEROR: _____

ATTACHMENT A - TECHNICAL EVALUATION CRITERIA RFP _____

<u>CRITERIA NO.</u>	<u>(VALUE) SCORE</u>	<u>X</u>	<u>WEIGHT</u>	<u>=</u>	<u>TOTAL</u>
1.a.	<u>3</u> (60%)		<u>10</u>		<u>6.0</u>
1.b.	<u>5</u> (100%)		<u>10</u>		<u>10.0</u>
2.a.	<u>4</u> (80%)		<u>20</u>		<u>16.0</u>
2.b.	<u>4.5</u> (90%)		<u>10</u>		<u>9.0</u>
3.1.	<u>2</u> (40%)		<u>03</u>		<u>1.2</u>
3.2.	<u>3</u> (60%)		<u>03</u>		<u>1.8</u>
3.3.	<u>3.5</u> (70%)		<u>04</u>		<u>2.8</u>
3.4.	<u>3</u> (60%)		<u>04</u>		<u>2.4</u>
3.5.	<u>1</u> (20%)		<u>03</u>		<u>0.6</u>
3.6.	<u>3</u> (60%)		<u>03</u>		<u>1.8</u>
4.a.	<u>4</u> (80%)		<u>04</u>		<u>3.2</u>
4.b.	<u>5</u> (100%)		<u>03</u>		<u>3.0</u>
4.c.	<u>5</u> (100%)		<u>03</u>		<u>3.0</u>
5.a.	<u>3.5</u> (70%)		<u>04</u>		<u>2.8</u>
5.b.	<u>5</u> (100%)		<u>04</u>		<u>4.0</u>
5.c.	<u>3</u> (60%)		<u>04</u>		<u>2.4</u>
5.d.1	<u>3</u> (60%)		<u>01</u>		<u>0.6</u>
5.d.2	<u>4</u> (80%)		<u>02</u>		<u>1.6</u>
5.e.	<u>4.5</u> (90%)		<u>03</u>		<u>2.7</u>
5.f.	<u>4</u> (80%)		<u>02</u>		<u>1.6</u>
Total			100		<u>76.5</u>

Value Key: 5.0 = 100% 3.5 = 70% 1.0 = 20%
 4.5 = 90% 3.0 = 60%
 4.0 = 80% 2.0 = 40%

CONSENSUS SCORE SHEET MATRIX

TEP NAME: _____ OFFEROR: _____

ATTACHMENT 1 - TECHNICAL EVALUATION CRITERIA RFP _____

<u>CRITERIA NO.</u>	<u>(VALUE) SCORE</u>	X	<u>WEIGHT</u>	=	<u>TOTAL</u>
1.a.	<u>3</u> (60%)		<u>10</u>		<u>6.0</u>
1.b.	<u>5</u> (100%)		<u>10</u>		<u>10.0</u>
2.a.	<u>4</u> (80%)		<u>20</u>		<u>16.0</u>
2.b.	<u>4.5</u> (90%)		<u>10</u>		<u>9.0</u>
3.1.	<u>2</u> (40%)		<u>03</u>		<u>1.2</u>
3.2.	<u>3</u> (60%)		<u>03</u>		<u>1.8</u>
3.3.	<u>3.5</u> (70%)		<u>04</u>		<u>2.8</u>
3.4.	<u>3</u> (60%)		<u>04</u>		<u>2.4</u>
3.5.	<u>1</u> (20%)		<u>03</u>		<u>0.6</u>
3.6.	<u>3</u> (60%)		<u>03</u>		<u>1.8</u>
4.a.	<u>4</u> (80%)		<u>04</u>		<u>3.2</u>
4.b.	<u>5</u> (100%)		<u>03</u>		<u>3.0</u>
4.c.	<u>5</u> (100%)		<u>03</u>		<u>3.0</u>
5.a.	<u>3.5</u> (70%)		<u>04</u>		<u>2.8</u>
5.b.	<u>5</u> (100%)		<u>04</u>		<u>4.0</u>
5.c.	<u>3</u> (60%)		<u>04</u>		<u>2.4</u>
5.d.1	<u>3</u> (60%)		<u>01</u>		<u>0.6</u>
5.d.2	<u>4</u> (80%)		<u>02</u>		<u>1.6</u>
5.e.	<u>4.5</u> (90%)		<u>03</u>		<u>2.7</u>
5.f.	<u>4</u> (80%)		<u>02</u>		<u>1.6</u>
Total			100		<u>76.5</u>

Value Key: 5.0 = 100% 3.5 = 70% 1.0 = 20%
 4.5 = 90% 3.0 = 60%
 4.0 = 80% 2.0 = 40%

Appendix V-8

Conflict of Interest Statement

MEMORANDUM

**SUBJECT: Statement of Conflict of Interest; Solicitation No.
10000-E1**

FROM: Technical Evaluation Panel Members

TO: Contracting Officer

To the best of my knowledge, neither I nor any member of my family have direct financial or employment interest in any of the firms submitting proposals for consideration and evaluation, which conflicts substantially or appears to conflict substantially with my duties as a member of the TEP.

In the event that I later become aware of such a COI, I agree to disqualify myself and report this to the Chairperson of my panel and to abide by any instructions which he/she may give in this matter.

SIGNATURE_____ DATE_____

Do you believe that there is any potential or actual COI which may result in contracting with any of the offerors?

YES_____ NO_____

If yes, explain:

CHAPTER VI

INDEPENDENT GOVERNMENT COST ESTIMATES

Guide for Preparing Independent



Government Cost Estimates

Environmental Protection
Agency

IGCE Examples



And Forms

Environmental Protection
Agency

IGCE EXAMPLES AND FORMS

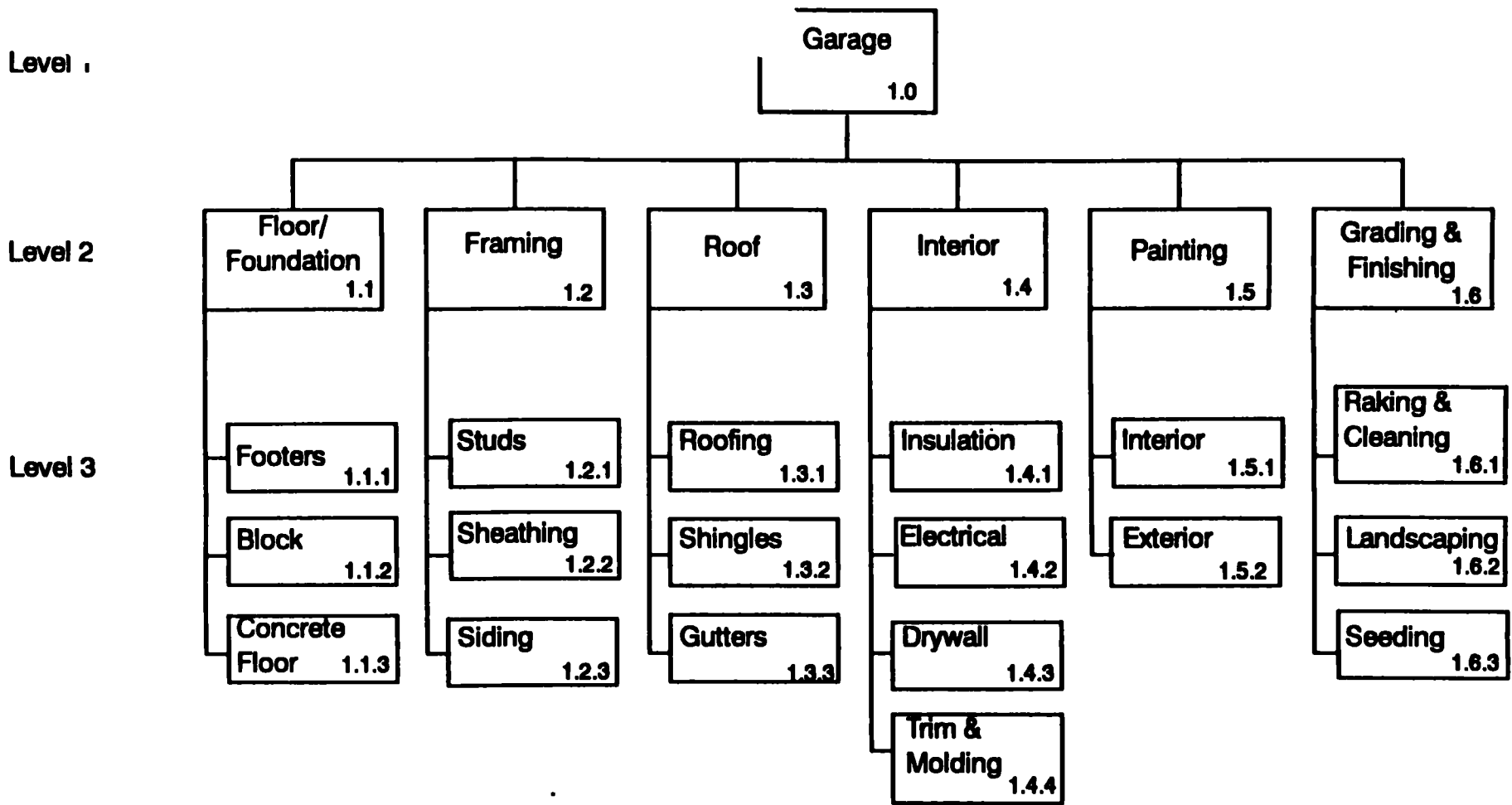
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IGCE EXAMPLES AND FORMS

This section of the IGCE Guide consists of examples of IGCEs utilizing information from the guide. It also includes blank forms which can be copied and used in preparing your IGCE. The forms can be used for new procurements or work assignments (WAs) and delivery orders (DOs) on existing contracts. For WAs and DOs substitute task for year. A limited number of forms on 3.5 disks are available. Please contact Cost Advisory and Financial Division if your office would like a copy of the disk.

**SAMPLE IGCE
COST REIMBURSABLE
CONTRACT**



Sample Work Breakdown Structure for a Garage

LABORERS	ELECTRICIAN	CARPENTERS	BRICK LAYERS	CONCRETE FINISHERS	DRYWALL INSTALLERS	PAINTERS	TOTAL
1	1	1	1	1	1	1	7
2	2	2	2	2	2	2	14
3	3	3	3	3	3	3	21
4	4	4	4	4	4	4	28
5	5	5	5	5	5	5	35
6	6	6	6	6	6	6	42
7	7	7	7	7	7	7	49
8	8	8	8	8	8	8	56
9	9	9	9	9	9	9	63
10	10	10	10	10	10	10	70
11	11	11	11	11	11	11	77
12	12	12	12	12	12	12	84
13	13	13	13	13	13	13	91
14	14	14	14	14	14	14	98
15	15	15	15	15	15	15	105
16	16	16	16	16	16	16	112
17	17	17	17	17	17	17	119
18	18	18	18	18	18	18	126
19	19	19	19	19	19	19	133
20	20	20	20	20	20	20	140
21	21	21	21	21	21	21	147
22	22	22	22	22	22	22	154
23	23	23	23	23	23	23	161
24	24	24	24	24	24	24	168
25	25	25	25	25	25	25	175
26	26	26	26	26	26	26	182
27	27	27	27	27	27	27	189
28	28	28	28	28	28	28	196
29	29	29	29	29	29	29	203
30	30	30	30	30	30	30	210
31	31	31	31	31	31	31	217
32	32	32	32	32	32	32	224
33	33	33	33	33	33	33	231
34	34	34	34	34	34	34	238
35	35	35	35	35	35	35	245
36	36	36	36	36	36	36	252
37	37	37	37	37	37	37	259
38	38	38	38	38	38	38	266
39	39	39	39	39	39	39	273
40	40	40	40	40	40	40	280
41	41	41	41	41	41	41	287
42	42	42	42	42	42	42	294
43	43	43	43	43	43	43	301
44	44	44	44	44	44	44	308
45	45	45	45	45	45	45	315
46	46	46	46	46	46	46	322
47	47	47	47	47	47	47	329
48	48	48	48	48	48	48	336
49	49	49	49	49	49	49	343
50	50	50	50	50	50	50	350
51	51	51	51	51	51	51	357
52	52	52	52	52	52	52	364
53	53	53	53	53	53	53	371
54	54	54	54	54	54	54	378
55	55	55	55	55	55	55	385
56	56	56	56	56	56	56	392
57	57	57	57	57			

FLOOR/FOUNDATION

.1.1 FOOTERS	12	6		18
.1.2 BLOCK			10	10
.1.3 CONCRETE FLOOR	12		12	24

.2.1 STUDS	24	50	74
.2.2 SHEATHING		16	16
.2.3 SIDING		16	16

.3.1 ROOFING	16	16
.3.2 SHINGLES	16	16
.3.3 GUTTERS	6	6

4.1 INSULATION	6			6
4.2 ELECTRICAL		16		16
4.3 DRYWALL			32	32
4.4 TRIM		8		8

.1 INTERIOR	5	5
.2 EXTERIOR	8	8

[illegible]

T LABOR HOURS	78	16	134	10	12	32	13	295
RATES	\$15	\$30	\$25	\$30	\$20	\$20	\$20	
DIRECT LABOR	\$1,170	\$480	\$3,350	\$300	\$240	\$640	\$260	\$6,440

U. S. Environmental Protection Agency
Office of Acquisition Management
Cost Advisory and Financial Analysis Division
401 M St. SW
Washington, DC 20460

GUIDE FOR PREPARING INDEPENDENT GOVERNMENT COST ESTIMATES

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APPENDIX

A. Appendix A - Sample Work Breakdown Structure (WBS)

I. PURPOSE OF GUIDE

This guide has been prepared to provide general guidance to EPA personnel in their preparation of independent government cost estimates (IGCEs). IGCEs are prepared in support of procurement requests leading to new contracts, to support modifications and change orders, and to support the issuance of new work assignments and delivery orders under existing EPA contracts. This basic guidance can be used for new and existing contracts. On existing contracts we should have better defined needs for work assignments (WA) and delivery orders (DO) which should result in more detailed cost estimates.

This guide does not provide program specific guidance. It does provide a thorough overview for preparing an IGCE. It is expected that each EPA program office will supplement this guide with information relative to the specific program's requirements. The development and maintenance of good databases are essential to effective cost estimating. Some programs have developed databases and computer software that facilitates the preparation of the IGCE. All program offices are encouraged to take similar actions.

II. BACKGROUND

Independent Government Cost Estimates have always been an integral part of effective acquisition programs both in Government and private industry. The Administrator's Standing Committee on Contracts 1992, disclosed that this agency provides little guidance on cost estimating and has not allocated adequate program resources to support development of IGCEs. The General Accounting Office (GAO) has long been concerned with EPA's failure to develop independent cost estimates. The EPA OIG has identified improper contractor assistance with cost estimation on ADP contracts. The Administrator's Task Force on Implementation of the Superfund Alternative Remedial Contracting Strategy (ARCS), issued its report (the Dunne Report) in October 1991, and commented on the lack of independent cost estimates in the Superfund program. As a result of the Dunne Report, Superfund began developing guidance and databases specifically for the Superfund remedial programs.

For purchases of ADP equipment, related services and related equipment, the Federal Information Resources Management Regulations (FIRMR) require agencies to establish and document requirements for Federal Information Processing (FIP) resources by conducting a requirements analysis commensurate with the size and complexity of the need. This analysis and an alternatives analysis are required to accompany the Agency Procurement Request to obtain a Delegation of Procurement Authority (DPA) (when a DPA is required). "The analysis of alternatives requires Agencies to compare the costs of each feasible alternative unless the anticipated cost of the acquisition is less than \$50,000 (41 CFR 201-20.2). Required guidance for cost calculations can be found in OMB Circular N. A-94, 'Discount Rates to be Used in Evaluating Time-Distributed Costs and Benefits' for calculating alternative costs." "Further information on whether the FIRMR applies to your solicitation is in the FIRMR (41 CFR 201-20.305) and associated FIRMR Bulletins (Bulletin A-1), published by GSA and available in the Headquarters Library. Further guidance on when your solicitation may require a Delegation from GSA may be found in the FIRMR (41 CFR 201-20.305)."

The Administrator's Standing Committee report says the development of in-house cost estimation skills is an Agency contracts management priority. This guide is the first step in complying with the Standing Committee recommendation on IGCEs and making IGCEs a normal part of the EPA acquisition process.

The current policy requires IGCEs be submitted with contract actions greater than \$25,000. Contract actions include new contract awards, modifications to increase the scope of work of the contract, work assignments and delivery orders.

III. DEFINITION AND USES OF IGCEs

1. Definition

A cost estimate is generally defined as a projection or forecast of the economic or financial value of goods and/or services to be delivered in the future. An Independent Government Cost Estimate

is a detailed estimate of the cost to the Government for services and/or supplies to be acquired, generally from contractors. The estimate must be the Government's own in-house estimate and must not be based upon information obtained from contractors/ offerors from which proposals will be solicited. An IGCE is the Government's estimate of what a responsible contractor should propose based on the statement of work. The IGCE should not be divulged to any potential contractor.

There are various steps required in the development of an IGCE. All are necessary for a good cost estimate. The time expended and the depth of information needed for each step will depend on the phase and complexity of the work being estimated. The various steps are summarized in the following paragraphs:

- A. Know the requirement, project or service being procured. In Government contracts, the Statement of Work (SOW) is the source document which defines the requirement, project or service. Any work not included in the SOW should not be included in the cost estimate.
- B. Establish ground rules and assumptions. Examples of things to look for here include the following:
 - Determine what the schedules and milestones are for completing the cost estimate and for completion of the entire project.
 - Determine if this is a brand new endeavor, continuation or follow-on procurement.
 - Determine if management has the need for any built in reserves and what impact budgets may have on your estimating.
 - Document all ground rules and assumptions.
- C. Determine if any historical databases are available and what other sources of data are available for the cost estimator to use. This

could include experience on like or similar effort, any type of professional materials, surveys and personal expertise of the cost estimator and co-workers. Document all sources of information.

- D. Determine what method of estimating will be used. The two methods to be discussed in this guide are the "Top-down and the Bottoms-up" methods. You may use a combinations of these methods. Document the estimating method chosen and why it was selected.
- E. Using the chosen method of estimating, prepare your estimate for quantities for labor, materials, travel and other elements of cost. Document the quantities used and how they were determined.
- F. Review and organize your information and estimate unit costs for each category of cost and compute your estimate. Document the source and dates of your costs.
- G. Review the resulting cost estimate for credibility, reasonableness, accuracy, and completeness. Make sure all steps in the IGCE preparation have been well documented.
- H. Have higher level management review and approve your estimate.
- I. Use the estimate to prepare the procurement package.

2. Types of Cost Estimates

Every cost estimate will be based on forecasts and cannot be predicted with absolute certainty. EPA's goal for cost estimates is to achieve predictions that are as accurate as possible using the information available and the best estimating technique for a given situation. Generally speaking, there are two major types of cost estimates, parametric (top down) and engineering (bottoms-up).

Parametric or Top Down. This is called the ballpark approach and is based upon pricing major measurable units such as manhours, cubic yards, number of moves, number of laboratory tests or number of computers, major computer systems requirements,

etc. to determine an approximate estimate of the costs. This approach requires the use of a database with like elements of work. It requires collecting and organizing historical data and relating it to the work output being estimated. When making any estimates based on historical data, adjustments have to be made to the database information for the specific work required and for cost increases/decreases due to differing requirements and economic conditions.

The top down method would be used in the early planning stages of a project when the precise quantities or needs are not yet known or when requirements are not fully known or detailed specifications are not available. This is the method which would probably be used when preparing an IGCE for a new contract as opposed to a work assignment or a delivery order on an existing contract. The estimate would result in an "order-of-magnitude" projection of costs, and would have to be refined as the work product becomes more defined. The top down approach may not detail all peripheral costs, such as site preparation access, regulatory permitting costs, specific licenses requirements, main-frame time-share costs or software, but some estimates of the cost of these items should be included.

Engineering or Bottoms-up. This is called the detailed estimate and represents the opposite end of the cost estimating spectrum. It presumes that the total effort can be separated into a work breakdown structure (WBS), and pricing can be applied to each element such as labor, overhead, travel, equipment, other direct costs and G&A. The database for a bottom-up estimate has to be very detailed and represents the accumulated experiences of many previous and similar projects. Adjustments still have to be made and you should never depend entirely upon any historical database. If a program is just starting to prepare IGCEs, formal supporting databases may not exist. However, there may be sufficient in-house experience and prior contracts for similar work which will provide information to assist you in using this method.

This type of estimate is prepared following completion of a detailed design specification of a proposed construction project, detailed requirements for software development, and whenever the needs are well defined. Each program should have as a top priority, preparing well defined needs for your SOW

prior to even considering a Purchase Request (PR) package. In this scenario, fairly complete knowledge of the work to be done is assumed, and exact work steps or tasks and subtasks have been developed. Typically, SOWs address "what is required", not "how to do it." Therefore, offerors may propose different methods of "how to do it" than anticipated by the cost estimator. The Agency wants the bottom-up type of detailed IGCE for all work assignments and delivery orders. *where historical data exists.*

3. Uses of IGCEs

EPA uses IGCE's for several purposes. Among them are the following:

A. For evaluation of proposals for new contracts. Once an IGCE has been completed, all offers received can be compared to the IGCE. Differences and similarities can be compared and various conclusions can be drawn. The Project Officer (PO), Contracting Officer (CO), cost estimator and cost analyst participate in this comparison analysis, depending on the situation. Examples of what this comparison might disclose include the following:

- (1) The proposals overstate work required.
- (2) The proposals understate the work required.
- (3) The SOW does not sufficiently explain the requirements.
- (4) The SOW is good, the IGCE is good, the technical proposals are good, but the proposal prices are either too high or too low.
- (5) The proposals may include ideas and/or new technologies not considered by the Government.

B. For budget purposes prior to awarding contracts, issuing DOs and WAs. A good IGCE can be used to prepare the budget, prioritize areas of concern and monitor the work in process. You must always keep in mind that the IGCE is an estimate and may

differ from the final cost. In an ideal situation these differences will be insignificant. However, there may be significant differences. You should analyze closely the differences to understand why they occurred and learn from them for the future. It is a good idea to document significant differences for future references.

- C. For evaluating proposals for work assignments and delivery orders. This is similar to evaluating proposals for new contracts. One difference is the lack of competition since the contract has already been awarded. The lack of competition increases the importance of a complete and accurate IGCE. The quantities and levels of expertise and the associated amounts for other direct costs used in the IGCE are extremely important in this situation since rates for labor and indirect cost and associated amounts for other direct costs will have been negotiated for the contract as a whole.
- D. To document negotiation objectives. This is a continuation of the process of comparing the IGCE to the proposals. The differences and similarities should be highlighted and the CO and PO should work together to determine what the Government's negotiation objectives should be and what issues will be discussed during negotiations. Desired outcomes should be documented as part of the CO's prenegotiation plan.
- E. To document award decisions. Any contract award should be based on a fair and reasonable price for the required work. The IGCE will assist the CO and POs in their determination that the Government will pay a fair and reasonable price and will get an acceptable service or product. Any significant difference between the IGCE negotiation objective and the final cost/price negotiated, should be addressed and documented for the contract file.
- 4. Who is responsible for preparing IGCEs?

It is the responsibility of the Program Office (RPM/WAM, PO/DOPO or other technical personnel) to develop the Independent Government Cost

Estimate. These persons are responsible for determining the resources necessary to perform the work described in the statement of work. If your office or region has an in-house cost estimator, it is recommended that the IGCE be jointly prepared by the technical personnel and the cost estimator. The accuracy and completeness of the IGCE are the responsibility of the Program Office, not the Contracting Officer. However, the Contracting Officer should be available to address specific contractual issues. Teamwork between the contracting office and the program is vital for a good IGCE.

IV. PREPARING THE IGCE

1. Statement of Work.

The basic requirement for a sound and defensible IGCE is a good SOW. The SOW is the starting point for the cost estimator in the preparation of the IGCE. The SOW is the source document that defines the Government's requirements for a product, project or service. It should provide information on the requirements, descriptions of the efforts required, and the timing and locations of efforts. The Cost Estimator cannot prepare an accurate and defensible IGCE without a clear, complete and concise SOW and detailed specifications. The SOW is the basis for both the IGCE and the contractor's proposals. A good SOW should provide the necessary foundation for the EPA to obtain the goods and services it contracts for at a fair and reasonable cost and to get the best product, project or service on time and within the budget.

Planning the SOW. EPA personnel must allow a reasonable amount of time to develop and prepare the SOW so that it includes detailed descriptions of the technical requirements for a material, product, or service and includes the criteria for determining whether the requirements are met. A rushed project will usually result in a poor SOW with incomplete requirements and may lead to failure of the entire project. To start the SOW process, an outline of the major tasks to be performed should be developed. This will reduce the likelihood of major omissions and redundant steps.

Developing the SOW. After the SOW outline has been completed, the details can be added with the assurance that all facets of the work are included and that a clear, concise and complete SOW will emerge.

Utilizing the SOW. In addition to the obvious use of the specification in the resulting contractual instrument, it is also used to develop the performance schedule, evaluation criteria for negotiated contracts, provide a basis of measurement for analyzing contractor performance, identification of deliverables, and to develop the work breakdown structure (WBS).

2. Work Breakdown Structure (WBS)

A well written SOW should permit the user to develop a work breakdown structure for the requirement. Sometimes the WBS is actually prepared before the SOW. The important point is to prepare a WBS.

A WBS is prepared by dividing a requirement, project or service into its major tasks and dividing its major tasks into subtasks and dividing the subtasks into sub-subtasks, etc. This division into small subtasks makes it easier to identify the work required, to determine required staffing needs, to schedule the work and to estimate the initial cost for the desired output. It permits the cost estimator to assign quantities such as manhours, disciplines, labor category levels, number of trips, duration of trips, and equipment, etc.

A WBS provides overall visibility to the work to be performed and provides some assurance that all required tasks and subtasks are considered. It is a valuable tool for identifying activities, deliverables and milestones and provides a baseline to track actual vs. estimated costs to help determine potential cost overruns and underruns. It can be used to identify potential duplications and redundant tasks.

This is an important tool not only for estimating initial costs, but for scheduling the work, managing the resources and costs, and tracking the deliverables and expended effort throughout the period of performance. Good planning should allow sufficient time and effort to be devoted to preparing a WBS to produce a useful product. We recommend the WBS be prepared using some type of automated spreadsheet so changes can be made easily.

Included as Appendix A, is a sample WBS for building a Garage and using the WBS for estimating direct labor hours and dollars.

3. Databases.

A database is a collection of information. The simplest form of a database is a list. The more complex databases are computerized and contain many different types of information which can be sorted to provide printouts in different formats to fit the needs of the user. Each program should be developing databases appropriate to their needs.

In almost every situation, having a database of like and/or similar projects will facilitate the preparation of an IGCE. The cost estimator is strongly cautioned to not rely completely on historical data. Historical data may, in some instances, reflect quantities and prices that are unreasonable and unacceptable under current conditions or include inefficiencies for past works. They are a good starting point, but adjustments have to be made based on current needs. Historical databases usually will consist of two primary categories: (1) the quantity of items to be acquired such as hours (level of efforts) pieces of equipment, number of service calls of a particular type, number of types and duration of trips, number and type of lab analyses, number of PCs ordered, (2) the specific costs or dollar amounts incurred for these items.

The database of quantities should reflect projects which are similar in scope - in terms both of type of work and size - to the project for which the estimate is being prepared. If no formal database exists, the IGCE preparer should review invoices and monthly progress reports containing the actual costs incurred for WAs or DOs which were issued for like purposes. The information may or may not be broken down into tasks and subtask level of detail to permit a meaningful analysis.

The database of costs will consist of the specific cost or pricing information such as direct costs (hourly labor rates, travel costs, equipment costs, etc.), indirect costs, fixed rates or prices and unit prices. If there is no formal database, review of prior invoices and progress reports and personal experience will all be helpful. If the IGCE is being prepared for a WA or DO on an existing contract,

the contract will contain much of the cost data needed to prepare the IGCE.

If relevant databases are unavailable, the IGCE preparer may consult with other programs or agencies where similar work may be performed to obtain assistance. Examples of other agencies which might have useful information are the U.S. Army Corps of Engineers for Superfund Clean-up or GSA for ADP requirements. The Work Assignment Managers (WAMs) and Delivery Order Project Officers (DOPOs) can consult with senior or more experienced project officers. Each major program office should take steps to develop and maintain databases for all work commonly performed by contractors. It is extremely important to keep a database updated once it is in place. Some EPA programs may have to update their reporting requirements in their contracts to facilitate the establishment of a useful database for use in preparing IGCEs, staying within budgets and better overall management of their contracts and budgets.

4. Identifying Costs

As stated in Part III of this guide, an IGCE is essentially a forecast of what the estimator believes it will cost the Government for services and/or supplies to be acquired, generally from contractors. This estimated cost includes any profit or fee that the contractor will earn.

In this section we address a broad spectrum of costs. When you prepare your IGCE you have to exercise your professional judgement as to the detail you include on each cost element.

Contractors incur costs in two broad categories, direct costs and indirect costs. A distinction is made between the two categories because they are given different accounting treatments. For a Government contract this distinction insures that a contractor recovers the costs of performing work and that only those costs for which a benefit is received by the Government are charged to the Government.

It is important to have a general understanding of the difference between direct and indirect costs because it is necessary to make a distinction between direct and indirect costs when preparing an IGCE. FAR 31.202 and 31.203 define these terms. These terms are simplified for this

guide. Direct costs are costs that can be directly associated with a particular project or contract. If a cost is incurred specifically for a contract and would not otherwise be incurred, it is a direct cost. Examples of direct costs include direct labor, materials, travel, equipment, subcontracts, consultants, computer usage time, courier service and long distance phone calls to name just a few. An estimator preparing an IGCE has more control over direct costs than indirect costs. Indirect costs are not directly associated with a specific project or contract but are necessary for the work to be done. Examples of possible indirect costs are as follows:

<i>Utilities</i>	<i>Depreciation</i>
<i>Management salaries</i>	<i>Accounting fees</i>
<i>Maintenance cost</i>	<i>Rent</i>
<i>Recruitment costs</i>	<i>Telephone</i>
<i>Office supplies</i>	<i>Fringe benefits</i>
<i>Legal fees</i>	

There is no specific rule or cost principle which defines whether a particular cost will be direct or indirect. A particular element of cost may be treated as direct or indirect depending upon the circumstances as long as the contractor treats the cost consistently. Clerical labor is an element of cost that can be charged direct or indirect depending on the specific contractor's practices. Generally, contractors will charge clerical labor which can be identified with specific contracts as direct labor and all other clerical labor as indirect labor. This is acceptable as long as the accounting is consistent. It is important that the estimator understands the way a contractor charges an element of cost. Whether it is direct or indirect depends on his accounting system and his consistent treatment of like costs. A contractor cannot be directed or required to charge a cost in a way that differs from his usual accounting practice unless his procedure is in violation of accepted Government cost principles. For example, if it is a contractor's accounting practice to direct charge the president's time when he meets on problems dealing with a specific contract, EPA cannot direct or require him to charge his time to an indirect account when he holds meetings for your specific contract. At EPA it is not the responsibility of the estimator to review and analyze the contents of the indirect pools and bases. These details are left to the experts in the Cost Policy and Rate Negotiation Branch (CPRNB) of EPA's Cost Advisory and Financial Analysis Division located in the Office of Acquisition Management.

CPRNB is a central office which is responsible for approving indirect billing rates and negotiating final indirect rates for contractors. Any confirmation of an indirect rate or any question dealing with indirect rates should be addressed to this Branch. Remember, the estimator only needs to know the rates and the bases to which they are applied. Any detailed assessment of details is the responsibility of agency experts in the accounting and cost advisory areas.

Contractors may have one indirect rate or dozens of indirect rates. It depends on their accounting systems. Generally speaking, most contractors will have a minimum of two indirect rates i.e., an overhead rate and a General & Administrative (G&A) rate. Overhead expenses are common expenses for everyday management of a project or contract such as rent, utilities, clerical labor, etc. The base for the overhead expense pool may be direct labor hours, machine hours, direct material costs or direct labor dollars. The most common base is direct labor dollars. On an existing contract, it is necessary for the cost estimator to know and use the contractor's basis for allocating indirect costs to ensure accurate amounts for indirect costs. On a new procurement, it is necessary for the cost estimator to select a basis of allocation for indirect rates and document his selection.

G&A expenses are generally expenses for the overall management of a company. Examples of expenses found in G&A pools are salaries for upper management, accounting and legal expenses, rent and utilities for corporate offices, etc. The base for allocating G&A expenses is generally total cost, but other allocation bases may be used. For example, a contractor may use a base that excludes subcontracts.

There is no rule for an acceptable or unacceptable number for an indirect rate. No one can make an informed opinion about a company's proposed costs from just knowing their indirect rate(s). A complete understanding of the pools, bases and the accounting system is required. Any question regarding the indirect rates should be addressed to the CPRNB.

When preparing the IGCE, the estimator should generally assume that all work will be performed by the prime contractor. In other words do not price team subcontract costs out separately.

Pricing in this way simplifies the process and the cost impact is small.

However, there may be instances on existing contracts where the estimator and/or PO are aware that the required work falls within the expertise of one or more of the subcontractors. In these instances the cost estimate should be based on the subcontractors' rates and any oversight costs required by the prime contractor.

When preparing the IGCE, document why costs have been included and any assumptions made that impact the costs. Once a project has been completed you can go back and determine where the differences are and where your assumptions differ from actual occurrences. Also, when using your IGCE during negotiations, having your assumptions all laid out will make it much easier for you to discuss areas of differences with the contractor. Each and every assumption and/or decision used in choosing cost factors, quantities, schedules and any other IGCE item should be documented not only for use during and after negotiations but for any possible future reviews by management or other interested parties.

It is strongly recommended that an automated cost template or spreadsheet be set up for each contract, WA or DO. This will prevent simple math errors and allow for changes with a minimum of effort. Remember to update your documentation whenever you change your template.

5. Steps for Estimating Direct Labor.

Because such a large percentage of EPA's contracts are labor intensive, a good Government estimate for direct labor is fundamental to a clear, concise and complete IGCE. Preparing a good estimate for direct labor is both the most difficult and the most important part of the IGCE. Recommended steps for estimating direct labor are as follows:

- A. In order to prepare a good estimate of direct labor, the estimator must have a good understanding of the work required. This should be clearly delineated in the SOW so that the contractor and the EPA estimator have the same understanding of the work effort required.

As stated above, preparing a good estimate for direct labor is both the most important and the most difficult part of the IGCE. As such, the estimator should make use of all the Government expertise available. Probably the most effective method of tapping the available Government expertise is to use the so called roundtable method. This involves bringing together Government representatives having the specific knowledge and experience of the subject requirement. Each invited expert should be given a copy of the SOW in advance and given sufficient time to study the SOW and independently estimate the number of hours required for their area of expertise. At the roundtable discussions, differences will be highlighted, and strong and weak areas of the SOW will be disclosed. If the requirement has a good SOW, the experts will have little difficulty understanding it. However, an unclear and disorganized SOW will result in the experts having difficulty understanding it and the estimates may be meaningless. The roundtable discussions should be completely open and allow the invited experts to discuss all aspects of the requirement. These discussions will probably result in adjustments to the individual estimates. It is the responsibility of the estimator to determine the final estimate of hours based on the input from the experts. The SOW may be revised at this point to clarify areas of concern disclosed by the roundtable discussions. Using the information and knowledge gained from the roundtable discussion, the estimator is ready to continue with his estimate of direct labor. At the WA or DO level, discussions with your supervisor and some of your peers may give you sufficient input to determine if you have a strong SOW or if you have a lot of experience, your personal experiences and professional judgement may be adequate.

- B. A work breakdown structure (WBS) of the project will enhance everyone's understanding of the requirement, facilitate the roundtable discussions and result in a more meaningful IGCE. If a WBS has not been prepared, you should prepare one. This includes breaking the statement of work into

as many tasks and subtasks as can be identified or as considered necessary.

- C. Identify the hours, Professional (P) & Technical (T) levels and disciplines and/or labor categories and associated descriptions required for each task. A helpful hint to keep in mind is "if the work was performed 'in-house' what resources would be needed." The write-up must include all assumptions and the basis for selections. Decisions will probably be derived from one or a combination of the following:

- (1) Current database for similar work being performed on this contract or a similar contract with adjustments for any differences.
- (2) Roundtable discussions with Government experts, supervisors and peers.
- (3) Personal experiences and professional judgement.
- (4) Available Government models for the type of work required.
- (5) Historical data on prior similar contracts. (Caution: You should never rely completely on historical data; there will generally be some adjustments required.)

- D. If this is a delivery order on a contract already in place, compare the estimated P & T levels and disciplines with the contract to insure that the contract contains these levels and disciplines.

If this is a new contract to be placed, work with the CO to insure that the appropriate P & T levels and disciplines are included in the solicitation.

- E. Price the hours, P & T levels and disciplines identified in C above.

If the estimate is for a new procurement, use historical databases on previous work with adjustments for escalation and differences in

the complexity of work. You may also contact one of the Cost Advisory offices in the Office of Acquisition Management (Headquarters, Cincinnati, and RTP) to see what information they may have on rates being currently proposed on similar procurement. Sometimes, you may have a situation when you know the maximum dollar amount available to you and you have to basically estimate how many hours you can potentially buy. Whatever situation you find yourself in -- always document your decision in writing.

If you have a delivery order under an existing fixed rate type contract, use the negotiated rates from the contract for each applicable category. These are usually loaded rates (i.e., they include the direct labor, overhead, G&A and profit). The only additional items to be priced would be any travel and/or ODCs and applicable G&A and profit on these additional direct costs.

If the estimate is for a DO or WA under an existing cost type contract, generally there have been average rates negotiated for each P and T level which may be used for pricing. However, there may be situations where the level of expertise or personnel required is of a significantly higher or lower level than the average rate. In these situations the accuracy of the estimate can be increased by getting the contractor's average rates for more specific categories instead of the P & T categories. If you provide more specific categories or disciplines to the CO, he/she can request current information from the contractor or they can request the Cost Analyst to get this information from the contractor.

If the work crosses a contractor's fiscal year, it will be necessary to either use escalation factors or review the contract files to determine if different rates have been negotiated for subsequent years. In some cases you may want to use weighted average rates which cover more than one year. The contract or contractor's best & final (BAFO) proposal should provide rates for each contract year.

The next page contains an example of how a final direct labor hour estimate may look:

COST TEMPLATE FOR DIRECT LABOR

YEAR 1

YEAR 2

YEAR 3

LABOR CATEGORY	PT. LEVEL	HOURS	RATE	AMOUNT	HOURS	RATE	AMOUNT	HOURS	RATE	AMOUNT	HOURS	AMOUNT
PROJECT MANAGER	P4	1800	\$95	\$ 99 000	1800	\$97.75	\$ 176 950	1200	\$80.84	\$ 97 008	4800	\$375 715
HYDROLOGIST	P4	500	\$45	\$ 22 500	600	\$47.25	\$ 28 350	400	\$49.61	\$ 19 845	1500	\$ 70 675
CHEMIST	P4	200	\$40	\$ 8 000	200	\$42.00	\$ 8 400	200	\$44.10	\$ 8 820	1000	\$ 44 220
ENVIRONMENTAL ENGINEER	P4	500	\$40	\$ 20 000	500	\$42.00	\$ 21 000	400	\$44.10	\$ 17 640	1400	\$ 61 640
SYSTEMS ANALYST	P4	500	\$36	\$ 17 500	500	\$36.75	\$ 18 375	400	\$38.58	\$ 15 432	1400	\$ 51 310
BIOLOGIST	P3	2400	\$30	\$ 72 000	2400	\$31.50	\$ 75 600	2400	\$33.00	\$ 79 200	7200	\$228 960
CHEMIST	P3	3800	\$30	\$118 800	3000	\$34.00	\$102 000	3000	\$36.30	\$108 900	9600	\$342 293
COMPUTER PROGRAMMER	P3	2000	\$28	\$ 56 000	1500	\$30.45	\$ 45 675	1000	\$31.67	\$ 31 673	4500	\$139 648
SYSTEMS ANALYST	P3	1500	\$28	\$ 42 000	1000	\$28.40	\$ 28 400	800	\$31.67	\$ 25 336	3300	\$ 98 066
COMPUTER PROGRAMMER	P2	900	\$19	\$ 17 100	500	\$19.95	\$ 9 975	300	\$20.95	\$ 6 284	1700	\$ 33 399
ENVIRONMENTAL ENGINEER	P2	1500	\$22	\$ 33 000	800	\$23.10	\$ 18 480	500	\$24.20	\$ 12 100	2800	\$ 63 608
COMPUTER PROGRAMMER	P1	2000	\$15	\$ 30 000	1300	\$15.75	\$ 20 475	900	\$16.94	\$ 15 246	4200	\$ 66 359
SYSTEMS ANALYST	P1	500	\$15	\$ 7 500	300	\$15.75	\$ 4 725	200	\$16.94	\$ 3 388	1000	\$ 15 530
LAB TECHNICIAN	T3	2000	\$14	\$ 28 000	2000	\$14.70	\$ 29 400	2000	\$15.44	\$ 30 870	6000	\$ 88 270
DRAFTSMAN	T3	800	\$15	\$ 9 600	400	\$15.75	\$ 6 300	300	\$16.94	\$ 5 081	1300	\$ 20 261
LAB TECHNICIAN	T2	2000	\$12	\$ 24 000	2000	\$12.80	\$ 25 600	2000	\$13.73	\$ 27 460	6000	\$ 75 680
TOTAL PT		22500		\$604 400	19100		\$559 950	18000		\$478 595	57 600	\$1 644 645
CLERICAL		1800	\$13	\$ 23 400	1800	\$13.05	\$ 23 490	1800	\$14.33	\$ 25 794		\$ 73 709
TOTAL LABOR		24300		\$627 800	20 900		\$584 270	17 800		\$504 389		\$1 718 354

After the number of hours are estimated, completing the direct labor estimates just includes multiplying the number of estimated hours by the labor rates.

Note (1) Every WAM or DOPO should have a copy of or access to the basic contract or information on the various rates in the contract. They are available from either the Project Officer or Contracting Officer. CAUTION! These documents contain Confidential Business Information and unauthorized release of the information may be a criminal offense.

Note (2) - If the requirement is a work assignment or delivery order under an existing contract, the authorized labor categories may be contained in the contract files.

Note (3) P (Professional) and T (Technical) factors are based on the education and experience level of the people that will be needed for the project. You may have to go to the Best and Final proposal to get the negotiated rates. CAUTION! These documents contain "Confidential Business Information" and

unauthorized release of the information may be a criminal offense.

6. Fringe Benefits.

Many contractors apply a fringe benefits rate to direct labor dollars in order to recover the cost of items such as health insurance, social security, etc. If the cost estimate's for an order under an existing contract, check the contract to determine if a fringe benefit rate is contained in the contract. If there is a fringe benefit rate, compute the fringe benefit costs by multiplying the rate times the direct labor total.

7. Overhead.

Once the direct labor pricing has been computed, the estimator applies the applicable overhead rate(s). Check Section G in the contract for the appropriate bases and rates. If the contract has been in effect for any length of time the rates may have changed. Therefore, any amendments regarding rates should be reviewed. You may also contact the EPA

Cost Policy and Rate Negotiation Branch at headquarters for the latest information on indirect rates or specific contractors.

If an IGCE is being prepared for a new contract, the project officer may contact the contracting officer for advice on how to estimate the indirect costs.

For new procurement, the estimator may want to use an average loaded rate for projected P&T levels which would include labor, indirect (overhead and G&A) and profit. This information could be retrieved from the historical database for similar work with adjustments for escalation and any other differences. If you are pricing an individual work assignment and/or delivery order, you will want to be more specific and price categories of cost separately.

8. Travel.

Determine if performance of the SOW will require any travel by the contractor. If yes, the IGCE should be specific as to :

- The purpose of the travel and the contractor's role
- number of trips
- numbers of persons per trip
- the beginning and ending destinations for each trip and the length of time for each trip
- expected necessity of car rental vs. public transportation
- estimated per diems
- estimated airfares and/or train fares
- estimated amounts for taxis and other miscellaneous expenses

The narrative should include the purpose of each trip and any assumptions you have made regarding travel required to perform the SOW. This will be used to compare your estimate with the contractors estimate.

9. Other Direct Costs (ODCs).

Determine what ODCs will be required for contract performance. Examples of ODCs include the following:

<i>Telephone</i>	<i>Supplies</i>	<i>Reports</i>
<i>Postage</i>	<i>Reproduction</i>	<i>Computer</i>
<i>Equipment</i>	<i>Messenger Service</i>	

The narrative should include all assumptions you used in pricing these items. Some points to consider for each of the above are as follows:

Telephone - Based on historical data or personal experience, estimate the number of long distance calls per week and the average amount per call. *i.e. 2 calls per week at \$5 per call and 52 weeks per year*
 $2 \times \$5 \times 52 = \520 for telephone calls/year

Postage - Consider what types of items are mailed. Some contracts have a lot of samples that are mailed or shipped.
e.g. 25 samples per month at \$45/sample
 $25 \times \$45 = \$1,125$ /month shipping charges

Equipment - For any special equipment needs consider specific items. Does the Government already own such items that can be used for the contract or project? Would it be more economical to rent or lease rather than buy? Include specific quantities and cost for each equipment item. It is EPA's policy that generally, contractors should provide all resources necessary to perform agency contracts. This includes equipment. However, in some situations it may be necessary to provide Government furnished equipment or to permit the contractor to acquire specialized equipment at Government expense. This is a CO decision and must be based on a written justification of need provided by the PO with concurrence at the Program Office Division Director or equivalent level. The requirements and regulations pertaining to Government furnished property are found in Chapter 5 of the Contracts Management Manual (CMM) and Part 45 of the Federal Acquisition Regulation (FAR).

Reports - Review what reports are being received on the current contract or similar contracts. How many are being received? What is being done with them? Can any be cut out or the number reduced? Are additional reports required? Could some reports be combined? Keep in mind that any changes to reports on a current contract would require CO approval and modification of the contract. Once the number of reports and the estimated number of pages needed per report, has been determined, the cost estimator can estimate, based on historical data how much it costs per page and compute the total estimate, *i.e. if the historical base shows a cost of \$3.50/page and the average report is 50 pages and 3 different reports are required per month.*

$\$3.50 \times 50 \times 3 = \$525/\text{month for reports}$

Reproduction - This is usually estimated on a per page basis. The rates generally range from \$.05 to \$.15 per page. *You could use an average of \$.10 and an estimate of pages needed based on prior history.*

$\$.10 \times 10,000 \text{ pages} = \$100 \text{ month for xeroxing.}$

Note: EPAAR 1552.208.70 Reproduction or copying is permitted up to 5,000 copies of one page not to exceed 25,000 copies in the aggregate of multiple pages per job or individual requirement.

Messenger Service - This is an area where cost savings can be realized if monitored closely. Many times contractors use a messenger service at \$15 or \$20 per trip when an item could be mailed for \$3 or \$4. If time is not of the essence, items should be mailed instead of using a messenger. Calling several messenger services in the area and asking for quotes for deliveries in given areas will give a good estimate for the unit cost. Then project the number of deliveries per month.

e.g. 4 deliveries per month at \$15 per delivery equates to - $\$15 \times 4 = \$60/\text{month}$

Computer Related Costs - This is one of the more difficult area to estimate, because the category covers so many facets. It can include the purchase of personal computers, different computer usage rates for main frame and personal computers and other computer related costs. Are there special computer software packages that are required for your contract or project? If so, this cost could be included in this category. This is an area where assistance from an experienced professional is extremely helpful. You may wish to consult with representatives from the Office of Information Resources Management at Headquarters.

Miscellaneous ODCs - If this category is included you should have specific things in mind to include. Contractors include such things as temporary office help, special licenses and some surprises in this category. There should never be excessive amounts in this category.

10. **General and Administrative (G&A).**

Once the pricing has been completed for direct labor, overhead, travel and ODCs, the applicable G&A rate should be applied. Check Section G in the contract for the appropriate bases and rates. If the contract has been in effect for any length of time the rates may have changed. Therefore, any amendments to the rates should be reviewed. The EPA Cost Policy and Rate Negotiation Branch at headquarters can provide the latest information on indirect rates for specific contractors.

11. **Profit or Fee.**

Since an IGCE is an estimate of the total cost to the Government, it should include profit or fee. Profit is associated with fixed price contracts and fee is associated with cost reimbursable type contracts. If the IGCE is for a contract already in place, the estimator should review the contract for any special fee provisions and apply the negotiated fee percentage to the total estimated costs.

The estimate of the profit/fee for a new procurement is an area where the CO can be particularly helpful. He/she can either give you a

"normal" fee percentage to use or work with you in preparing an estimate based on EPA's Weighted Guidelines for profit/fee. When estimating fee on an award fee contract, take the conservative approach and include the maximum fee available.

The time and effort expended and the details included in the IGCE will vary with the size and complexity of the project. Generally, the more details you include in your IGCE, the more useful it will be. Each program is different. Some items discussed in detail in this Guide may not pertain to all programs. For example, some EPA contracts contain only small dollar amounts for ODCs and other EPA contracts contain high dollar amounts of ODCs. This guidance will have to be adapted for the specific needs of each program. Remember, each program should know more about its contract needs than anyone else and is the most qualified to estimate the cost of the work required.

We have prepared under separate cover a package of example IGCEs. The examples show all the information typed, but this is not necessary. Your IGCE may be handwritten.

APPENDIX A

SAMPLE WORK BREAKDOWN STRUCTURE (WBS)

SOLICITATION _____ RPF #009876 - A1 _____
 PREPARER _____ J. DOE _____
 DATE _ XX/XX/9X _

NEW CONTRACT ☒ _____
 WORK ASSIGNMENT _____
 DELIVERY ORDER _____
 OTHER _____

SUMMARY COST ESTIMATE

COST REIMBURSABLE CONTRACTS

CATEGORY	YEAR 1	YEAR 2	YEAR 3	TOTAL
1. Direct labor (WS-1)	\$631,150	\$576,170	\$493,318	\$1,700,638
2. Fringe Benefits (WS-2)	\$220,903	\$201,660	\$172,661	\$595,224
3. Total Direct Labor & Fringe Benefits (lines 1 & 2)	\$852,053	\$777,830	\$665,979	\$2,295,862
4. Overhead (WS-2)	\$596,437	\$544,481	\$466,186	\$1,607,104
5. Total Travel (WS-3)	\$33,630	\$34,975	\$36,374	\$104,979
6. Total Other Direct Costs (WS-4)	\$253,256	\$206,261	\$193,558	\$653,075
7. Sub-Total (lines 3, 4, 5 & 6)	\$1,735,376	\$1,563,547	\$1,362,097	\$4,661,020
8. G&A (WS-2)	\$260,306	\$234,532	\$204,315	\$699,153
9. Total Costs (lines 7 & 8)	\$1,995,682	\$1,798,079	\$1,566,412	\$5,360,173
10. Profit/Fee (WS-5)	\$175,620	\$158,231	\$137,844	\$471,695
11. Total Cost and Profit (lines 9 & 10)	\$2,171,302	\$1,956,310	\$1,704,256	\$5,831,868

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION/CONTRACT RFP # 009876-A1

PREPARER J. DOE

DATE XX/XX/9X

NEW CONTRACT ☒ X

WORK ASSIGNMENTS

DELIVERY ORDER

OTHER

DIRECT LABOR ESTIMATE WORKSHEET

COST REIMBURSABLE CONTRACTS

Labor Category	P/T Level	YEAR 1			YEAR 2			YEAR 3			TOTAL	
		Hours	Rate	Amount	Hours	Rate	Amount	Hours	Rate	Amount	Hours	Amount
PROJECT MANAGER	P4	1,800	\$55	\$99,000	1,800	\$57.20	\$102,960	1,200	\$59.49	\$71,386	4,800	\$273,346
HYDROLOGIST	P4	500	\$45	\$22,500	600	\$46.80	\$28,080	400	\$48.67	\$19,469	1,500	\$70,049
CHEMIST	P4	200	\$40	\$8,000	200	\$41.60	\$8,320	200	\$43.26	\$8,653	600	\$24,973
ENVIRONMENTAL ENGINEER	P4	500	\$40	\$20,000	500	\$41.60	\$20,800	400	\$43.26	\$17,306	1,400	\$58,106
SYSTEMS ANALYST	P4	500	\$35	\$17,500	500	\$36.40	\$18,200	400	\$37.86	\$15,142	1,400	\$50,842
BIOLOGIST	P3	2,400	\$30	\$72,000	2,400	\$31.20	\$74,880	2,400	\$32.45	\$77,875	7,200	\$224,755
CHEMIST	P3	3,600	\$33	\$118,800	3,300	\$34.32	\$113,256	3,000	\$35.69	\$107,078	9,900	\$339,134
COMPUTER PROGRAMMER	P3	2,000	\$29	\$58,000	1,500	\$30.16	\$45,240	1,000	\$31.37	\$31,366	4,500	\$134,606
SYSTEMS ANALYST	P3	1,500	\$28	\$42,000	1,000	\$29.12	\$29,120	800	\$30.28	\$24,228	3,300	\$95,348
COMPUTER PROGRAMMER	P2	900	\$19	\$17,100	500	\$19.76	\$9,880	300	\$20.55	\$6,165	1,700	\$33,145
ENVIRONMENTAL ENGINEER	P2	1,500	\$22	\$33,000	800	\$22.88	\$18,304	500	\$23.80	\$11,898	2,800	\$63,202
COMPUTER PROGRAMMER	P1	2,000	\$15	\$30,000	1,300	\$15.60	\$20,280	900	\$16.22	\$14,602	4,200	\$64,882
SYSTEMS ANALYST	P1	500	\$15	\$7,500	300	\$15.60	\$4,680	200	\$16.22	\$3,245	1,000	\$15,425
LAB TECHNICAN	T3	2,000	\$14	\$28,000	2,000	\$14.56	\$29,120	2,000	\$15.14	\$30,285	6,000	\$87,405
DRAFTSMAN	T3	600	\$15	\$9,000	400	\$15.60	\$6,240	300	\$16.22	\$4,867	1,300	\$20,107
LAB TECHNICAN	T2	2,000	\$12	\$24,000	2,000	\$12.48	\$24,960	2,000	\$12.98	\$25,958	6,000	\$74,918
TOTAL LOE HOURS		22,500		\$606,400	19,100		\$554,320	16,000		\$469,523	57,600	\$1,630,243
CLERICAL		2,250	\$11	\$24,750	1,910	\$11.44	\$21,850	2,000	\$11.90	\$23,795	6,160	\$70,396
TOTAL LABOR HOURS		24,750		\$631,150	21,010		\$576,170	18,000		\$493,318	63,760	\$1,700,638

NOTES, ASSUMPTIONS AND COMPUTATIONS

LABOR CATEGORIES:

The work to be performed under this contract is similar to work performed under contract 68-01-0000. We have added more hours for computer programmers and a systems analyst category to this contract because of the increased need to develop in-house software to analyze the extensive and specialized data expected to be collected under this contract. We also added a P4 Hydrologist based on specific problems encountered on a task in Region III that is expected to continue under this contract. Selection of all the other labor categories are based on prior experience on contract 68-01-0000.

This contract will provide support to Regions I, II, III, IV and V. We had various telephone conferences with each Region (POs, section chiefs, and branch chiefs) to get their views on the need for other labor categories or if their needs were being met with the current categories. Based on these discussions, we added hours for a P3 computer programmer and the systems analyst category at the P4, P3 and P1 levels. We also talked with technical personnel in the Applications Software Branch at OIRM for input on the skill level and educational requirements for the systems analyst hours.

*Notes pertaining to the various telephone conversations are contained in the program's back-up file for this IGCE.

SOLICITATION RFP # 009876-A1
PREL ER J. DOE
DAT X/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

DIRECT LABOR ESTIMATE WORKSHEET
COST REIMBURSABLE CONTRACTS

LABOR HOURS:
For the labor hours, we reviewed the current usage by Region and also had each Region submit their expected needs for the next 3 years under this contract. The Regions were able to break the effort down into tasks and in some cases to subtasks. This allowed us to determine (we think more accurately) the specific labor categories, skill levels and hours required to perform the work. We analyzed this data and used it as the basis for the hours for this contract. In the current contract, Project Manager is 1,800 hrs. projected. This should provide sufficient coverage to manage the effort, so no change was made, except to reduce it in year three due to total hours being reduced. This reduction for year three was agreed to be all Regions. The hours for the P4 Hydrologist are based on the expected needs for the Region III problem plus some extra hours in case this specific problem occurs in any other Region. We expect a heavy workload in programming and systems analysis during the first year and decreasing workloads in this area in years two and three. This is reflected in the number of hours we have included for computer programmers and system analysts for the entire three year period. We have a total of 7,400 hours in this area for year one and this decreases to 3,600 in year three. All other categories reflect for the most part what is being used on the current contract and the projected needs for each Region.
**All correspondence from the Regions and notes pertaining to any telephone conversation are contained in the programs back-up file for this IGCE.*

ASSUMPTIONS:
The current contract is a cost reimbursable contract and the labor is shown as a lump sum with no breakdown of cost per category on the invoices. We went back to the Contracting Officer and got a copy of the Best and Final for the current contract to get an idea of what the rates by category should be and added 5% escalation to the current rates. For computer programmers and the system analysts, we asked our C.O. to find out what EPA is paying for these labor categories on the agency's ADP contracts. We got input from the Corps of Engineers on what they are currently being charged for a highly experienced hydrologists. We then called the Cost Advisory Branch at headquarters and compared our projected rates with rates currently being submitted for review. We also received their input on the escalation for years two and three. They advised, based on current economic conditions, an escalation factor of between 3% and 5% be used for pricing the outyears. We used an average of 4% for years two and three. We included direct clerical hours in our cost estimate. Clerical hours are generally not part of the LOE hours in EPA contracts. Contractors are told in the RFP to add their best estimate for clerical hours if it is their accounting policy to direct charge clerical hours which can be specifically identified to a contract. It is our experience that most contractors direct charge clerical hours if they can specifically identify them to a contract. Based on experience on prior similar contracts, we have added a factor for direct clerical hours equivalent to 10% of the LOE hours for year one and two. For year three, we added a factor for direct clerical hours equal to 12.5% of the LOE hours. These additional hours in year three are for the increase in reports to be delivered at the end of the contract.
**Notes pertaining to all telephone conversations with OIRM, Cost Advisory Branch and the Corps of Engineers and worksheets computing our estimated rates are contained in the program's back-up file for the IGCE.*

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 – A1
PREPARER J. DOE
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

INDIRECT COST RATES WORKSHEET

Estimating rates for computing indirect costs is different because the rates depend on how a contractor accounts for his costs and on what basis the indirect costs are allocated. For estimating purposes, we assumed the following:

1. A Fringe benefit rate of 35% with total labor as the base. The current contract has a fringe benefit rate of 29%. However several other in-house contracts have fringe benefit rates ranging from 31% to 38%. We spoke with a representative of the Cost Policy and Rate Negotiation Branch and found social security expenses are increasing beginning January of next year. We made a roundtable judgement decision to use 35% for an estimated fringe benefit rate.

2. The Overhead rate for the current contract has fluctuated over the three year period of performance from 60% to 80%. Other contracts within our program office have overhead rates ranging from 50% to 120%. We made a roundtable judgemental decision to use the average rate from the current contract. The basis of allocation is total direct labor and fringe benefits.

3. G&A on the current contract has been in the 13% to 15% range for 3 years. Other contracts in our program office have G&A rates ranging from 5% to 45%. We made a judgemental decision to use for estimating purposes the 15% from the current contract for the current year with an allocation base of total cost exclusive of G&A expenses.

These are our best estimates and material differences in rates could be proposed by contractors based on their accounting systems.

For Estimating purposes, use the following:	Application Base for this contract
Fringe Benefits	35% Direct Labor
Overhead	70% Direct labor and fringe
G&A	15% Total estimated costs exclusive of G&A expenses
(General and Administrative)	

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 – A1
 PREPARER J. DOE
 DATE XX/XX/9X

NEW CONTRACT X
 WORK ASSIGNMENT
 DELIVERY ORDERS
 OTHER

WORKSHEET FOR TRAVEL COSTS

TRAVEL	YEAR 1	YEAR 2	YEAR 3	TOTAL
Airfare	\$13,050	\$13,572	\$14,115	\$40,737
Per Diem	\$16,080	\$16,723	\$17,392	\$50,195
Car Rental				
Mileage				
Ground Transportation	\$4,500	\$4,680	\$4,867	\$14,047
Other (explain)				
*				
*				
*				
*				
*				
TOTAL TRAVEL	\$33,630	\$34,975	\$36,374	\$104,979

NOTES, ASSUMPTIONS AND COMPUTATIONS

Based on prior experience on similar requirements, the roundtable discussions of Dec. 2, 1992, with branch chiefs and on the specific travel requirements for travel on page 5 of the Statement of Work, the following assumptions were used for estimating travel amounts:

1. 15 Roundtrips per year from various locations around the country to Washington, DC. These trips will be for information gathering purposes and for working meetings with EPA personnel. For estimating purposes, Seattle, Chicago, Dallas, Atlanta and Boston are the origination cities and we have priced three trips from each city.
2. Some trips will require two or more persons and some will require only one. For estimating purposes we have used two persons per trip and each trip has a duration of four days.
3. The destinations for all trips are Washington, DC. Public transportation is available; therefore, there should be no need for car rentals.

Roundtrips to Washington, DC from:

Atlanta	\$525 x 3 trips x 2 persons/trip =	\$3,150
Boston	\$250 x 3 trips x 2 persons/trip =	1,500
Chicago	\$350 x 3 trips x 2 persons/trip =	2,100
Dallas	\$525 x 3 trips x 2 persons/trip =	3,150
Seattle	\$525 x 3 trips x 2 persons/trip =	3,150
TOTAL		\$13,050

4. Estimated per diems are for Washington, DC at the current government rate of \$134.

15 trips x 4 days/trip x 2 person/trip x \$134 = \$16,080

Use additional pages if necessary)

WS-3

SAMPLE WORKSHEET

TYPE OF ACTION

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

5. For estimating purposes we are including \$150 per traveler per trip for ground transportation, mileage of personal vehicle to airport and parking at airport. Hotels are available close to EPA Headquarters so that taxi fares, if used, will minimal and Metro can be used.

6. For estimating purposes, we have added escalation of 4% per year for years 2 and 3 based on discussions with the Washington Cost Advisory Branch.

(WS-3)

9

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 - A1
PREPARER J. DOE
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

OTHER DIRECT COST ESTIMATE

OTHER DIRECT COSTS	YEAR 1	YEAR 2	YEAR 3	TOTAL
COURIER/MESSENGER	\$936	\$973	\$1,012	\$2,922
COMPUTER RELATED COSTS	\$174,600	\$124,459	\$108,484	\$407,543
MATERIAL/SUPPLIES	\$41,000	\$42,640	\$44,346	\$127,986
POSTAGE/FEDERAL EXPRESS	\$5,460	\$5,678	\$5,906	\$17,044
REPORTS	\$18,360	\$19,094	\$19,858	\$57,313
REPRODUCTION	\$1,200	\$1,248	\$1,298	\$3,746
TELEPHONE	\$11,700	\$12,168	\$12,655	\$36,523
*				
*				
*				
*				
*				
*				
OTAL ODCs	\$253,256	\$206,261	\$193,558	\$653,076

NOTES, ASSUMPTIONS AND COMPUTATIONS

COURIER/MESSENGER

all to three local couriers disclosed the following:
Quoted prices for courier service between EPA office and contractor's local office;

Courier Co. A - \$15
Courier Co. B - \$18
Courier Co. C - \$20
Average - \$17.67 (rounded to \$18)

On prior contracts the contractor has used courier service for almost every item whether it is a priority or not. Most of the time the items could be sent by regular mail or carried by personnel from the contractor coming in for meetings with the project officer or the Contracting Officer. Our data base shows on prior contracts courier deliveries averaging three times a week. We encourage the contractor to use the regular mail to the extent possible. There should be no need for courier service more than once a week. Therefore, for each year of the contract, our estimate for courier service is computed as follows:

52 weeks x 1 delivery/week x \$18/delivery = \$936
Year two with escalation of 4% \$973
Year three with escalation of 4% \$1,012

SOLICITATION RFP # 009876 – A1
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NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

COMPUTER RELATED COSTS

The estimated computer related cost is based on historical usage and on current projected increases for programming and systems analysis for year one plus adjustments for escalation of 4% per year. An analysis of historical data (three years of data on the current contract) disclosed an average usage of one hour of computer time for every five hours of direct labor incurred. This does not mean there is a direct relationship between direct labor incurred and computer usage. However, for estimating purposes, it provides a standard measurement for projecting hours of usage. Most of the computer related costs have been incurred and are expected to continue to be for personal computer (PC) and mainframe usage, usually charged at an hourly rate. On the current contract, the usage has been evenly & equitably distributed between personal computer (PCs) and mainframe usage. There will also be specific software programs required in order to be compatible with the EPA program software. For estimating purposes, we are dividing the hours equally between personal computer (PC) and mainframe usage. For estimating purposes we are using one hour of computer usage for every five hours of LOE plus an additional 1,000 hours for year one for the increased programming and systems analysis projected for year one. We have estimated the purchase of ten software programs for year one and included \$500 each year for years two and three for software updates. The hourly rates are based on the current contract with a 4% escalation factor each year including year one because by the time this contract is awarded, the current rates will be over a year old. We estimated an average of \$300/software program based on current market rates for year one. Our computations are as follows:

	PC	MAINFRAME
Computer Rates	\$10.00/hr.	\$50.00/hr.
and escalation of 4%	x 1.04	x 1.04
Year One Rates	\$10.40	\$52.00
and escalation of 4%	x 1.04	x 1.04
Year Two Rates	\$10.82	\$54.08
and escalation of 4%	x 1.04	x 1.04
Year Two Rates	\$11.25	\$56.24

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION__RFP # 009876 - A1____
PREPARER__J. DOE____
DATE XX/XX/9X____

NEW CONTRACT __X____
WORK ASSIGNMENT ____
DELIVERY ORDERS ____
OTHER ____

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

COMPUTER RELATED COSTS – continued		
Year One		
22,500/LOE/5=	4,500 Based on historical data	
	1,000 Hours based on additional needs	
	5,500 Total hours	
	2,750 personal computer (PC) hours	
	2,750 mainframe hours	
2,750 hrs. x \$10.40/hr. for PC usage =		\$28,600
2,750 hrs. x \$52.00/hr. for mainframe usage =		\$143,000
software purchases		
10 programs @ \$300/program =		\$3,000
Total Year One Estimate		\$174,600
Year Two		
19,100/LOE/5=	3,820 Based on historical data	
	1,910 personal computer (PC) hours	
	1,910 mainframe hours	
1,910 hrs. x \$10.82/hr. for PC usage =		\$20,666
1,910 hrs. x \$54.08/hr. for mainframe usage =		\$103,293
software updates		\$500
Total Year Two Estimate		\$124,459
Year Three		
16,000/LOE/5=	3,200 Based on historical data	
	1,600 personal computer (PC) hours	
	1,600 mainframe hours	
1,600 hrs. x \$10.82/hr. for PC usage =		\$18,000
1,600 hrs. x \$54.08/hr. for mainframe usage =		\$89,984
software updates		\$500
Total Year Three Estimates		\$108,484
TOTAL COMPUTER RELATED COSTS		
Year One		\$174,600
Year Two		\$124,459
Year Three		\$108,484
TOTAL		\$407,543

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 – A1
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DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

MATERIAL/SUPPLIES

Based on prior similar contracts, there are some specific supplies needed to perform the contract. Examples are specific reference books, expendable lab supplies and office supplies. We are basing our estimate on prior utilization of material and supplies with an additional increment for more lab supplies since the scope of work on this procurement includes an increased requirement for lab work. The amount incurred for the last five years has been fairly consistent with differences due to increased cost rather than increased quantities. Therefore, we are using the data for the most current year and adding escalation and an increment for increased lab supplies.

Current year cost	\$25,000
escalation at 4%	\$1,000
Lab increment	\$15,000
TOTAL – Year One	\$41,000
Escalation: Year Two – 4%	\$42,640
Escalation: Year Three – 4%	\$44,346
TOTAL	\$127,986

POSTAGE/FEDERAL EXPRESS

Postage used for mailing letters and small packages has been running approximately \$30/month on current contracts. There is no projected increase to postage. Federal Express or other overnight delivery makes up the bulk of the costs for this category of ODCs. The current rate on the open market ranges from \$13 to \$21 per package. We have been experiencing around 20 overnight deliveries per month on the current contract. We reviewed the need for such overnight packages and most of them have been for documents that required immediate attention. Therefore, we don't see any decrease in the numbers. In fact, due to the increase in lab work, the number will increase. For estimating purposes we are projecting 25 packages/month at an average rate of \$17/pkg.

Year one costs:	postage – 12 months x \$30 =	\$360
	Overnight pkgs. – 12mo. x \$17 x 25 pkg/mo	\$5,100
YEAR One estimate		\$5,460
YEAR Two estimate: escalation at 4%		\$5,678
YEAR Three estimate: escalation at 4%		\$5,906
TOTAL		\$17,044

We did not include any escalation for year one costs because we used an average of current rates and most of the packages will be small and in the \$14 – \$15 range. We think postage costs can and will remain stable during year one at approximately \$30/month.

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 - A1
PREPARER J. DOE
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

REPORTS

Monthly reports and annual reports are requirements on this contract. Our past experiences has indicated an estimate of so much per page provides the best indication of cost. This per page unit cost includes spcial binding and covers, work processing cost and copying the reports.

The total number of reports required by the Statement of Work per month is eight including all copies. At the end of each year an additional six reports, including copies are required. Reports on similar contracts averaged 40 pages per report at \$3.50 per page. These reports have been sufficient to meet our needs. On this contract we anticipate an increase in the number of pages due to additional areas which have to be addressed as required by the SOW. We estimate an increase of five pages per report. These reports are extremely important and we want to be sure there are sufficient dollars in the contract to cover the cost. Therefore, we have increased our estimated cost per page to \$4 to account for increases due to inflation and for any unexpected reports we may require.

Year One Estimated Costs:

8 reports/month x 45 pages x 12 =	4,320 pages	
6 additional reports x 45 pages =	270 pages	
Total pages	4,590 x \$4.00 =	\$18,360
Year Two estimated costs: escalation @4%		\$19,094
Year Three estimated costs: escalation @4%		\$19,858

REPRODUCTION

For IGCE estimating purposes we have used \$.10 per page and have estimated 1,000 pages per month. This is based on the current prices we are paying and prices on the open market.

Our computed amount is as follows: 1,000 pages x \$.10 = \$100/month

Year 1: 12 months x \$100 =	\$1,200
Year 2: escalation @ 4%	\$1,248
Year 3: escalation @ 4%	\$1,298
TOTAL	\$3,746

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # 009876 - A1
PREPARER J. DOE
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NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

IGCE CONTINUATION WORKSHEET - OTHER DIRECT COSTS

TELEPHONE

For IGCE estimating purposes we are basing our estimate on the number of long distance phone calls required to perform the contract at an acceptable level. Based on experience we have found that more verbal communications there are between the program and the contractor, the less mistakes we have. On the current contract we are averaging two long distance call a day with an average duration 20 minutes each. With the increased requirements on this procurement we expect phone calls to increase to three calls a day of 30 minutes duration. We have experienced an average of \$.50 per minute on the current contract. The phone company indicated they did not expect to increase the rates for at least a year. Therefore, our computed amounts for telephone are as follows:

(52 x 5 = 260) 260 day/yr. x 3 calls x 30 minutes/call = 23,600 minutes/year

Year 1: 23,400 minutes x \$.50/min. =	\$11,700
Year 2: escalation @ 4%	\$12,168
Year 3: escalation @ 4%	\$12,655
TOTAL	\$36,523

ISCELLANEOUS

We have not included any amount for miscellaneous. We believe we have covered the necessary costs. There are no specific items that we can think of that would be included here. If a contractor proposes an amount for this element of cost, we will review it and make a determination of its necessity to the contract.

INDEPENDENT GOVERNMENT COST ESTIMATE TYPE OF ACTION

SOLICITATION__RFP #009876 – A1____

PREPARER__J. DOE____

DATE XX/XX/9X____

NEW CONTRACT __X____

WORK ASSIGNMENT____

DELIVERY ORDER____

OTHER____

PROFIT/FEE WORKSHEET

We requested assistance from the Contracting Officer for estimating profit/fee. She recommended using the EPA weighted guidelines method for determining our estimated fee. We met with the Contracting Officer and provided input on the importance and necessity of each element of cost and she prepared a weighted guideline analysis for the fee. The weighted guidelines method disclosed a fee of 8.8%. We think that is a fair and acceptable fee percentage. We have included the computations and assumptions with the Independent Government Cost Estimate.

Since this is a LOE contract, direct labor is the most important factor for desired performance. The weighted guidelines allows from 8% to 15% to be applied to direct labor. We assigned 15% to P4 labor because the expertise and level of competence required at this level is the highest for all the labor. 14% was assigned to the P3 labor. The required expertise is not as high as P4 but the effort to be expended by the P3 labor represents 43% of the total effort. The effort for P2, P1, technical and clerical effort is of lesser importance and the expertise required is at a lower level than the P4 and P3. We assigned a 10% factor to P2 and P1 labor and an 8% factor to the technical and clerical labor. After applying the percentages to the appropriate labor dollars, we computed the weighted percentages of 12.96% for direct labor. For fee estimating purposes, we included the fringe benefit dollars with direct labor dollars.

TRAVEL AND ODC: We combined travel and other direct costs (ODCs) for fee computation purposes. The weighted guidelines allows a fee range for travel and ODCs of 1% to 3%. Since G&A is also applied to travel and ODCs, we felt 1% was a reasonable fee factor.

INDIRECT COST RATES – OVERHEAD AND G&A: The weighted guidelines allow a range of 6% to 8% for overhead and 5% to 8% for G&A. There is nothing out of the ordinary for indirects on this procurement. We used the average percentage of 7.5% for overhead and 6.5% for G&A.

PROFIT/FEE OBJECTIVES		1. CONTRACTOR IGCE		2. REF OR CONTRACT NO. 009876-A1	
CONTRACTOR INPUT TO TOTAL PERFORMANCE					
COST CATEGORY		GOVERNMENT'S COST OBJECTIVE (a)	WEIGHT RANGE (b)	ASSIGNED WEIGHT (c)	WEIGHTED PROFIT/FEE ((a) x (c)) (d)
MATERIALS	PURCHASES	\$	1% to 4%		\$
	SUBCONTRACTS		1% to 5%	%	
EQUIPMENT			1% to 2%	%	
ENGINEERING	DIRECT LABOR	\$2,295,861	8% to 15%	12.96 %	\$297,543
	OVERHEAD	\$1,607,103	6% to 9%	7.5 %	\$120,533
MANUFACTURING	DIRECT LABOR		5% to 9%	%	
	OVERHEAD		4% to 7%	%	
CONSULTANTS			2% to 5%	%	
DIRECT COSTS & Travel		\$758,055	1% to 3%	1 %	\$7,580
				%	
				%	
				%	
INDIRECT AND ADMINISTRATIVE		\$699,153	5% to 8%	6.5 %	\$45,445
TOTAL		\$ 5,360,172			\$ 471,101
OTHER FACTORS					
FACTOR	MEASUREMENT BASE (a)	WEIGHT RANGE (b)	ASSIGNED WEIGHT (c)	WEIGHTED PROFIT/FEE (3.A.(a) x (c)) (d)	
RISK	TOTAL COST OBJECTIVE 3.A.(a)	0% to 6%	%	\$	
PERFORMANCE		-2% to +2%	%		
RELATED FACTORS			%		
TOTAL				\$	
TOTAL PROFIT/FEE (Lines 3.A.(d) + 4.A.(d))				\$ 471,101	
FACILITIES CAPITAL COST OF MONEY				\$	
TOTAL PROFIT/FEE OBJECTIVE (Line 5 - 6)				\$ 471,101	
RISKS No cost risk for contractors-cost reimbursable contract No information on prior performance $\frac{\$ 471,101}{\$ 5,360,172} = 8.75\% \text{ rounded to } 8.8\%$					
PREPARED BY (Name and title) Mary Smith, Contracting Officer		SIGNATURE Mary Smith		DATE 3/4/93	

**SAMPLE IGCE
FIXED RATE INDEFINITE
QUANTITY CONTRACT**

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION __ RFP # W001234-D1 __
PREPARER __ J. SMITH __
DATE __ XX/XX/9X __

NEW CONTRACT __X__
WORK ASSIGNMENT __
DELIVERY ORDER __
OTHER __

SUMMARY COST ESTIMATE
FIXED RATE / INDEFINITE QUANTITY CONTRACTS

CATEGORY	YEAR 1	YEAR 2	YEAR 3	TOTAL
1. Direct labor (WS - 1,2 & 5)	\$1,771,670	\$1,842,537	\$1,916,238	\$5,530,445
2. Total Travel (WS-3)	\$11,342	\$11,795	\$12,268	\$35,405
3. Total Other Direct Costs (WS-4)	\$91,930	\$90,327	\$93,861	\$276,118
4. G&A on travel and ODCs (if applicable) (WS - 2)	\$10,327	\$10,212	\$10,613	\$31,152
5. Total Costs (lines 1,2,3 & 4)	\$1,885,269	\$1,954,871	\$2,032,980	\$5,873,120

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

SOLICITATION RFP # W001234-D1
 PREPARER J. SMITH
 DATE XX/XX/9X

TYPE OF ACTION

NEW CONTRACT X
 WORK ASSIGNMENT
 DELIVERY ORDER
 OTHER

DIRECT LABOR ESTIMATE WORKSHEET

SCHEDULE OF LOADED FIXED RATES

Labor Category	Unloaded Hourly Rate	Fringe @ 30.00%	Overhead @ 100.00%	Subtotal	G&A @ 10.00%	Total Costs	Profit @ 10.00%	Loaded Hourly Rate	Estimated Hours/year	CONTRACT COSTS			TOTAL
										Year 1	Year 2	Year 3	
P-4													
Program Manager	\$55.00	\$16.50	\$71.50	\$143.00	\$14.30	\$157.30	\$15.73	\$173.03	1,200	\$207,636	\$215,941	\$224,579	\$648,157
Site Manager/Level III	\$45.00	\$13.50	\$58.50	\$117.00	\$11.70	\$128.70	\$12.87	\$141.57	1,000	\$141,570	\$147,233	\$153,122	\$441,925
Sr. Computer Specialist	\$31.00	\$9.30	\$40.30	\$80.60	\$8.06	\$88.66	\$8.87	\$97.53	900	\$87,773	\$91,284	\$94,936	\$273,993
Sr. LANS Specialist	\$33.00	\$9.90	\$42.90	\$85.80	\$8.58	\$94.38	\$9.44	\$103.82	900	\$93,436	\$97,174	\$101,061	\$291,670
Sr. Systems Analyst	\$37.00	\$11.10	\$48.10	\$96.20	\$9.62	\$105.82	\$10.58	\$116.40	800	\$93,122	\$96,846	\$100,720	\$290,688
TOTAL									4,800	\$623,537	\$648,479	\$674,418	\$1,946,434
P-3													
Asst. Program Manager	\$35.00	\$10.50	\$45.50	\$91.00	\$9.10	\$100.10	\$10.01	\$110.11	1,000	\$110,110	\$114,514	\$119,095	\$343,719
Site Manager/Level II	\$29.00	\$8.70	\$37.70	\$75.40	\$7.54	\$82.94	\$8.29	\$91.23	1,000	\$91,234	\$94,883	\$98,679	\$284,796
Minicomputer specialist	\$28.00	\$8.40	\$36.40	\$72.80	\$7.28	\$80.08	\$8.01	\$88.09	2,500	\$220,220	\$229,029	\$238,190	\$687,439
Microcomputer specialist	\$28.00	\$8.40	\$36.40	\$72.80	\$7.28	\$80.08	\$8.01	\$88.09	1,000	\$88,088	\$91,612	\$95,276	\$274,976
Programmer/Analyst	\$25.00	\$7.50	\$32.50	\$65.00	\$6.50	\$71.50	\$7.15	\$78.65	1,700	\$133,705	\$139,053	\$144,615	\$417,374
TOTAL									7,200	\$643,357	\$669,091	\$695,855	\$2,008,303
P-2													
Site Manager/Level I	\$25.00	\$7.50	\$32.50	\$65.00	\$6.50	\$71.50	\$7.15	\$78.65	800	\$62,920	\$65,437	\$68,054	\$196,411
Technical Writer	\$23.00	\$6.90	\$29.90	\$59.80	\$5.98	\$65.78	\$6.58	\$72.36	2,500	\$180,895	\$188,131	\$195,656	\$564,682
Sr. Data Control Clerk	\$18.00	\$5.40	\$23.40	\$46.80	\$4.68	\$51.48	\$5.15	\$56.63	1,200	\$67,954	\$70,672	\$73,499	\$212,124
TOTAL									4,500	\$311,769	\$324,239	\$337,209	\$973,217
T-1													
Data Input Technician	\$8.00	\$2.40	\$10.40	\$20.80	\$2.08	\$22.88	\$2.29	\$25.17	2,200	\$55,370	\$57,584	\$59,888	\$172,842
Jr. Equipment Technician	\$9.50	\$2.85	\$12.35	\$24.70	\$2.47	\$27.17	\$2.72	\$29.89	1,500	\$44,831	\$46,624	\$48,489	\$139,943
Jr. Computer Operator	\$7.50	\$2.25	\$9.75	\$19.50	\$1.95	\$21.45	\$2.15	\$23.60	1,000	\$23,595	\$24,539	\$25,520	\$73,654
TOTAL									4,700	\$123,795	\$128,747	\$133,897	\$386,439
TOTAL LOE									21,200	\$1,702,458	\$1,770,556	\$1,841,378	\$5,314,393
Clerical	\$11.00	\$3.30	\$14.30	\$28.60	\$2.86	\$31.46	\$3.15	\$34.61	2,000	\$69,212	\$71,980	\$74,860	\$216,052
TOTAL DIRECT LABOR									23,200	\$1,771,670	\$1,842,537	\$1,916,238	\$5,530,445

NOTES, ASSUMPTIONS AND COMPUTATIONS

LABOR CATEGORIES:

The work to be performed under this contract is almost identical to the work performed under contract 68-01-2222. We have added the categories and hours for a Pa Sr. LANS Specialist and a P2 Technical Writer. All other categories are the same as the categories under contract 68-01-2222. The Sr. LANS Specialist was added to provide support for the various LANS systems used and needed by the program. The P2 Technical Writer was added to assist the program in writing clearer specifications on specific delivery orders.

(Use additional pages if necessary)

SAMPLE WORKSHEET

VS-1

SOLICITATION RFP # W001234-D1
REPARER J. SMITH
DATE XX/XX/9X
CATEGORY FIXED LOADED HOURLY RATES

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

DIRECT LABOR ESTIMATE WORKSHEET

LABOR HOURS:
For the labor hours, we reviewed the current usage on contract 68-01-2222 and determined the current hours were sufficient for the program needs. At this point in time, there is no projected increase in our workload except for the work to be performed by the Sr. LANS Specialist and the Technical Writer. We provided a questionnaire to the Branch Chief and project officers which utilize this contract and received their input on the number of hours needed for the Sr. LANS Specilaist and the Technical Writer and their input on current usage on the per labor categories. They identified the work these categories will perform into specific subtasks needed for the next three years under this contract. We reviewed their estimates, including their assumptions and used their recommended hours for each category. We added clerical labor to our estimate. The RFP did not include a specific cartegory of hours for clerical. The contractor's were instructed to add loaded clerical hours to the RFP hours if it is their accounting policy to direct charge clerical labor when it can be specifically identified to a contract. Based on prior experience on contract 68-01-2222, we included 2000 hours for direct clerical labor in our estimate. All correspondence from the Branch Chief and project officers and notes pertaining to any telephone conversations are contained in the program's back-up file for this IGCE.

LABOR RATES:
The current contract is a fixed rate/indefinite quantity contract and the labor is shown as a fixed rate for each labor category for each year. This fixed rate includes labor, indirects and profit and is called a loaded rate. In order to compute our estimate for loaded rates, we utilized published average survey rates for the computer industry for the Washington area (most work will be performed there) for the labor categories in this procurement. We added percentages for fringe benefits, overhead, G&A and fee. We worked with the Contracting Officer and the Cost Policy and Rate Negotiation Branch to get some ranges for the indirect rates. We realize each comapny is different and their rates depend on their specific accounting system. The indirect rates used for estimating purposes are average rates from the ranges provided. We included a 10% fee factor for each category for estimating purposes. We used this percentage to ensure we did not under estimate costs. After we completed our computations, we compared our estimated rates to the rates in the current contract. We found some rates were higher and some lower, but overall were reasonable. We then added escalation of 3% for year one, 4% for years two and three. Our estimated escalation factors were included after discussions with the Washington Cost Advisory Branch. All workpapers showing the various computations and comparisons we performed and all notes pertaining to all telephone conversations with the Contracting Officer, Cost Policy and Rate Negotiation and Vashington Cost Advisory Branches are contained in the program's back-up file for this IGCE.

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP #W001234-D1

PREPARER J. SMITH

DATE XX/XX/9X

CAT YRY FIXED LOADED HOURLY RATES

NEW CONTRACT X

WORK ASSIGNMENT

DELIVERY ORDER

OTHER

INDIRECT COST RATES WORKSHEET

We talked with the Contracting Officer and the Rate Negotiation Branch at headquarters and got some current rates for companies likely to bid on this contract (i.e. capable of performing the work). We performed a straight average of the rates provided. Once we have computed loaded rates for each labor category, we will compare them to the current contract rates and make any adjustments we feel are necessary.

	<u>Fringe</u>	<u>Overhead</u>	<u>G&A</u>
Company A	28%	110%	9%
Company B	35%	93%	14%
Company C	29%	101%	8%
Company D	25%	103%	8%
Company E	33%	91%	11%
AVERAGE	30%	100%	10%

SAMPLE WORKSHEET

(WS-2)

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION_RFP# W001234-D1
PREPARER J. SMITH
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

WORKSHEET FOR TRAVEL COSTS

TRAVEL	YEAR 1	YEAR 2	YEAR 3	TOTAL
Airfare	\$3,870	\$4,025	\$4,186	\$12,081
Per Diem	\$3,312	\$3,444	\$3,582	\$10,339
Car Rental	\$1,800	\$1,872	\$1,947	\$5,619
Mileage	\$1,820	\$1,893	\$1,969	\$5,681
Ground Transportation	\$540	\$562	\$584	\$1,686
Other (explain)				
*				
*				
*				
*				
*				
TOTAL TRAVEL	\$11,342	\$11,796	\$12,268	\$35,405

NOTES, ASSUMPTIONS AND COMPUTATIONS

Most of the work on this contract will be performed in the Washington area. Therefore, most of the travel costs will be for local travel. On the current contract, there has been the need to travel to the Program office in RTP approximately once a month for a two day visit. On this contract with the addition of the technical writer to assist the program with some of the written technical descriptions, there will be a need for the technical writer to meet with program officials. Based on discussions with the Branch and Section Chiefs who will use this contract, we are projecting six, two day trips per year for the technical writer. For local travel, we assumed a maximum of 25 miles one way distance from the EPA Headquarters offices, two trips per week for meetings, or to deliver emergency reports and used the current mileage rate Government workers are reimbursed when using privately owned cars. For years two and three, we have escalated year one total travel by 4% for each year. The escalation factor is based on discussions with Washington Cost Advisory Branch.

Computations are as follows;

Local travel	
Two trips per week - 50 miles maximum roundtrip	
Parking @\$5.00/trip	
Two trips/week x 52 weeks = 104 trips x \$5/trip parking = \$520 for parking	
Mileage @\$.25/mile	
Two trips/week x 52 weeks x 50 miles/trip = 5,200 miles/year = \$1,300/year for mileage	
Mileage =	\$1,300
Parking =	\$520
Total Local travel	\$1,820

Use additional pages if necessary)

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP #W001234-D1
PREPARER J. SMITH
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

OTHER DIRECT COST ESTIMATE

OTHER DIRECT COSTS	YEAR 1	YEAR 2	YEAR 3	TOTAL
COURIER/MESSENGER	\$2,080	\$2,163	\$2,250	\$6,493
COMPUTER RELATED COSTS	\$41,650	\$38,036	\$39,479	\$119,165
MATERIAL/SUPPLIES	\$600	\$624	\$649	\$1,873
POSTAGE/FEDERAL EXPRESS	\$900	\$936	\$973	\$2,809
REPORTS	\$32,500	\$33,800	\$35,152	\$101,452
REPRODUCTION	\$1,200	\$1,248	\$1,298	\$3,746
TELEPHONE	\$13,000	\$13,520	\$14,061	\$40,581
*				
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TOTAL ODCs	\$91,930	\$90,327	\$93,862	\$276,119

NOTES, ASSUMPTIONS AND COMPUTATIONS

COURIER/MESSENGER
From our historical data, we determined we were paying an average of \$18 per trip for courier service and there was an average of three trips per week. We reviewed what was being delivered by courier and determined some items being delivered were routine reports or follow-ups of meetings that could be delivered by regular mail or delivered by people coming for regularly scheduled meetings. Two trips per week are more than sufficient to serve the needs of the program. We checked the Washington Post for courier advertising and found rates of \$15/trip to \$30/trip. We called three courier services and got the following quotes:
Company A: \$15/trip – 5 mile radius; \$30/trip – 5 miles and beyond
Company B: \$20/trip in metro area
Company C: \$21/trip in metro area
Based on the above information, we are using \$20/trip for estimating purposes and 4% escalation for years two and three.

Computations

2 trips/week x 52 weeks x \$20/trip = \$2,080 Year One
4% escalation \$2,163 Year Two
4% escalation \$2,250 Year Three
Total for 3 years \$6,493

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION RFP # W001234-D1
PREPARER J. SMITH
DATE XX/XX/9X

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDERS
OTHER

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

COMPUTER RELATED COSTS

This contract requires extensive use of computers. EPA provides some PCs as government furnished property and some of the work is performed using various LANS and the mainframe. Our projected cost for computer related costs are for costs the contractor will incur for contractor owned equipment. Our review of the workload on the current contract disclosed 80% of the computer related hours were for personal computer (PC) usage and the remainder for mainframe usage and additional software to provide compatability with EPA programs. The program office branch chief projected a 10% increase in computer usage time on this contract due to the addition of more LANS at EPA and usage by the technical writer. The program is currently reviewing the need to provide more government PCs to this contract. However, a decision on this will not be made for at least a year. For estimating purposes we have utilized the current usage hours plus 10% for PCs and mainframe.

PCs

Current average usage hours =	1,200 per month
Projected in-house increase of 10%	120
Total projected PC usage	1,320 hours

Mainframe

Current average usage hours =	300 per month
Projected in-house increase of 10%	30
Total current mainframe usage	330 hours

The PC usage rate under the current contract is \$11/hr. and the mainframe rate is \$55/hr. We looked at two other contracts in our program that have PC and Mainframe usage and did a straight average of the rates for each.

	PC	Mainframe
Current contract	\$11/hour	\$55/hour
Contract B	\$15/hour	\$60/hour
Contract C	\$10/hour	\$55/hour
Average	36/3 = \$12/hr.	170/3 = \$57/hr.

Because the average rates are higher than the current contract rates, we decided to use them for estimating purposes and to add escalation of 4% for years two and three.

Continuation page (WS-4)

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION__ RFP # W001234-D1__

NEW CONTRACT __X__

PREPARER __J. SMITH

WORK ASSIGNMENT __

DATE __XX/XX/9X__

DELIVERY ORDERS __

OTHER __

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS**COMPUTER RELATED COSTS – continued**

For software, the program needs the flexibility to work with new software programs that come on the market. They are aware of some new programming in process that could enhance their work. To cover current needs and possible new software needs we are estimating 20 software programs at an average cost of \$350 for year one. For years two and three, we are estimating \$2,000 per year for updating software.

Year One Estimate

PCs: \$12/hour x 1,320 hours = \$15,840

Mainframe: \$57/hour x 330 hours = \$18,810

subtotal \$34,650

Software: 20 programs x \$350 each = \$7,000

Total Year One \$41,650

Year Two and Three Estimate

PC year one rate x 1.04 = year two rate x 1.04 = year three rate

\$12 x 1.04 = \$12.48 x 1.04 = \$12.98

Mainframe year one rate x 1.04 = year two rate x 1.04 = year three rate

\$57 x 1.04 = \$59.28 x 1.04 = \$61.65

Year Two Estimate

PCs: \$12.48/hour x 1,320 hours = \$16,474

Mainframe: \$59.28/hour x 330 hours = \$19,562

subtotal \$36,036

Software updates \$2,000

Total Year Two \$38,036

Year Three Estimate

PCs: \$12.98/hour x 1,320 hours = \$17,134

Mainframe: \$61.65/hour x 330 hours = \$20,345

subtotal \$37,478

Software updates \$2,000

Total Year Three \$39,478

GRAND TOTAL \$119,164

Continuation page (WS-4)

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION __ RFP # W001234-D1 ____
 PREPARER __ J. SMITH ____
 DATE __ XX/XX/9X ____

NEW CONTRACT __X____
 WORK ASSIGNMENT ____
 DELIVERY ORDERS ____
 OTHER ____

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS**MATERIAL/SUPPLIES**

This category of cost is for graphic supplies, some office supplies and specific publications required for this contract. This has been a minimal cost in the past and there is no foreseeable reason for it to increase a great deal in the future. For the past 3 years on the current contract it has averaged approximately \$50/month. We are using this average for year one with escalation of 4% for years 2 and 3.

Year One:	\$600	(\$50 x 12)
escalation	1.04	
Year Two	\$624	
escalation	1.04	
Year Three	\$649	
TOTAL	\$1,873	

POSTAGE/OVERNIGHT DELIVERY

Postage on the current contract is currently running approximately \$20/month and overnight delivery \$50/month. With the decrease in courier service recommended, the mailing cost should increase by \$5/month. Overnight delivery is expected to remain at the same level. We have included an escalation of 4% for years two and three.

Year One:	
Postage: \$25/month x 12 =	\$300
Overnight delivery: \$50/month x 12 =	\$600
Total	\$900
Year Two: with 4% escalation	
	\$936
Year Three: with 4% escalation	
	\$973
TOTAL	\$2,809

Continuation page (WS-4)

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION ___ RFP # W001234-D1

PREPARER ___ J. SMITH ___

DATE ___ XX/XX/9X ___

NEW CONTRACT ___ X ___

WORK ASSIGNMENT ___

DELIVERY ORDERS ___

OTHER ___

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS**REPORTS**

Monthly reports and annual reports are requirements for this contract. Our past experience has indicated an estimate of so much per page provides the best indication of cost. This per page unit cost includes special bindings and covers, word processing costs and copying the reports. The total number of reports required by the Statement of Work per month is ten including all copies. At the end of each year an additional ten reports, including copies are required. Reports on similar contracts averaged 50 pages per report at \$4.50 per page. These reports have been sufficient to meet our needs. On this contract we anticipate an increase in the number of pages due to additional areas which have to be addressed as required by the SOW. These reports are extremely important and we want to be sure there are sufficient dollars in the contract to cover the cost. Therefore, we have increased our estimated cost per page to \$5 to account for increases due to inflation and for any unexpected reports we may require.

Year 1 Estimated Costs:

10 reports/month x 50 pages x 12 = 6,000 pages

10 additional reports x 50 pages = 500 pages

Total pages 6,500 pages x \$5.00 \$32,500

Year 2 Estimated Costs: with escalation @ 4% \$33

Year 3 Estimated Costs: with escalation @ 4% \$35,000

REPRODUCTION

For IGCE estimating purposes we have used \$.10 per page and have estimated 1,000 pages per month. This is based on the current prices we are paying and prices on the open market.

Our computed amount is as follows: 1,000 pages x \$.10 = \$100 month

Year 1: 12 months x \$100 \$1,200

Year 2: with escalation @ 4% \$1,248

Year 3: with escalation @ 4% \$1,298

TOTAL \$3,746

Continuation page (WS-4)

SAMPLE WORKSHEET

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION __ RFP # W001234-D1 ____
PREPARER __ J. SMITH ____
DATE __ XX/XX/9X ____

NEW CONTRACT __X__
WORK ASSIGNMENT ____
DELIVERY ORDERS ____
OTHER ____

IGCE CONTINUATION WORKSHEET – OTHER DIRECT COSTS

TELEPHONE

For IGCE estimating purposes we are basing our estimate on the number of long distance phone calls required to perform the contract at an acceptable level. Based on experience we have found the more verbal communications there are between the program and the contractor, the less mistakes we have. On the current contract we are averaging ten long distance call a day with an average duration of 10 minutes each. We have experienced an average of \$.50 per minute on the current contract. The phone company indicated they did not expect to increase the rate for at least a year.

Therefore, our computed amount for telephone are as follows:

<i>(52 x 5 – 260)</i>	<i>260 days/yr. x 10 calls/day x 10 minutes/call =</i>	<i>26,000 minutes/year</i>
<i>Year 1: 26,000 minutes x \$.50 =</i>	<i>\$13,000</i>	
<i>Year 2: with escalation @ 4%</i>	<i>\$13,520</i>	
<i>Year 3: with escalation @ 4%</i>	<i>\$14,061</i>	
<i>TOTAL</i>	<i>\$40,581</i>	

MISCELLANEOUS

We have not included any amount for miscellaneous. We believe we have covered the necessary costs. There are no specific items that we can think of that would be included here. If a contractor proposes an amount for this element of cost, we will review it and make a determination of its necessity to this contract.

Continuation page (WS-4)

SAMPLE WORKSHEET

TYPE OF ACTION

NEW CONTRACT X
WORK ASSIGNMENT
DELIVERY ORDER
OTHER

PROFIT WORKSHEET

We talked to the contracting officer regarding profit. She recommended we take the conservative approach and use a 10% profit factor to provide better assurance that we don't under estimate our costs. We have taken the contracting officer's recommendation and used a 10% profit factor for all categories.

The RFP is allowing for G&A on travel and other direct costs, but states there will be no profit paid on travel and other direct costs for this procurement. Therefore, we did not include any amounts for profit on the travel and other direct costs.

(WS-5)

**IGCE FORMS
COST REIMBURSABLE
CONTRACT**

SOLICITATION/CONTRACT _____
 PREPARER _____
 DATE _____

NEW CONTRACT _____
 WORK ASSIGNMENT _____
 DELIVERY ORDER _____
 OTHER _____

SUMMARY COST ESTIMATE

COST REIMBURSABLE CONTRACTS

CATEGORY	YEAR 1	YEAR 2	YEAR 3	TOTAL
1. Direct labor (WS-1)	\$	\$	\$	\$
2. Fringe Benefits (WS-2)	\$	\$	\$	\$
3. Total Direct Labor & Fringe Benefits (lines 1 & 2)	\$	\$	\$	\$
4. Overhead (WS-2)	\$	\$	\$	\$
5. Total Travel (WS-3)	\$	\$	\$	\$
6. Total Other Direct Costs (WS-4)	\$	\$	\$	\$
7. Sub-Total (lines 3, 4, 5 & 6)	\$	\$	\$	\$
8. G&A (WS-2)	\$	\$	\$	\$
9. Total Costs (lines 7 & 8)	\$	\$	\$	\$
10. Profit/Fee (WS-5)	\$	\$	\$	\$
11. Total Cost and Profit (lines 9 & 10)	\$	\$	\$	\$

SOLICITATION/CONTRACT _____
PREPARER _____
DATE _____

NEW CONTRACT _____
WORK ASSIGNMENTS _____
DELIVERY ORDER _____
OTHER _____

COST REIMBURSABLE CONTRACTS

[illegible]

NOTES, ASSUMPTIONS AND COMPUTATIONS

SOLICITATION/CONTRACT _____
PREPARER _____
DATE _____

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

DIRECT LABOR ESTIMATE WORKSHEET

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

INDIRECT COST RATES WORKSHEET

This image shows a single sheet of white paper with horizontal black ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

36

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDERS _____
OTHER _____

WORKSHEET FOR TRAVEL COSTS

TRAVEL	YEAR 1	YEAR 2	YEAR 3	TOTAL
Airfare	\$	\$	\$	\$
Per Diem				
Car Rental				
Mileage				
Ground Transportation				
Other (explain)				
*				
*				
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TOTAL TRAVEL	\$	\$	\$	\$

NOTES, ASSUMPTIONS AND COMPUTATIONS

3 additional pages if necessary)

TYPE OF ACTION

NEW CONTRACT _____

WORK ASSIGNMENT

DELIVERY ORDERS

IGCE CONTINUATION WORKSHEET

[illegible]

38

TYPE OF ACTION

SOLICITATION/CONTRACT _____
PREPARED BY _____
DATE _____

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

OTHER DIRECT COST ESTIMATE

OTHER DIRECT COSTS	YEAR 1	YEAR 2	YEAR 3	TOTAL
COURIER/MESSENGER	\$	\$	\$	\$
COMPUTER				
MATERIAL/SUPPLIES				
POSTAGE/FEDERAL EXPRESS				
REPORTS				
REPRODUCTION				
TELEPHONE				
MISCELLANEOUS				
*				
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TOTAL ODCs	\$	\$	\$	\$

NOTES, ASSUMPTIONS AND COMPUTATIONS

Use additional pages if necessary)

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDERS _____
OTHER _____

IGCE CONTINUATION WORKSHEET

[illegible]

Continuation page

**IGCE FORMS
FIXED RATE INDEFINITE
QUANTITY CONTRACT**

INDEPENDENT GOVERNMENT COST ESTIMATE

TYPE OF ACTION

SOLICITATION/CONTRACT _____

PREPARER _____

DATE _____

NEW CONTRACT _____

WORK ASSIGNMENT _____

DELIVERY ORDER _____

OTHER _____

SUMMARY COST ESTIMATE

FIXED RATE / INDEFINITE QUANTITY CONTRACTS

CATEGORY	YEAR 1	YEAR 2	YEAR 3	TOTAL
1. Direct labor (WS - 1,2 & 5)	\$	\$	\$	\$
2. Total Travel (WS-3)	\$	\$	\$	\$
3. Total Other Direct Costs (WS-4)	\$	\$	\$	\$
4. G&A on travel and ODCs (if applicable) (WS - 2)	\$	\$	\$	\$
5. Total Costs (lines 1,2,3 & 4)	\$	\$	\$	\$

INDEPENDENT GOVERNMENT COST ESTIMATE

SOLICITATION _____
 PREPARER _____
 DATE _____

TYPE OF ACTION

NEW CONTRACT _____
 WORK ASSIGNMENT _____
 DELIVERY ORDER _____
 OTHER _____

DIRECT LABOR ESTIMATE WORKSHEET

SCHEDULE OF LOADED FIXED RATES

Labor Category	Unloaded Hourly Rate	Fringe @	Overhead @	Subtotal	G&A @	Total Costs	Profit @	Loaded Hourly Rate	Estimated Hours/year	CONTRACT COSTS			TOTAL
										Year 1	Year 2	Year 3	
P-4													
TOTAL													
P-3													
TOTAL													
P-2													
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P-1													
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T-4													
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TOTAL													
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TOTAL													
TOTAL LOE													
Clerical													
TOTAL DIRECT LABOR													

NOTES, ASSUMPTIONS AND COMPUTATIONS

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

DIRECT LABOR ESTIMATE WORKSHEET

1. The first part of the document is a title page. It contains the title of the document, the author's name, and the date of the document. The title is "The History of the United States from 1776 to 1876". The author is "John F. Kennedy". The date is "1961".

2. The second part of the document is a table of contents. It lists the chapters of the document and the page numbers where they begin. The chapters are: "The American Revolution", "The Early Republic", "The Jacksonian Era", "The Civil War", "The Reconstruction Era", "The Gilded Age", "The Progressive Era", "The World War Era", and "The Modern Era".

3. The third part of the document is the introduction. It discusses the importance of the document and the author's purpose in writing it. The author states that the purpose of the document is to provide a comprehensive history of the United States from 1776 to 1876.

4. The fourth part of the document is the first chapter, "The American Revolution". It discusses the events leading up to the revolution, the revolution itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Revolution", and "The Aftermath".

5. The fifth part of the document is the second chapter, "The Early Republic". It discusses the events leading up to the formation of the United States, the formation of the United States, and the early years of the United States. The chapter is divided into three sections: "The Background", "The Formation of the United States", and "The Early Years".

6. The sixth part of the document is the third chapter, "The Jacksonian Era". It discusses the events leading up to the Jacksonian Era, the Jacksonian Era itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Jacksonian Era", and "The Aftermath".

7. The seventh part of the document is the fourth chapter, "The Civil War". It discusses the events leading up to the Civil War, the Civil War itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Civil War", and "The Aftermath".

8. The eighth part of the document is the fifth chapter, "The Reconstruction Era". It discusses the events leading up to the Reconstruction Era, the Reconstruction Era itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Reconstruction Era", and "The Aftermath".

9. The ninth part of the document is the sixth chapter, "The Gilded Age". It discusses the events leading up to the Gilded Age, the Gilded Age itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Gilded Age", and "The Aftermath".

10. The tenth part of the document is the seventh chapter, "The Progressive Era". It discusses the events leading up to the Progressive Era, the Progressive Era itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Progressive Era", and "The Aftermath".

11. The eleventh part of the document is the eighth chapter, "The World War Era". It discusses the events leading up to the World War Era, the World War Era itself, and the aftermath. The chapter is divided into three sections: "The Background", "The World War Era", and "The Aftermath".

12. The twelfth part of the document is the ninth chapter, "The Modern Era". It discusses the events leading up to the Modern Era, the Modern Era itself, and the aftermath. The chapter is divided into three sections: "The Background", "The Modern Era", and "The Aftermath".

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

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TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDERS _____
OTHER _____

TRAVEL	YEAR 1	YEAR 2	YEAR 3	TOTAL
Airfare	\$	\$	\$	\$
Per Diem				
Car Rental				
Mileage				
Ground Transportation				
Other (explain)				
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TOTAL TRAVEL	\$	\$	\$	\$

1947 JANUARY 1947

WS-3

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDERS _____
OTHER _____

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Continuation page

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

OTHER DIRECT COSTS	YEAR 1	YEAR 2	YEAR 3	TOTAL
COURIER/MESSENGER	\$	\$	\$	\$
COMPUTER				
MATERIAL/SUPPLIES				
POSTAGE/FEDERAL EXPRESS				
REPORTS				
REPRODUCTION				
TELEPHONE				
MISCELLANEOUS				
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TOTAL ODCs	\$	\$	\$	\$

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Use additional pages if necessary)

TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDERS _____
OTHER _____

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TYPE OF ACTION

NEW CONTRACT _____
WORK ASSIGNMENT _____
DELIVERY ORDER _____
OTHER _____

PROFIT WORKSHEET

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