

Cost/Price Proposal Overview



Safety & Mission Assurance Engineering Contract III (SMAEC III)

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Agenda

- **SEB Pricing Process**
- **Proposed Resources (PR)**
- **Specified Resources (SR)**
- **Excel Pricing Model (EPM) Workbook Templates Overview**
 - Workbook Process Flowchart
 - Workbook Technical Templates
 - Workbook Cost Templates
 - Workbook Other Templates
- **Common Volume III, Cost and Price Factor Errors**

The SEB Pricing Process



- **What does the SEB do with your cost/price proposal?**
 - Read all narrative portions of Cost Volume
 - Validate all Offerors' Excel Pricing Models (EPMs)
 - Integrate EPMs of the prime and major subs
 - Test EPMs
 - Make probable cost/cost realism adjustments (if necessary)
 - Error Corrections/Reconciliations
 - Direct Labor Rate and/or Indirect Rate Adjustments

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Error Corrections/Reconciliations**
 - Mathematical corrections
 - Formula error corrections
 - Linking error corrections
 - Subcontractor Fully Burdened Rates (FBRs) utilized by the Prime Offeror do not match the FBRs proposed by the Subcontractor
 - Government Mandated Specified Resources not utilized

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Direct Labor Rate Adjustments**
 - Incumbent Labor Rates – Where an Offeror has indicated the intention of both retaining incumbents and paying incumbent direct labor rates, and has not utilized the incumbent direct labor rate, the Offeror’s proposed direct labor rate will be adjusted to reflect the incumbent direct labor rate (reference the EPM Templates “IA – Incumbency Assumptions” and “Incumbency Retention and Pay (IRAP)”)
 - Scenario A: Offeror proposes 100% incumbent retention for SLC “X” and indicates intention to pay incumbent direct labor rates to 100% of incumbents but does not utilize the incumbent direct labor rate. 100% of the Offeror’s proposed direct labor rate will be adjusted to reflect the incumbent’s direct labor rate.

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Direct Labor Rate Adjustments (Con't)**
 - Incumbent Labor Rates (Con't)
 - Scenario B: Offeror proposes 100% incumbent retention for SLC “X” and indicates intention to pay incumbent direct labor rates to 75% of incumbents but does not utilize the incumbent direct labor rate. 75% of the Offeror’s proposed direct labor rate will be adjusted to reflect the incumbent’s direct labor rate. The remaining 25% of the proposed direct labor rate will not be adjusted to reflect the incumbents proposed direct labor rate but will be evaluated for reasonableness based upon the Offeror’s supporting rationale and/or documentation provided.

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Direct Labor Rate Adjustments (Con't)**
 - Incumbent Labor Rates (Con't)
 - Scenario C: Offeror proposes 10% incumbent retention for SLC “X” and indicates intention to pay incumbent direct labor rates to 50% of incumbents but does not utilize the incumbent direct labor rate. 5% ($10\% \times 50\% = 5\%$) of the Offeror’s proposed direct labor rate will be adjusted to reflect the incumbent’s direct labor rate. The remaining 95% of the proposed direct labor rate will not be adjusted to reflect the incumbents proposed direct labor rate but will be evaluated for reasonableness based upon the Offeror’s supporting rationale and/or documentation provided.

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Direct Labor Rate Adjustments (Con't)**
 - Other Than Incumbent Labor Rates – Adjustments are most likely when:
 - Offeror proposed data is not reasonable and realistic
 - RFP required supporting data is not provided (Third Party Salary Data) or adequately referenced
 - Offeror referenced documents cannot be verified:
 - » Forward Pricing Rate Agreement (FPRA)
 - » Forward Pricing Rate Recommendation (FPRR)
 - » It is required that FPRAs and FPRRs be included with the Cost/Price Volume.
 - Labor escalation is not adequately supported and/or is not reasonable and realistic.

The SEB Pricing Process (Con't)



- Examples of probable cost/cost realism adjustments:
 - **Indirect Rate Adjustments**
 - RFP required supporting data is not provided (FPRA/FPRR Agreements)
 - Use information contained on the Offeror's Overhead and G&A templates and Cost Narrative:
 - Historical Indirect Data does not reconcile with proposed indirect data and no explanation and/or supporting narrative is provided
 - Insufficient information on the forecasts and assumptions used (cost pool and base of application) for each indirect rate, if no FPRA or FPRR is in effect or does not cover the entire period of performance
 - Use Audit or ACO indirect rate information, where available

The SEB Pricing Process (Con't)



- **Develop Pricing Charts for Presentation to the Source Evaluation Board (SEB) & the Source Selection Authority (SSA)**
 - Proposed Cost vs. Probable Cost and Delta
 - Rationale for Probable Cost Adjustments
 - Risk Assessment (on FFP effort)

Proposed Resources Estimate (PRs)



- **What are IDIQ Proposed Resources (PRs)?**
 - Proposed Resources (labor hours and non-labor resources) are to be bid by the Offeror for each Contract Year and are applicable to the **FFP SOW 1.0 Contract Management effort**
 - A GRE for SOW 1.0 has been provided in Section L, Paragraph L.24(c)(2), Table L.9 (WYEs) and Table L.10 (Non-Labor Resources (NLRs))
 - Offerors must bid the number of WYEs and skill mix required to accomplish the SOW 1.0 effort based on their unique technical and management approach
 - Offerors are strongly cautioned not to regurgitate the GRE back to the SEB without adequate Basis of Estimate (BOE) support. BOEs are to be included in Volume I.

Specified Resources Estimate (SRs)



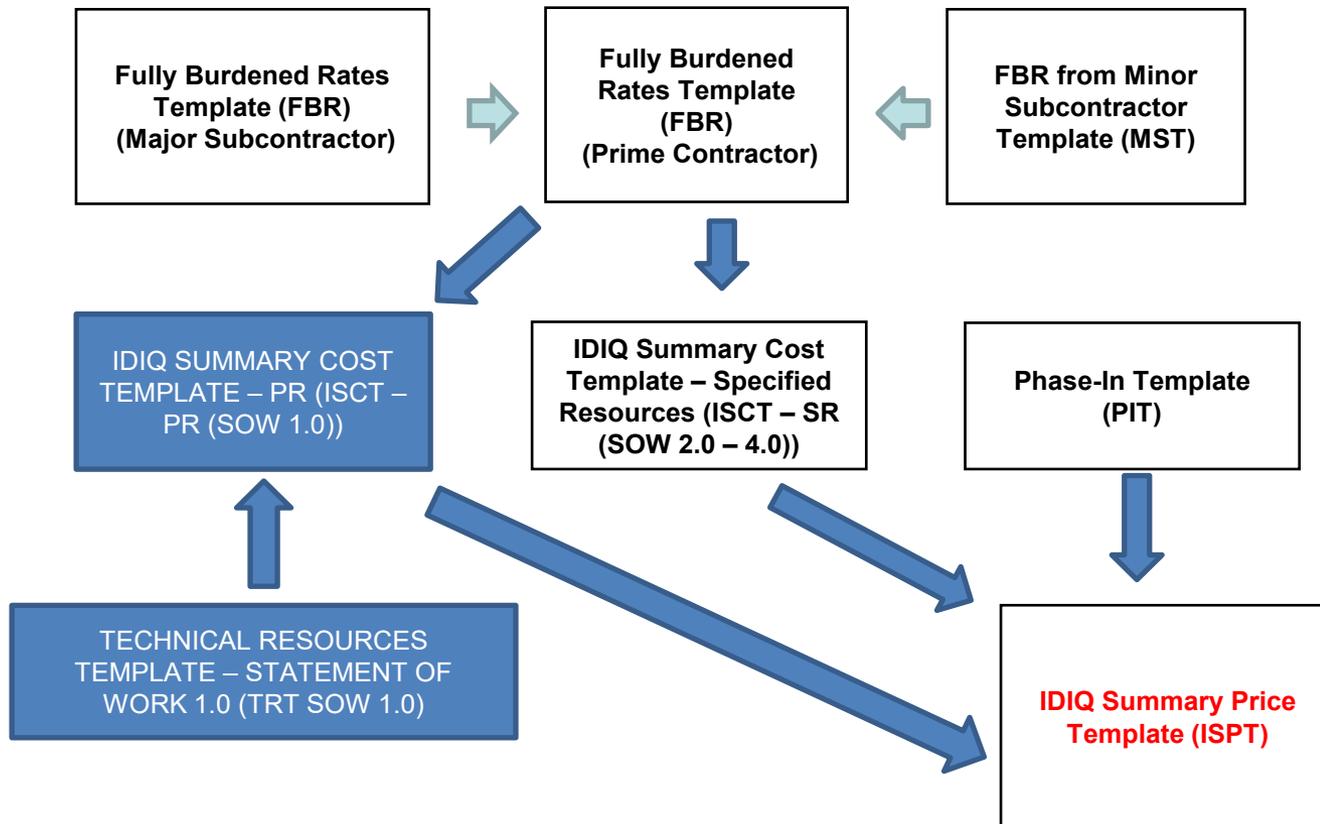
- **What are IDIQ Specified Resources (SRs)?**
 - Specified Resources (labor hours and non-labor resources) are provided by the Government for each Contract Year and are applicable to the cost reimbursable SOW 2.0 – 4.0 effort
 - Section L, Paragraph L.24(c)(1), Table L.7 (labor hours) and Table L.8 (NLRs) and in the RFP Excel Pricing Model (EPM) ISCT – SR Tab
 - SR Hours assigned to each Standard Labor Category (SLC) indicates anticipated labor distribution for typical projects for a task order based primarily on historical data
 - SR Non-Labor Resources (NLRs) are based primarily on historical data
 - Offerors **shall not** change the Government provided SRs as identified in Section L (Tables L.7 and L.8) of the RFP



Workbook Templates Overview

- **Workbook Process Flowchart**

- IDIQ Effort



Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Technical Templates**
 - Technical Resources Template -- STO 1 (TRT STO 1)*
 - Identifies WYEs proposed for Sample Task Order 1 by Standard Labor Categories (SLCs), by SOW paragraph, and in total
 - Requires Offeror Input/Linking, but partially automated
 - Requires Offeror to identify types (but not dollar amount) of NLRs required to perform the effort
 - Not utilized in support of Volume III, Cost and Price Factor

*Template is required from the Prime Offeror only

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Technical Templates**
 - Technical Resources Template -- STO 2 (TRT STO 2)*
 - Identifies WYEs proposed for Sample Task Order 2 by SLCs, by SOW paragraph, and in total
 - Requires Offeror Input/Linking, but partially automated
 - Requires Offeror to identify types (but not dollar amount) of NLRs required to perform the effort
 - Not utilized in support of Volume III, Cost and Price Factor

*Template is required from the Prime Offeror only

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Technical Templates**
 - Technical Resources Template – SOW 1.0 (TRT SOW 1.0)*
 - Identifies WYEs proposed for SOW 1.0 Contract Management by SLCs, by SOW paragraph, and in total
 - Requires Offeror Input/Linking, but partially automated
 - Requires Offeror to identify types and dollar amounts of NLRs required to perform the effort
 - Functions as a link between Volume I, Mission Suitability Factor and Volume III, Cost and Price Factor

*Template is required from the Prime Offeror only

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Cost Templates**
 - IDIQ Summary Price Template (ISPT)*
 - Summarizes the price for SRs, PRs, and Phase-In
 - Fully Automated (no Offeror input required)
 - Note the “red” cell, which is the Proposed Price presented to the SSA
 - Phase-In Template (PIT)*
 - Requires Offeror Input/Linking

*Template is required from the Prime Offeror only
8/22/2023

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Cost Templates (Con't)**
 - IDIQ Summary Cost Template – Proposed Resources (ISCT – PR (SOW 1.0))*
 - Requires Offeror Input/Linking, but partially automated
 - Prices the Offeror proposed hours and NLRs for the FFP SOW 1.0 Contract Management effort
 - IDIQ Summary Cost Template – Specified Resources (ISCT – SR (SOW 2.0 – 4.0))*
 - Requires Offeror Input/Linking, but partially automated
 - Prices the SR hours and SR NLRs for the cost reimbursable SOW 2.0 – 4.0 technical effort

*Template is required from Prime Offeror only

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Cost Templates (Con't)**
 - Fully Burdened Rate Template (FBR)**
 - Requires Offeror Input/Linking, but partially automated
 - Minor Subcontractor Template (MST)*
 - Requires Offeror Input/Linking

*Template is required from Prime Offeror only

**Template is required from Prime Offeror and each Major Subcontractor (\$35M value or greater over the contract period of performance)

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Cost Templates (Con't)**
 - Incumbency Retention and Pay (IRAP) Template***
 - Requires Offeror Input/Linking, but partially automated
 - Identifies all sources of direct labor proposed in the computation of each composite SLC direct labor rate for Contract Year 1
 - Identifies an Offerors total WYEs used in the development of each composite SLC direct labor rate for Contract Year 1 based on SR and PR hours to be utilized by the Offeror
 - Calculates incumbency retention and pay percentages

***Template is required from Prime Offeror, each Major Subcontractor (\$35M value or greater over the contract period of performance), and any subcontractor required to submit a Total Compensation Plan (TCP) per DRD-S3-12 – Total Compensation Plan

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Cost Templates (Con't)**
 - Overhead Template (OHT)**
 - Requires Offeror Input/Linking, but partially automated
 - Duplicate Template as needed to support each indirect rate other than General and Administrative (G&A)
 - Required if no FPRA/FPRR or if there are contract years not covered by the FPRA/FPRR
 - General and Administrative Template (GAT)**
 - Requires Offeror Input/Linking, but partially automated
 - Required if no FPRA/FPRR or if there are contract years not covered by the FPRA/FPRR

**Template is required from Prime Offeror and each Major Subcontractor (\$35M value or greater over the contract period of performance)

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Other Templates**
 - Fringe Benefits Analysis of Compensation Plan (FBACP)^{***}
 - Requires Offeror Input
 - Incumbency Assumptions (IA) Template^{***}
 - Requires Offeror Input/Linking
 - Caution: Data in the IA Template should not conflict with data in the IRAP Template

^{***} Template is required from Prime Offeror, each Major Subcontractor (\$35M value or greater over the contract period of performance), and any subcontractor required to submit a Total Compensation Plan (TCP) per DRD-S3-12 – Total Compensation Plan

Excel Pricing Model Workbook Templates Overview (Con't)



- **Workbook Other Templates (Con't)**
 - Cognizant Federal Agency and Audit Office Template (CFAOT)**
 - Requires Offeror Input
 - Used to identify Government points of contact regarding audit data, business systems status, and other pertinent information

** Template is required from Prime Offeror and each Major Subcontractor (\$35M value or greater over the contract period of performance)

Common Volume III, Cost and Price Factor Errors



- **Proposals with omissions:**
 - Lack of detail on Overhead, G&A and Other Indirect Rates
 - Lack of narrative supporting rationale
- **Logic Issues:**
 - Inconsistent content within the proposal
- **Failure to follow template instructions:**
 - Using hard numbers instead of formulas and/or links where appropriate
 - Placing Prime or Major Subcontractor FBRs where Team Composite FBRs are Required
 - Proposed FBRs in Cost/Price Volume do not match the Section B FBRs identified in the Model Contract

Common Volume III, Cost and Price Factor Errors (Con't)



- **Discrepancies and/or Lack of reconciliation between different areas of the Offeror's proposal**
 - Technical Approach
 - Management Approach
 - Cost and Price Factor
 - Major Subcontractor data submitted to the Government versus Major Subcontractor data utilized in the Prime's Proposal
 - Basis of Estimate (BOE) not provided or inadequate
 - BOE should be specific, clear, and detailed

Volume III, Cost and Price Factor



Questions?