



Golder Associates
CONSULTING GEOTECHNICAL AND MINING ENGINEERS

May 10, 1982

Our ref: G/82/187

U.S. Nuclear Regulatory Commission
Division of Contracts
Washington, D.C. 20555

Attention: Mary Jo Mattia (Tim Hagan)

Subject: Contract No. NRC-02-81-037
Technical Assistance for Repository Design
Letter #39

Gentlemen:

In accordance with paragraph 5.1 (a) and 5.5 (b) of the General Provisions of our contract, we would like to notify you of proposed changes in Golder Associates overhead and general and administrative rates on this contract.

Presently, we have been charging a provisional labor overhead rate of 20.8 percent. This has been changed for 1981 to 19.1 percent. The general and administrative charges have been 80.7 percent of labor plus labor overhead. This has been changed for 1981 to 117.9 percent. These rates were recently accepted upon evaluation by the Defense Contract Audit Agency as provisional 1981 rates. We have attached a breakdown of these rates as Enclosure 1.

For 1982, Golder Associates has changed the method of assessing overhead and general and administrative rates from a value-added (VA) basis to a total-cost-input (TCI) basis. Therefore, overhead rates for 1982 shall be 110 percent with general and administrative rates being changed to 15 percent, a breakout of which is provided in Enclosure 2. These rates have also been accepted for evaluation by the Defense Contract Audit Agency.

These increased costs have resulted in an increase in billable costs for 1981 of \$48,274.14. Along with this increase in cost, we have also prorated an increase in the fee, which results in an additional \$4,344.67 due on our fee for 1981 (invoice, Enclosure 3).

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PDR WMRES EEC00LD
B-6983 PDR

Handwritten calculations and notes:

48,274.14
1,500.07
52,618.81

14,092.04
1,268.38
15,360.42
52,618.81
62,979.13

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For 1982, costs for the months of January, February, and March have increased by \$14,092.04. The resultant increase in fee is \$1,268.28 (invoice, Enclosure 4).

Although our contract requires that we notify you of changes in rates within 90 days of the end of our fiscal year, we had delayed this notification pending notification of audit results from DCAA. However, since we do not have final 1980 approved rates from DCAA, we feel that it is reasonable to use these provisional rates which have been approved by them for proposal purposes.

Per General Provision paragraph 5.1 (a) we are also required to notify you of our estimated total cost of the contract. The original cost was \$582,068. Our new estimate, reflecting the increases above and additional increases through the end of the contract will be \$667,094, an increase of \$85,026. Our total fixed fee, of course, will remain \$52,386.

As a result of this information, we request that you initiate a contract modification as indicated in 5.5 (d), in the amount of \$85,026.

Sincerely,

GOLDER ASSOCIATES



Richard H. Gates, Ph.D., P.E.
Project Manager

RHG/lw

Enclosures

cc: Lud Hartung

ENCLOSURE 1

2.2 LABOR OVERHEAD

The labor overhead rate for this period is estimated at 19.1 percent of Direct Labor based on results to December 31, 1981, made up as follows:

<u>Item</u>	<u>Current Estimates</u>
Payroll taxes	7.3
Paid leave, sick leave, etc.	8.6
Group insurance	1.9
Pension plan	<u>1.3</u>
TOTAL	<u>19.1</u>

2.3 GENERAL AND ADMINISTRATIVE EXPENSE

This is estimated at 117.9 percent of Direct Labor plus Labor Overhead based on results to December 31, 1981.

<u>Item</u>	<u>Current Estimates</u>
Indirect salaries	48.2
Travel and subsistence	12.4
Bonuses and incentives	6.2
Office rental, equipment, etc.	19.5
Insurance	4.6
Supplies, etc.	3.6
Telephone, telex, etc.	3.4
Recruiting costs	3.8
Data processing	1.7
Professional services	5.7
Professional society dues, etc.	1.3
State and local taxes	2.4
Head office charges	<u>5.1</u>
TOTAL	<u>117.9</u>

ENCLOSURE 2

2.2 LABOR OVERHEAD

The labor overhead rate for this period is estimated at 110 percent of Direct Labor based on results to December 31, 1981 made up as follows:

<u>Item</u>	<u>Current Estimates</u>
Indirect salaries	37.2
Travel and subsistence	11.6
Bonuses and incentives	2.2
Office rental, equipment, etc.	20.5
Supplies, etc.	3.9
Telephone, telex, etc.	4.0
Recruiting costs	.7
Professional services	2.0
Professional society dues, etc.	1.4
Payroll taxes	10.6
Paid leave, sick leave, etc.	11.5
Group insurance	2.8
Pension plan	<u>1.6</u>
TOTAL	<u>110.0</u>

2.3 GENERAL AND ADMINISTRATIVE EXPENSE (TCI)

This is estimated at 15.0 percent of G & A Expense dollars over total cost input based on results to December 31, 1981.

<u>Item</u>	<u>Current Estimates</u>
Indirect salaries	2.8
Travel and subsistence	1.0
Bonuses and incentives	1.5
Office rental, equipment, etc.	.8
Insurance	1.7
Supplies, etc.	.1
Telephone, telex, etc.	.1
Recruiting costs	1.2
Data Processing	.6

ENCLOSURE 2

2.3 GENERAL AND ADMINISTRATIVE EXPENSE (TCI) (continued)

<u>Item</u>	<u>Current Estimates</u>
Professional services	1.5
Professional society dues, etc.	-
State and local taxes	.8
Head office charges	1.9
Payroll taxes	.3
Paid leave, sick leave, etc.	.6
Group insurance	-
Pension plan	.1
	<u> </u>
TOTAL	<u>15.0</u>