

FORWARD

THIS REPORT COVERS THE ANALYSIS BY THE
SOURCE EVALUATION PANEL
FOR

"System Development and Maintenance"

RFP No. RS-IRM-92-203

FINAL EVALUATION RECOMMENDATION

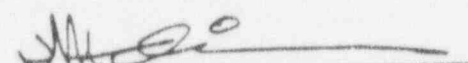
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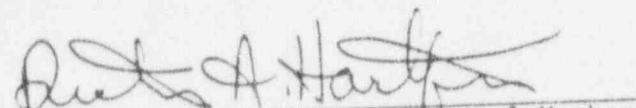
This report submitted by:


William K. Usilton, Chairman

7/20/92
Date


Wilfred L. Madison, Technical Member

7/20/92
Date


Richard A. Hartfield, Technical Member

7/20/92
Date

Release

FINAL RECOMMENDATION REPORT

RFP NO. RS-IRM-92-203
"SYSTEM DEVELOPMENT AND MAINTENANCE"

Background

The Source Evaluation Panel (SEP) that performed the technical evaluation of the Best and Final proposals consisted of the following NRC staff: William Usilton, Chairman; Wilford Madison and Richard Hartfield, Members. Three proposals were evaluated in accordance with the evaluation criteria, as stated in Attachment 1. Briefly, this criteria addressed Key Personnel Qualifications, Technical Approach and Understanding of Requirements, Corporate Experience, and Management Approach. The proposals were evaluated individually by the SEP members. The SEP met collectively to determine the technical scores, and had the participation of Robert Webber, Contract Negotiator.

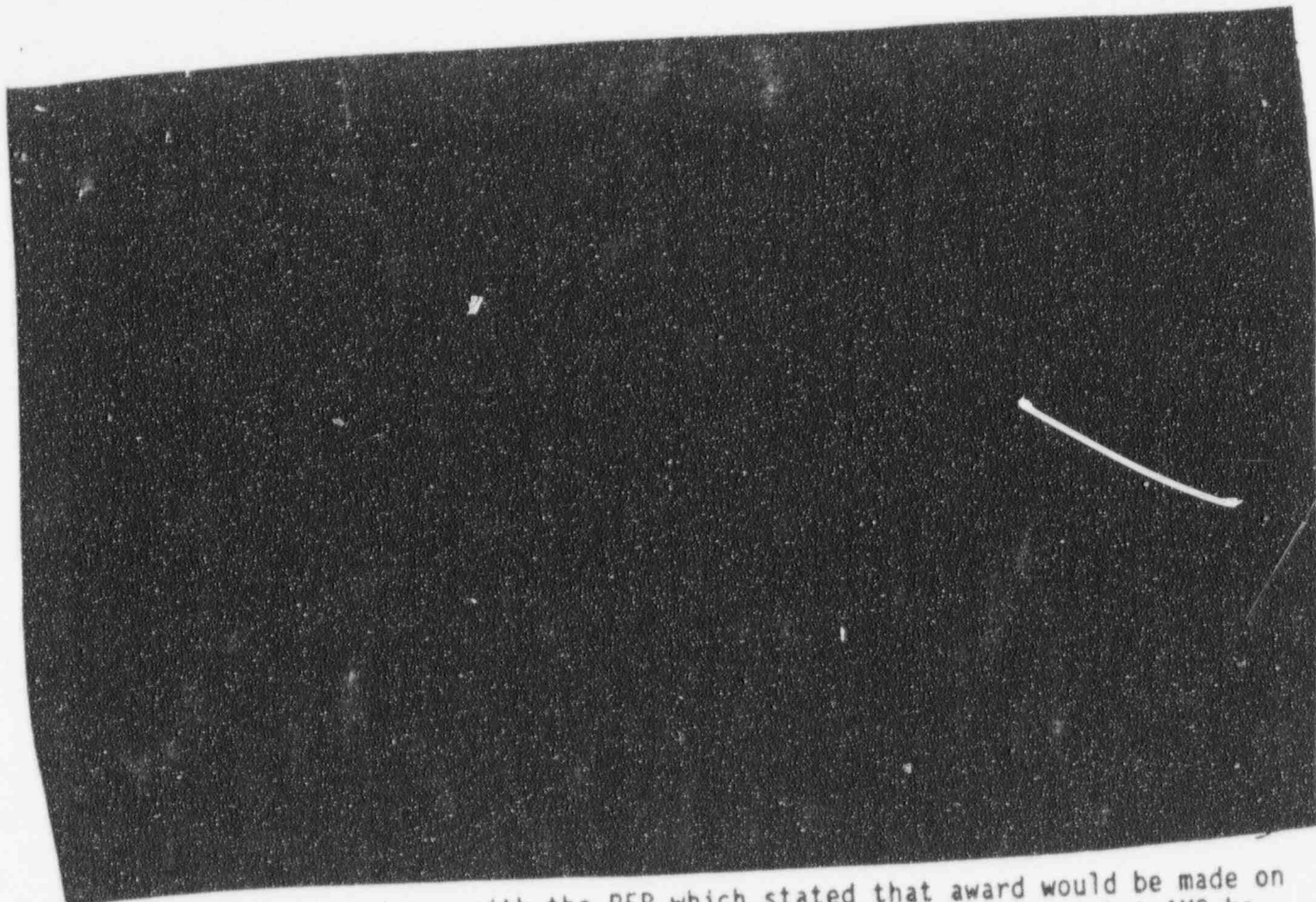
SEP Recommendation Summary

On June 12, 1992, the SEP panel, along with Robert Webber, met with Applied Management Systems, Inc. (AMS) to discuss questions and issues raised during the initial technical evaluations. On June 15, 1992, the panel met with Computech, Inc. and on June 17, 1992 with System Automation Corporation (SAC) for the same purpose. Offerors were requested to submit Best and Final Proposals by 5:00 on June 29, 1992.

On July 10, 13, and 14, 1992, the SEP met to discuss the results of their final evaluation, which they scored as shown below:

<u>Offeror</u>	<u>William Usilton</u>	<u>Wilfred Madison</u>	<u>Richard Hartfield</u>	<u>Average</u>	<u>Cost</u>
AMS					
SAC					
Computech					

Ex H45



Ex 4
5

Therefore, in accordance with the RFP which stated that award would be made on technical merit, the panel recommends to the Contracting Officer that AMS be selected for the award on superior technical merit.

1

Offerors in Best and Final RangeOfferor: Applied Management Systems, Inc.Proposed Cost: [REDACTED]

- A. (1) Key Personnel: Technical or Management Experience (as applicable). 10 points.

Averaged SEP Technical Score: [REDACTED]

Ex 4
25

- A. (2) Key Personnel: Match of experience to position functional requirements, including specific demonstrated experience with the platforms as identified in the Statement of Work. 15 points.

Averaged SEP Technical Score: [REDACTED]

Ex 4
5

- B. (1) Technical Approach and Understanding of Requirements: Demonstrated understanding of the scope of work. 3 points.

Averaged SEP Technical Score: [REDACTED]

Ex
5

- B. (2) Technical Approach and Understanding of Requirements: Proposed approach to design, develop, maintain, improve, and implement ADP

systems utilizing a methodology similar to that specified in the Statement of Work. 10 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- B. (3) Technical Approach and Understanding of Requirements: Proposed approach to effectively interact with the NRC staff, hardware, and software at the various Headquarters (and occasionally Regional locations) when developing, enhancing, or maintaining systems. 6 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- B. (4) Technical Approach and Understanding of Requirements: Proposed approach to providing immediate response to ADP systems failures. 4 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

EX 4
5

EX 4
5

- B. (5) Technical Approach and Understanding of Requirements: Adequacy of the QA plan, as well as the method of planning, managing, and measuring work. 5 points.

Averaged SEP Technical Score: [REDACTED]

EX 4
25

- B. (6) Technical Approach and Understanding of Requirements: Proposed approach to react to changing NRC requirements resulting from changing business requirements or changes in technology. 7 points.

Averaged SEP Technical Score: [REDACTED]

- C. (1) Corporate Experience: Demonstrated specific technical experience with developing, maintaining, improving, documenting, implementing, and otherwise manipulating automated computer systems. 15 points.

Averaged SEP Technical Score: [REDACTED]

EX 4
5

- C. (2) Corporate Experience: Demonstrated experience developing commercial-type Federal Government (non-military) ADP systems. 3 points.

Averaged SEP Technical Score: [REDACTED]

- C. (3) Corporate Experience: Corporate contracting experience with the Federal Government. 3 points.

Averaged SEP Technical Score: [REDACTED]

C. (4) Corporate Experience: Experience with task-order type contracts of comparable size and diversity. 4 points.

Averaged SEP Technical Score: [REDACTED]

D. (1a) Management Approach: Project Management Plan: Upper management review procedures. 4 points.

Averaged SEP Technical Score: [REDACTED]

Ex 4
55

D. (1b) Management Approach: Project Management Plan: Cost monitoring capability. 3 points.

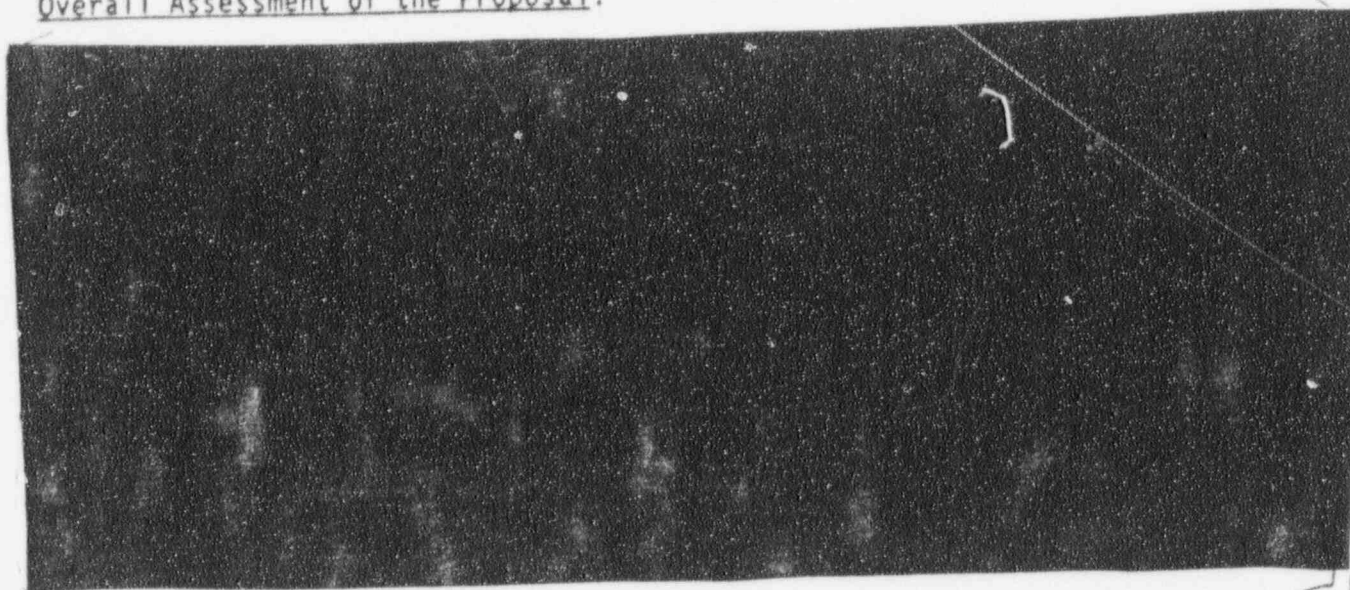
Averaged SEP Technical Score: [REDACTED]

D. (2) Management Approach: Personnel Management Plan. 8 points.

Averaged SEP Technical Score: [REDACTED]

Ex 4
5

Overall Assessment of the Proposal:



Ex 4
45

Organizational Conflict of Interest: None

Current/Former NRC Employees:



Offeror: Computech, Inc.

Proposed Cost: [REDACTED]

- A. (1) Key Personnel: Technical or Management Experience (as applicable). 10 points. Ex 4
25

Averaged SEP Technical Score: [REDACTED]

- A. (2) Key Personnel: Match of experience to position functional requirements, including specific demonstrated experience with the platforms as identified in the Statement of Work. 15 points.

Averaged SEP Technical Score: [REDACTED]

- B. (1) Technical Approach and Understanding of Requirements: Demonstrated understanding of the scope of work. 3 points. Ex H^d
5

Average SEP Technical Score: [REDACTED]

- B. (2) Technical Approach and Understanding of Requirements: Proposed approach to design, develop, maintain, improve, and implement ADP systems utilizing a methodology similar to that specified in the statement of work. 10 points.

Ex. 45

7

Average SEP Technical Score:

[REDACTED]

- B. (3) Technical Approach and Understanding of Requirements: Proposed approach to effectively interact with NRC staff, hardware, and software at the various Headquarters (and occasionally Regional locations) when developing, enhancing, or maintaining systems. 6 points.

Averaged SEP Technical Score:

[REDACTED]

- B. (4) Technical Approach and Understanding of Requirements: Proposed approach to providing immediate response to ADP-system failures. 4 points.

Averaged SEP Technical Score:

[REDACTED]

- B. (5) Technical Approach and Understanding of Requirements: Adequacy of the QA plan, as well as the method of planning, managing, and measuring work. 5 points.

Averaged SEP Technical Score:

[REDACTED]

Ex. 45

- [REDACTED]
- B. (6) Technical Approach and Understanding of Requirements: Proposed approach to react to changing NRC requirements resulting from changing business requirements or changes in technology. 7 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (1) Corporate Experience: Demonstrated specific technical experience with developing, maintaining, improving, documenting, implementing, and otherwise manipulating automated computer systems. 15 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (2) Corporate Experience: Demonstrated experience developing commercial-type Federal Government (non-military) ADP systems. 3 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (3) Corporate Experience: Corporate contracting experience with the Federal Government. 3 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (4) Corporate Experience: Experience with task-order-type contracts of comparable size and diversity. 4 points.

EX 4
45

EX 4
5

Averaged SEP Technical Score: [REDACTED]

Ex 4
d5

D. (1a) Management Approach: Project Management Plan: Upper management review procedures. 4 points.

Averaged SEP Technical Score: [REDACTED]

D. (1b) Management Approach: Project Management Plan: Cost monitoring capability. 3 points.

Averaged SEP Technical Score: [REDACTED]

D. (2) Management Approach: Personnel Management Plan. 8 points.

Averaged SEP Technical Score: [REDACTED]

Overall Assessment of the Proposal:

Organizational Conflict of Interest: None

Current/Former NRC Employees: None

Ex 4+5

Offeror: Systems Automation Corporation

Proposed Cost: [REDACTED]

- A. (1) Key Personnel: Technical or Management Experience (as applicable). 10 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- A. (2) Key Personnel: Match of experience to position functional requirements, including specific demonstrated experience with the platforms as identified in the Statement of Work. 15 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- B. (1) Technical Approach and Understanding of Requirements: Demonstrated understanding of the scope of work. 3 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

EX 4+5

- [REDACTED]
- B. (2) Technical Approach and Understanding of Requirements: Proposed approach to design, develop, maintain, improve, and implement ADP systems utilizing a methodology similar to that specified in the statement of work. 10 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

EXS
445

- B. (3) Technical Approach or Understanding of Requirements: Proposed approach to effectively interact with NRC staff, hardware, and software at the various Headquarters (and occasionally Regional locations) when developing, enhancing, or maintaining systems. 6 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- B. (4) Technical Approach and Understanding of Requirements: Proposed approach to providing immediate response to ADP system failures. 4 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

EXS
445

- [REDACTED]
- B. (5) Technical Approach and Understanding of Requirements: Adequacy of the QA plan, as well as the method of planning, managing, and measuring work. 5 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- B. (6) Technical Approach and Understanding of Requirements: Proposed approach to react to changing NRC requirements resulting from changing business requirements or changes in technology. 7 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (1) Corporate Experience: Demonstrated specific experience with developing, maintaining, improving, documenting, implementing, and otherwise manipulating automated computer systems. 15 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

- C. (2) Corporate Experience: demonstrated experience developing commercial-type Federal Government (non-military) ADP systems. 3 points.

Averaged SEP Technical Score: [REDACTED]

[REDACTED]

E+S
LFE

EX H+S

- C. (3) Corporate Experience: Corporate contracting experience with the Federal Government. 3 points.

Averaged SEP Technical Score: [REDACTED]

- C. (4) Corporate Experience: Experience with task-order-type contracts of comparable size and diversity. 4 points.

Averaged SEP Technical Score: [REDACTED]

- D. (1a) Management Approach: Project Management Plan: Upper management review procedures. 4 points.

Averaged SEP Technical Score: [REDACTED]

- D. (1b) Management Approach: Project Management Plan: Cost monitoring capability. 3 points.

Averaged SEP Technical Score: [REDACTED]

- D. (2) Management Approach: Personnel Management Plan. 8 points.

Averaged SEP Technical Score: [REDACTED]

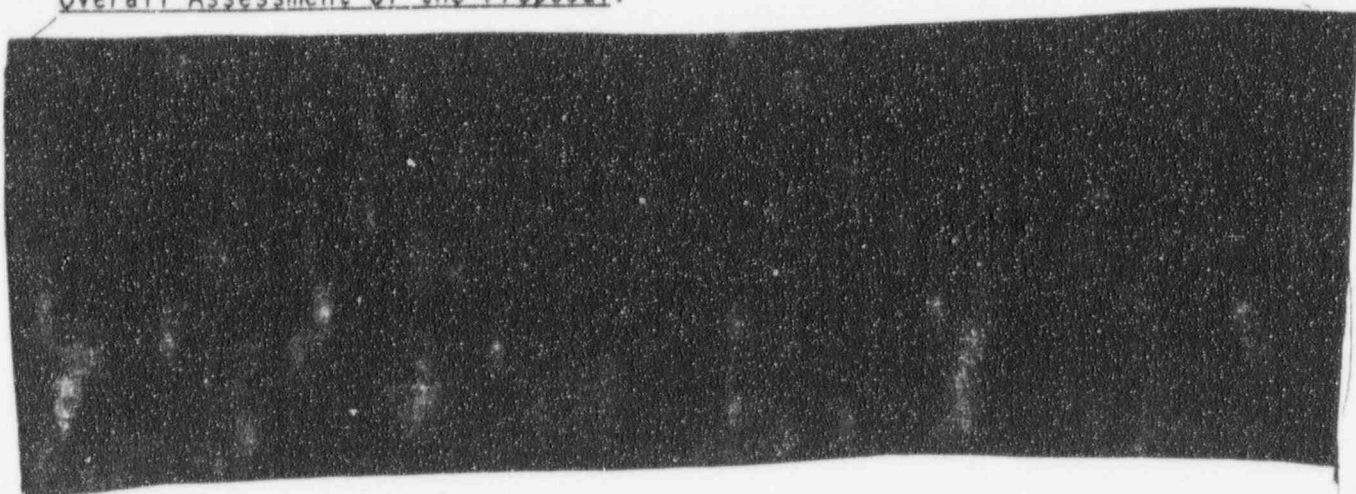
EX¹⁴
S²⁵

EX⁴
H⁵

Ex 5415



Overall Assessment of the Proposal:



Organization Conflict of Interest: None

Current/Former NRC Employees: None

Ex 445

SUMMARY OF NEGOTIATION/DETERMINATION OF
PRICE OR COST REASONABLENESS

1. Contractor Name: Applied Management Systems
Contact: Norman Enger
Address: 6116 Executive Boulevard, Suite 440
Rockville Maryland 20852
Telephone Number: (301) 881-1205
2. Contract Number: NRC-33-92-203
Solicitation Number: RS-IRM-92-203
RFPA Number: IRM-92-203
3. Type of Organization: ☐ educational ☐ government ☐ profit
☐ non-profit ☒ small business ☐ large business
4. Type of Contract: Indefinite Quantity (Task Order) Cost Plus Fixed Fee
5. Project Title or Description of Supplies/Services: "Systems Development and Maintenance"
Period of Performance: 8/3/92 - 8/2/95
Place of Performance: Bethesda, Maryland
Contract Amount: \$14,301,874.32 (base) \$24,606,914.56 (base and options)
Amount of this Action: \$2,040,000
6. DETERMINATIONS AND FINDINGS:
 - a. Contract Type - Approved on 7/31/92 by Teresa McLearen
 - b. Privacy Act - Approved on 7/31/92 by Teresa McLearen
 - c. Non-Personal Services - Approved on 2/14/92 by Elois J. Wiggins
7. Procurement Planning Schedule showing major milestones in preaward file, side number 3.
8. Synopsis of this procurement was published in the Commerce Business Daily on January 28, 1992.
9. SOURCE EVALUATION DOCUMENTATION (if applicable):
 - a. Competitive Range Determination and Approval dated June 9, 1992.
 - b. Final Evaluation Report and Approval dated July 23, 1992.
 - c. Letters to offerors in competitive range dated June 9, 1992.
 - d. Letters to unsuccessful offerors dated July 23, 1992.
10. The Contractor submitted a Certificate of Current Cost or Pricing Data dated June 29, 1992.
11. Funds availability documentation dated July 29, 1992.
12. Date of Debarred, Ineligible and Suspended Contractors was checked July 27, 1992.

Information in this record was deleted
in accordance with the Freedom of Information
Act, exemptions 4 & 5
FOIA 93-240

B/3

To the best of my knowledge, the information set forth above is complete and accurate. Award is recommended.

Robert B. Webber

Robert B. Webber, Contract Negotiator
Contract Negotiation Branch, No. 1

7/30/92

Date

Elois J. Wiggins

Elois J. Wiggins, Contracting Officer
Contract Negotiation Branch, No. 1
SUMNEG/TXTWEBBE

7/3

Date

13. Pre-Award Survey was performed. Determination of Contractor responsibility is based upon desk audit.

14. History of Procurement:

On September 5, 1991, the RFPA for the subject contract was received by the Division of Contracts and Property Management.

Senior Contract Review Board (SCRB) approval was granted on December 5, 1991.

The Source Evaluation Panel was convened and work began on the Chairman Paper, the APR to GSA, and the Statement of Work.

Chairman's approval was requested on December 19, 1991 and received on January 23, 1992. Approval was granted by Commissioner Rogers at the request of Chairman Selin.

The Delegation of Procurement Authority was requested on October 24, 1991 and received from GSA on January 7, 1992.

The CBD notice appeared on January 28, 1992.

The RFP was issued on February 14, 1992.

A Preproposal Conference was held on March 2, 1992 (transcript contained in file folder #6).

The Contracting Officer received an agency protest on March 11, 1992 (see documentation in file folder #6). The protester requested an extension of four weeks on the proposal due date. The protester claimed that the 30 day time period for submission of proposals was insufficient for a contract of this size. The Contracting Officer replied on March 30, 1992. A two week extension was granted on the proposal due date.

Two amendments were issued. Amendment One contained the NRC's answers to offeror questions, included a Wage Determination in the solicitation, and provided a copy of the Preproposal Conference transcript. Amendment Two extended the proposal due date.

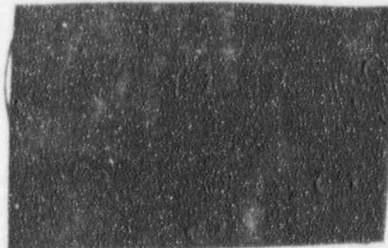
The RFP closed on March 30, 1992.

Eleven proposals were received on the closing date. There were no late proposals received. The panel met on April 30, May 1, and May 4, 1992 to collectively determine the technical merit of each proposal. The offerors and their respective scores were as follows:

<u>Offeror</u>	<u>Score</u>	<u>Proposed Cost</u> <u>(Millions)</u>
Applied Management Systems		
Computech		
Systems Automation Corp.		
User Technology Assoc.		
Kenrob and Assoc.		

EX 4

MIL and Assoc.
CAI
RS Data Systems
MASTECH
Analytical and Research Tech.
Information Concepts




Ex 4

Of the eleven proposals received, three were considered to have a reasonable chance of award and were recommended to the Contracting Officer to be included within the Competitive Range. The Contracting Officer concurred in the panel's findings on June 9, 1992.

Letters to the successful offerors were transmitted on June 9, 1992. Unsuccessful offerors were notified by letter dated June 19, 1992 of the status of their proposal.

Technical discussions were held with offerors from June 15 through June 22, 1992. Cost negotiations were conducted from June 22, 1992 through June 25, 1992. Letters requesting Best and Final Offers (BAFOS) were transmitted on June 25, 1992. BAFOS were received on June 29, 1992.

On July 10, 13, and 14, 1992, the Panel met to discuss the results of their individual final evaluations. The Panel's findings and the negotiated costs are as follows:


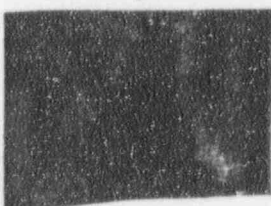
<u>Offeror</u>	<u>Score</u>	<u>Negotiated Cost</u>
Applied Management Systems Systems Automation Corp. Computech		

Ex 4

On July 23, 1992, the Final Recommendation Report was received. The Source Evaluation Panel recommended an award to Applied Management Systems, based on superior technical merit. The Contracting Officer approved the Panel's recommendation on July 23, 1992.

In accordance with FAR 15.1001(b)(2), the Contracting Officer notified the unsuccessful offerors by letter dated July 23, 1992 that AMS was selected for award, and that they had five days in which to challenge the size status of the awardee. These letters were transmitted by facsimile on July 23, 1992 (copies in file).

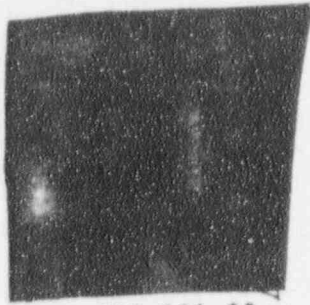
15. Determination of Price/Cost Reasonableness: Costs were negotiated as follows:

Year	Cost Proposed	Cost Negotiated
1		
2		
3		
4		
5		
TOTAL		\$24,606,914.56

Ex 4

Year 1

Direct Labor
Overhead
Subcontracts
G & A
Total Estimated
Cost
Fee



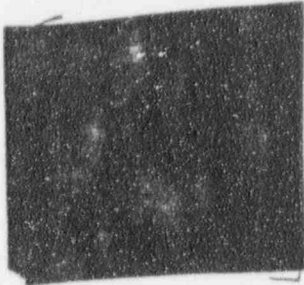
Ex 4

Total

\$4,619,631.33

Year 2

Direct Labor
Overhead
Subcontracts
G & A
Total Estimated
Cost
Fee

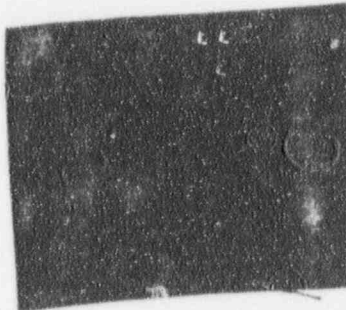


Total

\$4,765,733.99

Year 3

Direct Labor
Overhead
Subcontracts
G & A
Total Estimated
Cost
Fee

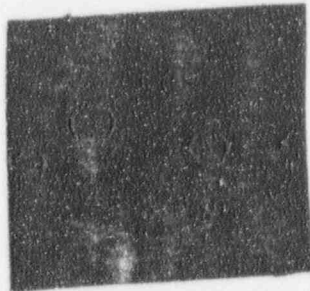


Total

\$4,916,509.00

Year 4

Direct Labor
Overhead
Subcontracts
G & A
Total Estimated
Cost
Fee

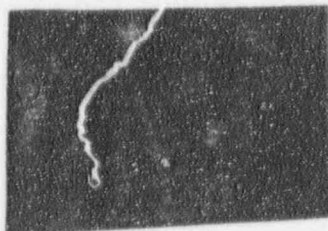


Total

\$5,072,169.03

Year 5

Direct Labor
Overhead
Subcontracts
G & A



Total Estimated
Cost
Fee

Total

\$5,232,871.21

Ex 4

Totals

Year 1

Year 2

Year 3

Total (Base Period) \$14,301,874.32

Options

Year 4

Year 5

Total

\$24,606.914.56

The Prime Contractor's negotiated costs are summarized below with the subcontractors (Pinkerton Computer Consultants and Computer Associates Services) described thereafter.

A.1. Direct Labor (Applied Management Systems)

Direct Labor was negotiated in accordance with the level of effort specified in the Request For Proposals. Audit assistance was requested and received from the appropriate Defense Contract Audit Agency (DCAA). DCAA audited the contractor's proposed labor rates. Their review disclosed no significant questioned, or unsupported items which precluded acceptance of the proposed direct labor rates.



Ex 5

All personnel labor rates and the computation methods used were verified with actual cost data information (personnel action forms).

The contractor proposed an annual escalation factor of [redacted]. This was considered acceptable by the DCAA auditor, based on the contractor's history and Data Resources, Inc's recommended escalation factors for Professional and Technical workers. The Negotiator questioned the contractor's escalation on the current contract with NRC. The contractor stated that it was roughly [redacted] annually. The contractor offered a [redacted] escalation factor

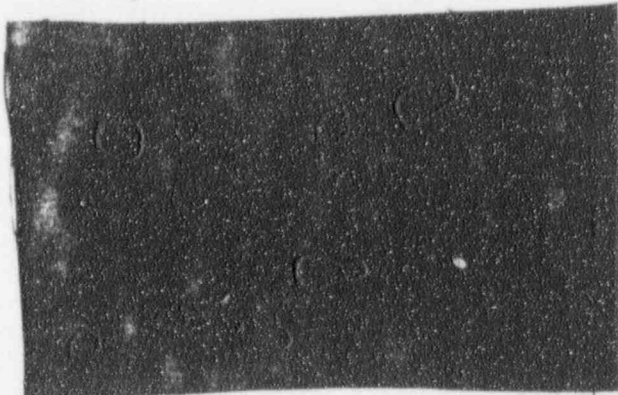
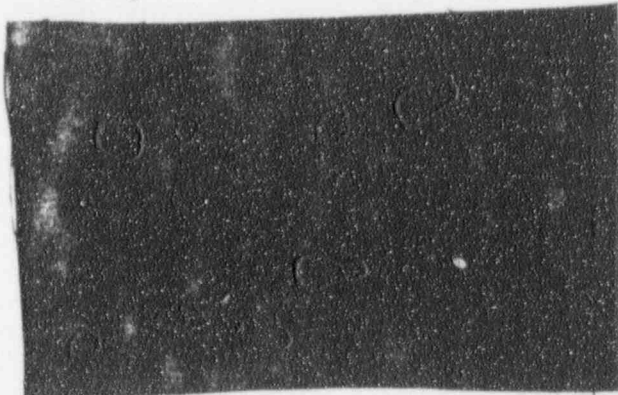
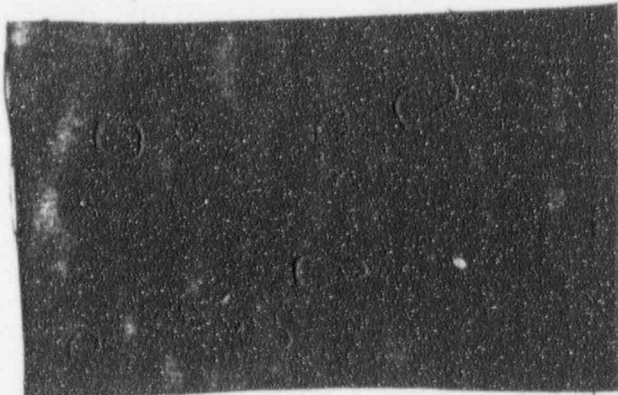

Ex 4


prior to the conclusion of negotiations and the negotiator accepted this factor as reasonable.

The Negotiator and the Source Evaluation Panel (SEP) considered the negotiated labor rates to be reasonable in support of this contract. The level of effort was specified in the RFP.

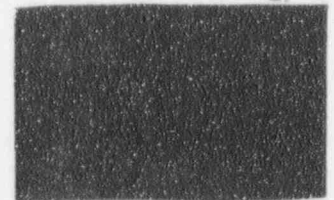
The rates as proposed and negotiated are as follows:

Year 1



Job Category	Proposed Salary	Negotiated Salary	Number of Positions	Negotiated Cost
Project Manager				
Data Base Admin.				
Data Analyst				
System Analysts				
Prog/Analysts				
Programmers				
Tech Writer				
Project Admin.				
Software Admin.				
Total Year 1				\$1,308,014.40


As discussed above, in years 2 through 5, direct labor costs were escalated  In some cases, the estimated costs are not approximate due to mathematical rounding.

Year 2
Year 3
Year 4
Year 5



A.2. Overhead (Applied Management Systems)

Overhead was proposed at  of direct labor costs. DCAA audit assistance was requested and received.  A formal provisional overhead rate agreement had not been negotiated with this contractor since 1989. However, the auditor took no exception to the the rate proposed. The auditor recommended, however, that ceilings be negotiated into this contract in order to avoid unnecessary cost growth.

The Negotiator found the proposed overhead rate to be reasonable in support of this contract. The Negotiator and contractor agreed on a ceiling rate of  It is noted that the contractor's overhead expenses should decrease as revenues increase. This contract will represent a significant increase in the contractors revenue. Therefore, DCAA audit assistance will again be requested to perform a full audit and negotiate a formal provisional overhead rate agreement.

FX 4

Year	Base (Direct Labor)	Rate	Overhead
------	---------------------	------	----------

1
2
3
4
5

Ex 4

A.3. Subcontracts (described below)

A.4. General and Administrative Expenses (Applied Management Systems)

G & A was proposed at [redacted] of all direct labor costs, overhead costs, and subcontracts. DCAA audit assistance was requested and received. The auditor took no exception to the proposed rate. However, the auditor did recommend that a ceiling rate be incorporated into this contract.

The Negotiator and contractor agreed on a ceiling rate of [redacted] for this contract. The Negotiator accepted the G & A rate as reasonable in support of this contract. Again, as discussed above, the Negotiator will request DCAA assistance in negotiating a formal provisional rate agreement.

Ex 4

Year	Base	Rate	G & A
------	------	------	-------

1
2
3
4
5

A.5. Fee (Applied Management Systems)

Fee was proposed at [redacted] on each cost element, excluding subcontract costs. The weighted guidelines method for determining a fee objective suggested a fee commensurate with [redacted] of each cost element, excluding subcontract costs. However, the negotiator considered this method of determining fee to be inappropriate for this contract. The weighted guidelines method does not adequately address the competitive nature of a procurement. The Negotiator noticed in the contractor's Dun and Bradstreet report that the contractor's net profits, as reported, were currently about [redacted] of total costs. The contractor's current contract with NRC represents [redacted] of revenues (sales). The contractor indicated a willingness to reduce the proposed fee. The Negotiator reached agreement with the contractor on a fee of [redacted] of all costs, excluding subcontracts. This fee is considered by the Negotiator to be extremely reasonable.

Ex 4

Year	Base	Rate	Fee
------	------	------	-----

1
2
3
4

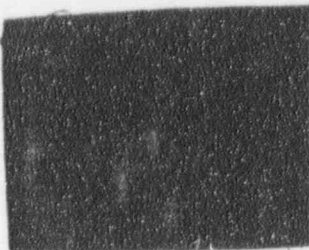
5

3. Subcontracts

The following summarizes [REDACTED] costs as negotiated:

Year 1

Direct Labor
Overhead
G & A
Total Estimated
Cost
Fee

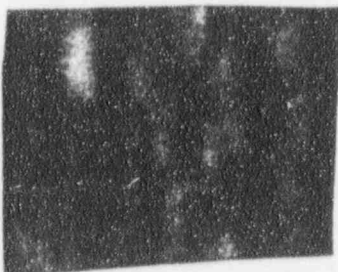


Total

\$1,403,169.73

Year 2

Direct Labor
Overhead
G & A
Total Estimated
Cost
Fee



Total

\$1,445,228.36

Year 3

Direct Labor
Overhead
G & A
Total Estimated
Cost
Fee

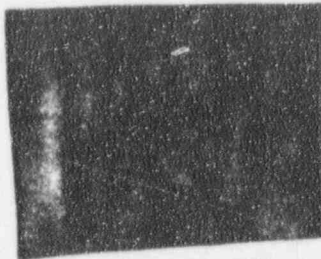


Total

\$1,488,625.15

Year 4

Direct Labor
Overhead
G & A
Total Estimated
Cost
Fee

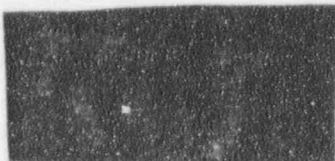


Total

\$1,533,221.72

Year 5

Direct Labor
Overhead



Ex. 4

G & A
Total Estimated
Cost
Fee

Total \$1,579,250.48

EX 4

B.1. Direct Labor

Direct labor was negotiated in accordance with the level of effort specified in the Request For Proposals. Audit assistance was requested and received from the appropriate Defense Contract Audit Agency (DCAA). DCAA audited the subcontractor's proposed labor rates. Their review disclosed no significant questioned, or unsupported items which precluded acceptance of the proposed labor rates.

However, as with AMS,

The subcontractor proposed direct labor rates based on average category rates for the staff. The Negotiator requested and received from the contractor (AMS) the cost data information provided to the auditor. As with AMS, it was discovered that, in many instances, the

EX 5

Therefore, the Negotiator discussed with the contractor (AMS) Reductions in the average labor rates were agreed upon.

All personnel labor rates and the computation methods used were verified with actual cost data information (personnel action forms).

The contractor proposed an annual escalation factor of This was accepted by the DCAA auditor, based on the contractor's history and Data Resources, Inc.'s recommended escalation factors for Professional and Technical workers. The contractor is averaging a annual escalation on the current contract. During negotiations, the contractor offered and the negotiator agreed on an annual escalation of

EX 4

The Negotiator and the Source Evaluation Panel considered the negotiated labor rates to be reasonable in support of this contract.

The rates as proposed and negotiated are as follows:

Year 1

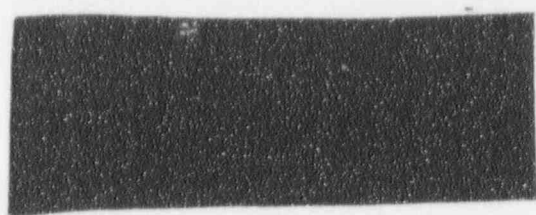
Job Category	Proposed Salary	Negotiated Salary	Number of Positions	Negotiated Cost
System Analysts Prog/Analysts Programmers				
Total Year 1				\$766,591.85

EX 4

As discussed above, in years 2 through 5, direct labor costs were escalated [redacted] In some cases, the estimated costs are not approximate due to mathematical rounding.

Ex 4

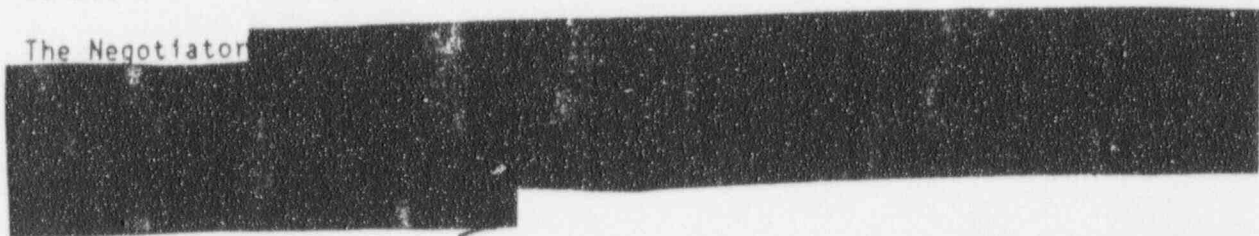
Year 2
Year 3
Year 4
Year 5



B.2. Overhead

Overhead was proposed at [redacted] of direct labor costs. DCAA audit assistance was requested and received. A formal provisional overhead rate agreement had been negotiated with this subcontractor through FY91, which specified an overhead rate of [redacted] in FY91. No agreement had been reached for FY 1992. The auditor took no exception to the lower rate proposed. However, the auditor recommended that ceilings be negotiated into this contract in order to avoid unnecessary cost growth.

The Negotiator [redacted]

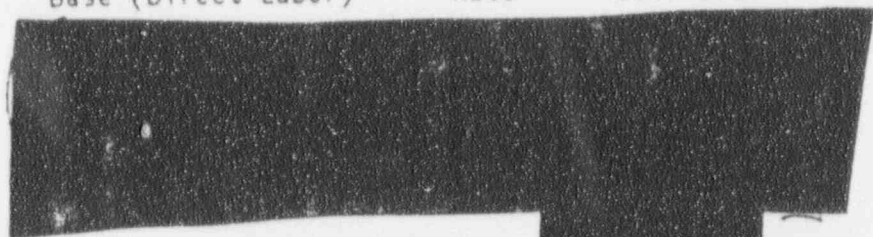


Ex 5

The Negotiator found the proposed rate to be reasonable in support of this contract. The Negotiator and contractor agreed on a ceiling rate of [redacted] As explained with the contractor's (AMS) rates, the Negotiator will request DCAA audit assistance to perform a full audit and negotiate a formal provisional overhead rate agreement for FY 92 and beyond.

Year	Base (Direct Labor)	Rate	Overhead
------	---------------------	------	----------

1
2
3
4
5



Ex 4

B.3. General and Administrative Expenses

G & A was proposed at [redacted] of direct labor costs. DCAA audit assistance was requested and received. The subcontractor's experienced rate for FY 91 was [redacted] Agreement has not been reached on a FY92 rate. However, the auditor took no exception to the proposed rate. It was recommended that the contract contain a ceiling rate to prevent cost growth.

A ceiling on G & A was agreed upon at [redacted] for this contract. The Negotiator accepted the rate as reasonable in support of this contract. A formal provisional rate agreement will be requested of DCAA.

Year	Base	Rate	G & A
------	------	------	-------

1
2
3
4
5

[REDACTED]

Ex 4

B.4. Fee

Fee was proposed at [REDACTED] on direct labor, overhead, and G & A. The weighted guidelines method for determining a fee objective suggested a fee commensurate with [REDACTED] of each cost element. The Negotiator did not use this method for determining a fee objective. The weighted guidelines method does not adequately take into consideration the competitive nature of a procurement. The Negotiator sought to negotiate a lower fee for this subcontractor's effort. During negotiations, the subcontractor offered and the negotiator accepted a [REDACTED] fee for this contract. This fee is considered reasonable for this contract by the Negotiator.

Ex 4

Year	Base	Rate	Fee
------	------	------	-----

1
2
3
4
5

[REDACTED]

Ex 4

C. [REDACTED] (Subcontract)

Computer Associates Services is to provide 9 personnel for the positions of Senior Data Base Administrator (1), Senior Systems Analyst (2), Programmer/Analyst (4), and Programmer (2).

The costs were presented (proposed) and negotiated based on the actual salary rate for the DataBase Analyst and average category labor rates for the remainder of the staff, plus applicable indirect costs and fee. The costs are depicted below as a fully burdened rate, rather than by individual cost elements, as with AMS and [REDACTED] above.

Ex 4

Fully burdened rates were negotiated as follows:

Position	Labor Rate	Overhead	G & A	Fee	Fully Burdened Rate
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Sr. DataBase Analyst

[REDACTED]

(13%)*

Sr. Systems Analyst
Prog/Analyst
Programmer

[REDACTED]

*** Sr. DBA labor costs are allocated and applied against a higher G & A

expense rate [REDACTED] Ex 4

Total costs for year one were then negotiated as follows:

Position	Fully Burdened Rate Proposed	Fully Burdened Rate Negotiated	Hours	Total Cost
Sr. DataBase Analyst (actual)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sr. Systems Analyst	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Programmer Analyst	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Programmer	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
TOTAL				\$722,943.75

 Ex 4

Costs for years 2 through 5 were escalated [REDACTED] to cover inflation and cost of living increases. Costs may not be approximate due to mathematical rounding.

Year 2
Year 3
Year 4
Year 5

C.1. Direct Labor (CAS)

Direct labor was negotiated in accordance with the level of effort specified in the Request For Proposals. Audit assistance was requested and received from the appropriate Defense Contract Audit Agency (DCAA). DCAA audited the subcontractor's proposed labor rates. Their review disclosed no significant questioned, or unsupported items which precluded acceptance of the proposed labor rates.

However, as with AMS and [REDACTED] the Negotiator considered [REDACTED] Ex 4
[REDACTED] The subcontractor proposed direct Ex 5
labor rates based on the actual salary rate for the DBA and average category rates for the staff. The Negotiator requested and received from the contractor the cost data information provided to the auditor. As with AMS and [REDACTED] it was discovered that, in many instances, the average rate was [REDACTED] Ex 5

[REDACTED] Therefore, the Negotiator discussed with the contractor (AMS) lowering many of the subcontractor's proposed labor rates. Reductions in the average labor rates were agreed upon.

All personnel labor rates and the computation methods used were verified with actual cost data information (personnel action forms).

The contractor proposed an annual escalation factor of [REDACTED] This was accepted by the DCAA auditor, based on the contractor's history and Data Resources, Inc's recommended escalation factors for Professional and Technical workers. The Negotiator accepted the proposed escalation rate. Ex 4

The Negotiator and Source Evaluation Panel considered the negotiated labor rates to be reasonable in support of this contract. The level of effort was specified in the RFP.

The rates as negotiated are presented above in order to depict total negotiated costs.

C.2 Overhead

Overhead was proposed at [REDACTED] of direct labor costs. DCAA audit assistance was requested and received. The auditor took no exception to the rate proposed. This provisional rate is in accordance with CAS's negotiated overhead rate agreement.

The Negotiator found the proposed rate to be reasonable in support of this contract. A ceiling was not necessary for this subcontractor as the rate proposed is in accordance with their DCAA rate agreement.

Refer to the calculation above (concerning the negotiated fully burdened labor rate) for overhead costs negotiated.

Ex 4

C.3. General and Administrative Expenses (CAS)

G & A was proposed at [REDACTED] of direct labor and overhead costs for the Senior DataBase Analyst and [REDACTED] of direct labor and overhead costs for the remaining staff. DCAA audit assistance was requested and received. The auditor took no exception to the proposed rate as it is in accordance with CAS's provisional rate agreement.

The Negotiator found the proposed rate to be reasonable in support of this contract.

Refer to the calculation above (concerning the negotiated fully burdened labor rate) for general and administrative cost negotiated.

C.4. Fee

Fee was proposed at [REDACTED] on direct labor, overhead, and G & A. The weighted guidelines method for determining a fee objective suggested a fee commensurate with [REDACTED] of each cost element. The Negotiator suggested to the Prime Contractor (AMS) that he negotiate a lower fee with the subcontractor. A [REDACTED] fee had been accepted by the Prime and the other subcontractor. However, CAS refused to lower their fee in subsequent negotiations.

Ex 4

The Negotiator accepted the fee as reasonable however, as it was comparable to the weighted guidelines objective.

Refer to the calculation above (concerning the negotiated fully burdened labor rate) for negotiated fee costs.

16. Certification:

