

a. In the Table of Contents on page L-4, delete L.9.4 SECTION 3: PRICE ESTIMATING MODEL and replace with L.9.4 SECTION 3: COST PROPOSAL WORKSHEETS

b. Delete Volume IV instructions in Section L, Subsection L.4.4, Table 1 and replace with the following:

VOLUME	SECTION	VOLUME/SECTION TITLE	COPIES	PAGE LIMIT
IV	Volume Heading	Cost/Price	Original, 2 Copies and 3 electronic media storage devices with capacity to hold all PVN files, including the Offeror(s)/Subcontract or(s) Cost Proposal Worksheets on a single device - Use MS Excel 2003 and MS Word 2003.	N/A
IV	1	Completed Schedule B	Same as above	None
IV	2	Total Offered Price	Same as above	None
IV	3	Cost Proposal Worksheets (CPW)	Same as above – Use MS Excel 2003	None
IV	4	Price Volume Narration	Same as above - Use MS Word 2003	None
V		Redacted Copy	Original, 1 Copy and 1 CD	None

c. Delete Subsection L.9 of Section L in its entirety and replace with the following:

L.9 PROPOSAL PREPARATION INSTRUCTIONS – VOLUME IV: COST/PRICE VOLUME.

L.9.1. General.

L.9.1.1. Volume IV shall be divided into the following sections:

1. Completed Section B (CLIN Schedule)
2. Total Offered Price
3. Cost Proposal Worksheets
4. Price Volume Narration

L.9.1.2. The Cost/Price Proposal must be a self-contained document not relying on any other volumes for reference by the government evaluation team. Where sections from other volumes must be duplicated in the Cost/Price Proposal, such as the Contract Work Breakdown Structure, ensure the sections are the same in both volumes. Offeror(s)/Subcontractor submittals shall comply with all of the pertinent instructions for the preparation of a Cost/Price Proposal as contained herein.

L.9.1.3. CLINs/SLINs that require submission of labor rates shall be submitted in dollars and cents rounded to no more than two decimal places. CLINs/SLINs that require submission of a percentage rate shall be submitted as a decimal not to exceed four decimal places. All other CLIN/SLIN prices shall be submitted in whole dollars.

L.9.1.4. All proposals shall include a summary of the total costs by year, including a breakout by each cost element (direct labor, each indirect cost, other direct costs, subcontractor costs, materials and profit/fee). The cost/price proposal must be mathematically correct and all parts must be numerically consistent.

L.9.1.5. Other Than Certified Cost or Pricing Data.

L.9.1.5.1. In accordance with FAR 15.403-1 (b) (1), the contracting officer expects adequate price competition. Therefore, as stated in FAR 52.215-20 Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (Alternate IV) incorporated at L.2, submission of certified cost or pricing data with the proposal is not required. However, the government reserves the right to require the submission of certified cost or pricing data if the Contracting Officer later determines that none of the exceptions listed at FAR 15.403-1 Prohibition on Obtaining Cost or Pricing Data apply.

L.9.1.5.2. Other than certified cost or pricing data is required for the Contracting Officer to perform a cost realism analysis. The purpose of the cost realism analysis is to determine that the Offeror/Subcontractor fully understands the requirements of the solicitation and has the ability and capacity to successfully perform the contract at the offered costs and prices. It is the responsibility of the Offeror/Subcontractor to provide convincing evidence supporting this conclusion. Therefore, the information requested herein is required from the Offerors/Subcontractors as applicable.

- L.9.1.5.3.** Other than certified cost or pricing data is required from the Offeror and from each major subcontractor, interdivisional transfer, and vendor (hereinafter referred to as subcontractor(s)) regardless of tier, whose total price for all effort in response to this solicitation exceeds \$11.5 million dollars.
- L.9.1.5.4.** The Offeror shall inform all subcontractors of this requirement and will direct all subcontractors who meet the required threshold, to submit the required data directly to the Prime Offeror. If the Subcontractor considers the material to be proprietary and does not want this information disclosed to the Prime Offeror, the Subcontractor may submit the material under signature seal to the Prime Offeror with the package clearly marked as “Proprietary: to be Opened Only by the Government’s Price Evaluation Team.” The Prime Offeror will then submit this unopened data as part of its Cost/Price Proposal.
- L.9.1.5.5.** When applicable, the Subcontractor’s signature-sealed submittal will be properly identified on its outside cover with the name of the Subcontractor, the name of the Prime Offeror to which the submitted information is applicable, the name of solicitation (NAIS) and the Solicitation Number (HSCG23-08-R-ADA011). Inside the Subcontractor’s submittal, the Subcontractor will provide a point of contact and the appropriate contact information (name, mailing address, voice and fax phone numbers, and email address).
- L.9.1.5.6.** Other than certified cost and pricing data will be submitted by the Offeror/Subcontractor in the Offeror’s/Subcontractor’s format. This information shall be the most current information available prior to submission.
- L.9.1.5.7.** Submitted information will show the applicable labor rate, fringes, all overheads, general and administrative costs, profit, and any other factors applied to the labor rates. Labor rates shall be verifiable through the submission of payroll data and/or documentation of forward pricing agreements. Fringes, all overheads, general and administrative costs, profit, and any other factors applied to the labor rates shall be verified from the submission of a DCAA audit report or a report from an independent auditor. If the Offeror/Subcontractor has reached an agreement with Government representatives on the use of forward pricing rates/factors, identify the agreement, include a copy, and describe its nature.
- L.9.1.6. Adequate Price Competition.**
- L.9.1.6.1.** Offerors shall provide data showing the degree of competition and the basis for establishing the source and reasonableness of price for those acquisitions (such as subcontracts, purchase orders, material order, etc.) meeting or exceeding the previously defined thresholds for submitting other than cost or pricing data. For inter-organizational transfers priced at other than the cost of comparable competitive commercial work of the division, subsidiary, or affiliate of the contractor, explain the pricing method (see FAR 31.205-26(e)).

L.9.1.6.2. Subcontractors who meet or exceed the previously defined thresholds for submitting other than certified cost or pricing data (see L.9.1.5.3) shall provide data showing the degree of competition and the basis for establishing the source and reasonableness of price for those acquisitions (such as subcontracts, purchase orders, material order, etc.) meeting or exceeding the previously defined thresholds for submitting other than cost or pricing data. For inter-organizational transfers priced at other than the cost of comparable competitive commercial work of the division, subsidiary, or affiliate of the contractor, explain the pricing method (see FAR 31.205-26(e)).

L.9.2. SECTION 1: COMPLETED SECTION B CLIN SCHEDULE.

Offerors shall submit a completed copy of Section B, CLIN Schedule. Offerors shall not change the contract types provided in Section B. Prices, rates, and/or fees must be provided for all contract line items (CLINs/SLINs). The values for prices, rates, and/or fees contained in the submitted copy of Section B must accurately represent the information contained in the Offeror(s)/Subcontractor(s) Cost Proposal Worksheets (CPW).

L.9.3. SECTION 2: TOTAL OFFERED PRICE (TOP).

Total Offered Price. Provide a computation of Total Offered Priced (TOP), as defined in Section M.5.3).

L.9.4. SECTION 3: COST PROPOSAL WORKSHEETS (CPW).

L.9.4.1. The Offeror(s)/Subcontractor(s) are required to provide CPW using Microsoft Excel version 2003 to prepare their cost/price proposal. The CPW will consist of one or more Microsoft Excel workbooks with multiple worksheets that provides for the cost/price modeling of all requirements defined by Section 3 of the SOW and is capable of producing the CLIN/SLIN prices offered in Schedule B (summation of some elements is required).

L.9.4.2. When completed by the Offeror(s)/Subcontractor(s) the CPW shall provide a detailed cost buildup of all requirements for the base period and all option periods. The CPW shall be sufficiently expanded to the level determined by the Offeror to be necessary, when combined with the accompanying Price Volume Narration (PVN), to convincingly demonstrate that the Offeror/Subcontractor fully understand the requirements of the solicitation. The CPW shall address all hours and rates pertinent to labor, material, major equipment, subcontracted effort, or other items proposed. It must correlate to the Technical and Management Volumes and to the Price, Management and Technical evaluation factors as defined in Section M.

L.9.4.3. Subcontractors who meet the threshold requirement to submit other than cost or pricing data, are required to provide CPW using Microsoft Excel version 2003 to model their cost proposal. The CPW and the subcontractor's PVN must be sufficiently detailed to demonstrate that the Subcontractor fully understands the requirements of the solicitation and correlates to the Price, Management and Technical evaluation factors as defined in Section M.

L.9.4.4. The CPW shall include indirect cost rates. Offeror(s)/Subcontractor(s) shall explain the methodology for determining these rates and show trends and budgetary data to provide a basis for evaluating the reasonableness of proposed rates in the PVN.

L.9.4.5. Identify in the CPW all other costs not otherwise included in the categories described above (e.g., special tooling, travel, computer and consultant services, preservation, packaging and packing, spoilage and rework, Federal excise tax on finished articles, etc.). Use the narrative of the PVN to explain the basis for pricing these additional items.

L.9.4.6. The CPW shall be self contained and must not rely on external data or links to external sources in its computations. If the CPW consists of multiple workbooks, links to associated files are acceptable. When pasting information into the CPW from an external source, verify that external links are not inadvertently pasted into the CPW.

L.9.4.7. Offeror(s)/Subcontractor(s) shall provide a Labor Table within the CPW that includes proposed labor rates for each level of every proposed labor category in the Technical Volume. The proposed rates must be greater than zero and must progress in value from the lowest rate at the lowest experience/seniority level in a labor category to the highest rate as determined by the Offeror/Subcontractor at the highest proposed level of experience/seniority in the same labor category.

L.9.4.8. All computations and/or concatenations based on data inputs must be done with formulas. These formulas must not be converted to values or text and all cells shall be unlocked so as to facilitate the Government's determination that the CPW have been constructed with generally acceptable mathematical assumptions and calculations.

L.9.4.9. The formulas in the CPW shall round labor rate CLINs/SLINs to no more than two decimal places, shall round input or computed hour values to no more than two decimal places, shall round percentage rate CLINs/SLINs to no more than four decimal places, and shall round other dollar CLINs/SLINs to whole dollars.

L.9.4.10. Due to the anticipated size and complexity of the Offeror(s)/Subcontractor(s) CPW, it shall be submitted in electronic format only.

L.9.5. SECTION 4: PRICE VOLUME NARRATION (PVN).

L.9.5.1. The Offeror shall provide a PVN to narrate and/or explain inputs to the Offeror(s)/Subcontractor(s) CPW. The PVN is to be used to explain the basis for estimated hours, labor rates, labor categories, burden rates, escalation, etc. Where and when applicable, repetitive explanations are not required, an electronic bookmark to prior information is acceptable.

L.9.5.2. The PVN shall include an index, appropriately referenced, of all the information accompanying or identified in the Cost/Price Proposal.

L.9.5.3. The PVN shall provide a clear and convincing explanation supporting the Offeror/Subcontractor's understanding of the requirements of the solicitation and that they have the ability and capacity to successfully perform the contract at the offered price. Where and when applicable this shall include, but is not limited to:

- L.9.5.3.1.** An explanation of the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data.
- L.9.5.3.2.** A proposed labor rate in the Cost/Price Proposal for each level of every proposed labor category in the Technical Volume. The proposed rates must be greater than zero and must progress in value from the lowest rate at the lowest experience/seniority level in a labor category to the highest rate as determined by the Offeror/Subcontractor at the highest proposed level of experience/seniority in the same labor category.
- L.9.5.3.3.** For every level of a labor category where the Offeror/Subcontractor has proposed a rate, the PVN shall include a description of the level of experience/seniority for the labor category and documentation or narration describing the basis of the rate.
- L.9.5.3.4.** A narrative of the hours associated with a particular task and the basis for the proposed hours including; an explanation as to whether or not the task is subject to improvement or learning, what rate of improvement has been used, the statistical data supporting the rate of improvement, and the distribution curve of the hours.

3. Except as provided herein, all terms and conditions referenced in Item 9A remain unchanged and in full force and effect.