



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

FEB 16 1988

John Latz, President
Center for Nuclear Waste
Regulatory Analyses
Southwest Research Institute
6220 Culebra Road
San Antonio, Texas 78238

Dear Mr. Latz:

Subject: Summary of January 28, 1988 Meeting and Approval of
Subcontracts under Contract No. NRC-02-88-005

This is to confirm approval of your proposed subcontracts and clarify other administrative matters as discussed at the January 28, 1988 meeting between the Center and NRC.

Lines of Communication

Sharon Rowe, Contract Administrator will be the Center representative regarding contract administration requirements.

Electronic Mail

It is our intention to establish an electronic mail system between the Center and the NRC. We are reviewing the requirements for the system and will continue to keep you informed of our progress in this area, as well as any implication the system will have on the contract.

Monthly Reports

A complete breakdown of costs expended each month is required to enable us to effectively monitor the contract. Travel should show the number of trips and actual travel costs. The breakdown may be marked "proprietary" to prohibit its release to the public.

Contract Billing Requirements

Preparation of Operations Plans

A detailed breakdown of costs incurred in the preparation of all operations plans is required. These costs shall be apportioned to all operations plans on a percentage basis, consistent with the resources expended to develop each operations plan. The apportionment shall be based on the percentage of total dollars awarded to the individual operations plans. A breakdown of the apportionment shall also be

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provided. This information may be submitted on a pro forma invoice. The actual cost for preparation of the operations plans shall be shown as a single line item on each individual operations plan invoice, as applicable.

Non-technical support

A detailed breakdown of costs for non-technical services that support all program elements is required. As with expenses for preparation of operations plans discussed above, these costs shall be apportioned to the individual operations plans based on a percentage of total dollars awarded to the individual operations plans. The breakdown of the apportionment shall also be provided. This information may also be submitted on a pro forma invoice. The actual cost for non-technical support shall be shown as a single line item on each individual operations plan invoice, as applicable.

Numbering Invoices

Invoices for each operations plan will be numbered consecutively and annotated with the initials of the specific operations plan. The Center shall provide a list of the initials to be used for each operations plan.

Billings for Travel Expenses

As discussed with Sharon Rowe February 11, 1988, we agree to delete the requirement for an itemized breakdown of travel expenses for each trip. Only the following information will be required with the understanding that the contract will be audited annually and adjustments may be required at that time:

<u>Dates of Trip</u>	<u>Traveler</u>	<u>Travel From</u>	<u>Travel To</u>	<u>Total Cost Each Trip</u>
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Subcontracts

Your proposed subcontracts with Itasca Consulting Group, Inc. (Itasca) and Nuclear Waste Consultants (NWC) are approved as follows:

Itasca

The Itasca Consulting Group, Inc. subcontract is approved at the 3 year ceiling amount of \$1,213,495 which includes a ceiling of \$1,113,298 for estimated costs and a ceiling of \$100,197 for fixed fee.

The total ceiling amount approved for the first year is \$71,462 which includes a ceiling of \$63,462 for estimated costs and a ceiling of \$8,000 for fixed fee. The estimated costs and fixed fee for the remaining two years, when added to the amounts approved for year one, shall not exceed the three year ceilings.

NWC

The subcontract with NWC is approved at the 3 year ceiling amount of \$794,817 which includes a ceiling of \$729,190 for estimated costs and a ceiling of \$65,627 for fixed fee.

The total ceiling amount approved for the first year is \$226,379 which includes a ceiling amount \$208,379 for estimated costs and a ceiling of \$18,000 for fixed fee. The estimated costs and fixed fee for the remaining two years, when added to the amounts approved for year one, shall not exceed the three year ceilings.

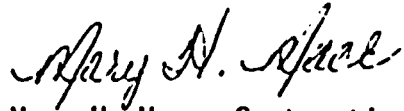
The Center shall make clear to the subcontractors that the estimated cost and fixed fee amounts listed in paragraph 3 of each subcontract are ceilings. The estimated costs and fixed fee shall be negotiated for each task directive issued and the fee negotiated shall not exceed the maximum allowable by regulation. The subcontractor shall not be entitled to any "fixed fee" if work directives are not issued. Also, each task directive shall clearly identify the program element for which the work is to be performed. The Center shall maintain records documenting the reasonableness of costs and fee negotiated for each directive. This documentation shall be made available for the Contracting Officer's review, as requested. A copy of each task directive issued shall be provided to the appropriate Program Element Manager, CNWRA Program Manager and the Contracting Officer, this includes all directives issued to date.

The Limitation of Funds clause in the subcontracts reflect that notification is required at the sub-element level. This should be corrected to reflect the task directive level.

Also, the subcontracts currently reflect the first year period of performance as October 26, 1987 through September 30, 1988. It is our understanding that the periods of performance stated in the proposed subcontracts will be modified to reflect the overall three year period as October 26, 1987 through October 25, 1990 and the first year period will be reflected as October 26, 1987 through October 25, 1988.

If you have any questions regarding our understanding of the agreements or the subcontract approvals, please contact me at 301-492-4291.

Sincerely

A handwritten signature in cursive script that reads "Mary H. Mace".

Mary H. Mace, Contracting Officer
Division of Contracts

cc: Sharon Rowe, SWRI
Joe Bunting

Rec'd 2/19/88

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Docket No. _____
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