

## **General Instructions**

The contractor shall submit technical, schedule, cost and pricing information for this procurement as defined in this Request for Proposal (RFP). The contractor shall not submit information and data beyond that required by this instruction unless the contractor considers it essential to document or support their cost. The contractor must include all information, supporting documentation, and data relating to proposed costs in the Cost Volume. To the greatest extent possible, all proposed costs will come from recent historical program data/actuals unless the Contractor Line Item Number (CLIN) is identified as new scope of work, and not similar to historical work accomplished. The contractor will submit, fully explain and show mathematical/statistical formulas to derive any metric/parametric for proposed costs derived from program actual cost data for items such as profit, general and administrative, facilities cost of money, etc.

**Cost Proposal and Price Assumptions.** The contractor will list its technical, programmatic, cost and pricing assumptions or assertions used to build its cost proposal.

The contractor proposal and all information submitted with the proposal should clearly explain the contractor's approach to contract performance and contract pricing. Thus, the contractor shall clearly and specifically identify proposed efforts and related priorities to include the contractor's unstated needs and proposed efforts outside the scope of this RFP. The contractor shall carry over this clear and specific identification into its cost and pricing proposal.

**Contractor Systems:** The contractor shall submit latest status of contractor business systems and other findings issued by Defense Contract Management Agency (DCMA) or by Defense Contract Audit Agency (DCAA) attributable to itself, any Inter/Intra Divisional Work Transfer (IDWT) unit, and each major subcontractor as Cost Volume attachments. The contractor is to attach the following for each system listed:

- Cost Estimating System;
- Earned Value Management System;
- Material Management and Accounting System;
- Accounting System Administration;
- Contractor Purchasing System Administration;
- Contractor Property Management System Administration;
- Notice of Contract Costs Suspended and/or Disapproved; and,
- Product Quality Deficiency Report (PQDR).

For any contractor business system in a disapproved status, affected by CAS violation, deficient status or under a surveillance plan, the contractor shall identify the specific system(s) affected and submit its corrective action plan with milestones to bring the specific system(s) to regulatory compliance. The contractor submission will accompany its proposal as a Cost Volume attachment.

### **Pricing Methodology:**

The contractor shall identify any deviation from its standard proposal preparation procedures. When responding to these Cost Volume requirements, the contractor, IDWT unit and subcontractors will submit, fully explain and show mathematical/statistical formulae for generally accepted estimating techniques, including contemporary estimating methods (such as analogies, Cost-to-Cost and Cost-to-Non-Cost Estimating Relationships, commercially available parametric cost models, in-house developed parametric cost models, etc.), applied to develop estimates. Supporting documentation for basis of estimates (BOEs) will include traceability to program historical cost data.

### **Cost Volume Pricing Instructions**

The submitted Cost Volume shall reflect proposed estimated costs and price to perform efforts and requirements set out in this RFP. The contractor shall comply with the following instructions below in preparing its cost proposal to facilitate submission of a thorough, accurate and complete proposal. In accordance with Defense Federal Acquisition Regulation Supplement (DFARS) 252.215-7009, the contractor shall complete and submit a Proposal Adequacy Checklist as stated in the RFP.

To comply with Defense Federal Acquisition Regulation Supplement (DFARS) 252.215-7009, the contractor shall submit its Proposal Adequacy Checklist. Guidance under DFARS, Item 17 to DFARS 252.215-7009, PROPOSAL ADEQUACY CHECKLIST (JAN 2014), states, in part:

*“... If the offeror’s price/cost analyses are not provided with the proposal, does the proposal include a matrix identifying dates for receipt of subcontractor proposal, completion of fact finding for purposes of price/cost analysis, and submission of the price/cost analysis?”*

The Prime Contractor may submit a matrix identifying dates for receipt of subcontractor proposals, completion of fact finding for purposes of price/cost analysis, and submission of the Price/Cost Analysis Reports (CAR) for itself or for any subcontractor unit in lieu of submitting and providing CARs for that subcontractor/IDWT unit with the contractor’s proposal. **All CARs for suppliers over the TINA threshold must be submitted to the Government within 30 days after the prime proposal submittal date.**

A. **‘Flow-Down’ of Cost Proposal Instructions.** For this RFP, the Government expressly requires the Cost Volume include information and supporting data for prime contractor, IDWT and subcontractor proposals (i.e., Format A cost data, BOEs, BOMs) be standardized. **To achieve this objective, the contractor shall transmit, distribute, provide and ‘flow-down’ all Government issued proposal and pricing instructions to IDWTs and subcontractors.** In its Cost Volume submission, the contractor shall explain any deviation from distributing, providing and ‘flowing-down’ Government proposal and pricing instructions. Additionally, within 30 calendar days of RFP receipt

date, the contractor will provide a “standardization template” to IDWTs and subcontractors displaying a format and consistent numbering schema for IDWT and subcontractor supporting materials.

B. Submittal of IDWT and Subcontractor Proposals. All IDWT and/or subcontractor unsanitized proposals must be submitted directly to the Government the same time the sanitized proposals are submitted to the prime contractor. If any IDWT and/or subcontractor submits a sanitized proposal for Cost Volume proposal inclusion, the prime contractor will ensure separate IDWT and subcontractor proposals, which include full cost visibility and application of all rates, are submitted directly to the Government coincident to and consistent with submission of the sanitized proposal to the prime contractor. **The prime contractor is responsible for ensuring that all subcontractors and IDWTs submit proposals to the Government by the due date.** All IDWT and subcontractor proposal updates shall be submitted to the Government in the same manner. **Extracted ProPricer data is not an acceptable form of cost proposal submission.**

C. Requirement for Certified Cost or Pricing Data. The prime contractor, IDWT and all subcontractor proposals (and lower tier subcontracts and IDWTs included in subcontractor proposals) with an estimated value greater than or equal to \$2,000,000 shall submit a Certificate of Cost or Pricing Data, to be certified at the time of price agreement. **The prime contractor shall submit documentation for any request for exception to submitting certified cost or pricing data.** For any IDWT or subcontractor submitting a cost proposal below the \$2,000,000 threshold, the prime contractor will ensure submission of detailed "Other than Cost or Pricing Data" to adequately disclose the proposed cost elements. The contractor shall follow and comply with Federal Acquisition Regulation (FAR) section 15.408, Table 15-2 “Instructions for Submitting Cost/Price Proposals When Certified Cost or Pricing Data Are Required” for general cost proposal information, cost elements, and cost formats in all cases not specifically covered by these RFP instructions. The prime contractor shall submit its cost proposal in accordance with FAR 15.408(l) and 15.403-5.

The contractor grants the Contracting Officer or authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this provision, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the offeror’s determination of the prices to be offered in the catalog or marketplace.

D. Cost Proposal Format.

1. Cost Format A, Cost Element Summary by CLIN and Contract Work Breakdown Structure (CWBS) by Calendar Year.

Consistent with Attachment 0013 of this RFP, prime contractor, IDWT, and subcontractor proposals, estimated in value greater than or equal to \$2,000,000, shall be in **Cost Format A** and consistent with a contractor's rate structure (i.e., Contractor Fiscal Year (CFY)). Each contractor shall submit Cost Format A data by CFY for the total proposed effort and for each contractor business unit with separate cost and pricing rates. The prime contractor shall ensure that Cost Format A data submitted to the Government is fully functional (with formulas and mathematical operations) in an un-password protected, unencrypted, executable Microsoft (MS) Excel 2016 or later worksheet. Additionally, any contractor submitting a Cost Format A proposal in response to this RFP shall disclose cost breakdowns according to that contractor's cost structure for each applicable cost element, including: direct labor hours by each discrete labor category; direct labor rates and costs by each discrete labor category; indirect labor rates and costs; materials; subcontracts; IDWTs; other direct costs (ODCs) (e.g., travel), all other indirect rates and costs; and, fee. The contractor must disclose sufficiently detailed information and cost data to show the application of all direct and indirect rates by CFY including formulas (no hard codes) for all discrete cost elements. For each indirect cost category, the contractor shall describe the cost elements comprising the base for each proposed indirect rate.

The Integrated Cost Model (Cost Format A executable) illustrates the utility ACC-RSA requires in the Excel pricing model submitted with the proposal. The prime contractor's proposed Integrated Cost Model (Cost Format A executable) must be fully functional and contain the following, as a minimum:

- Integrated cost input tabs (Rates & Factors, Labor Hours, ODCs, Materials, Subcontracts, and IDWTs) that serve as the origin of all cost inputs and summarize complete BoEs for the proposed effort. ACC-RSA requires two cost element input tabs:
  - One tab is the rates input tab. This serves as the origin of all proposed direct and indirect rates or other cost factors similar to rates.
  - The other tab is the resources input tab. This is for each direct cost element category, such as: labor hours; material; subcontracts; and, ODC.
  - Contractor proposed inputs for both tabs must be by cost element category; by CLIN; by WBS; and, by CFY.
  - **For any contractor proposed composite rate, whether direct, indirect or mixed, the contractor must explain the composite rate application in a supporting cost narrative and fully disclose the formula or mathematical operations applied to compute the composite rate.**
- All cost elements must be priced and shown by CLIN and by CFY.
- For a cost proposal across multiple CLINs, the contractor shall submit a Cost Format A at the CLIN level that includes proposed cost elements and fee or profit by CFY and proposed total estimated cost plus fee for all CFYs of proposed effort. The contractor proposed Cost Format A at the CLIN level must be adjustable so that cost element inputs, such as rates and direct cost elements, can be updated on the input tabs.

- The contractor shall submit a Cost Format A at the Total Summary Cost level. A Cost Format A at a Total Summary Cost level will sum up all proposed CLIN cost elements and fee or profit for each CFY year and then provide total proposed dollar values for CLIN cost elements and fee across all proposed CFYs. The contractor proposed Cost Format A at the Total Summary Cost level must be adjustable so that that cost element inputs, such as rates and direct cost elements, can be updated on the input tabs.
  - There are no input cells in the Cost Format A tabs. The sum of each Cost Format A at the CLIN level for a CFY must equal the Cost Format A at the Total Cost Summary level for that same CFY.
  - The contractor shall ensure the integrity of Cost Format A submissions so that contractor proposed costs are consistent and capable for cross-reference traceability, i.e., the rows and columns must be the same on each tab. (e.g. if a labor category is not applicable for specific CLIN, then do not delete that labor category row for that one CLIN). The categories/titles for each CLIN/Total tab must match.
2. Summary Level Data. The contract shall submit a Cost Volume that includes summary level data showing the proposed value (estimated cost and fee or profit) by CFY and Government Fiscal Year (GFY) in total and by CLIN as shown in Table L1 below:

**Table L1**

<b>DATA BY CONTRACTOR FY</b>				
<b>CLIN</b>	<b>CFY 20XX</b>	<b>CFY 20YY</b>	<b>CFY 20ZZ</b>	<b>Total</b>
Cost excluding FCCM				
FCCM				
Fee or Profit				
Total				

<b>DATA BY GOVERNMENT FY</b>				
<b>CLIN</b>	<b>GFY 20XX</b>	<b>GFY 20YY</b>	<b>GFY 20ZZ</b>	<b>Total</b>
Cost excluding FCCM				
FCCM				
Fee or Profit				
Total				

3. Funding Profile. The prime contractor shall submit information and cost data to project estimated contractor expenditures by GFY. The prime contractor shall separately identify an estimated termination liability schedule in its proposed Funding Profile. The prime contractor shall submit a time-phased, Funding Profile that projects estimated contractor expenditures and retirement of termination liability by GFY Quarter.

E. Supporting Data.

1. General. The contractor shall submit written rationale and narrative explanations to support its proposed cost breakdowns and Cost Format A summaries. The contractor shall submit an acceptable cost proposal with sufficient detailed information for determining applicability, allocability and allowability of costs to perform Government requirements set out under this RFP. The contractor shall submit proposed BoEs that support each proposed direct-cost element and are traceable to relevant Performance Work Statement (PWS) paragraphs and proposed CWBS level(s). For each proposed BoE, the contractor shall submit a relevant technical/management description of the contractor's proposed effort that is consistent with and directly related to a computation of estimated cost(s) the contractor proposes to accomplish its proposed technical/management effort. The contractor must prepare BoE descriptions that provide reasonably, sufficient detail to ensure the Government understands the technical content and cost estimating methodology. As a minimum, a contractor submitted BoE must provide:

- Description of work content (PWS Referenced Section and Paragraph).
- Identification of specific ground rules, assertions and assumptions.
- Computation of proposed direct labor hours and estimated direct cost(s) by CWBS level that include formulas (or mathematical operations), as well as supporting program actuals or relevant historic costing data, the contractor applies to compute estimated costs. Summary of cost element information, time-phased by CFY.
- The contractor shall submit a Cost Volume that includes a Time Phased Pricing Summary by CLIN, and CFY. This requirement will be flowed to subs with words specifically written about BOE intersections levels
  - Total Summary Amount
  - Total by CLIN.
- Monthly resource data, summarized by CY, however visibility shall exist to summarize by GFY.

F. Estimating Rationale. The contractor shall submit a detailed rationale of its methodology for developing BoEs. The contractor will rely upon corresponding, program actual data for generating BoEs. Acceptable cost estimating techniques include the following:

- Analogies (program actuals or relevant historic cost data)
- Expert judgment that includes verifiable, relevant supporting rationale to include detailed task buildup (the Government must be able to evaluate underlying supporting documentation).
- Cost estimating relationships (derived from program actuals or relevant historic cost data)
- Commercial models or company bidding system (cross-checked with program actuals or relevant historic cost data)

- Subcontractors estimates (derived from program actuals or relevant historic cost data)
  - Material quotes (derived from program actuals or relevant historic cost data, use Army Apache Programs relevant historic cost data where practical). The prime contractor, IDWT and any tier of subcontractor submitting a cost proposal estimated in value greater than or equal to \$2,000,000 shall provide objective evidence that any adjustment made to a vendor quote/estimate is obtainable and realistic.
1. For analogy based estimates, the contractor will provide relevant, current program actuals or relevant analogous technical and programmatic data including program overviews/descriptions; hardware system descriptions; hardware quantities; hardware physical attributes and performance variables; weight statements; development schedules, and test program descriptions. For any direct labor hour (DLH) and any direct labor cost (DLC) estimate, the contractor shall explain its rationale for any adjustment to program or relevant historical data the contractor applies to compute its estimate. Table L2 (below) is the example format for analogy based BoE summaries; and, the contractor shall apply the Table L2 format as an adjunct to its written rationale for any contractor applied adjustment to proposed DLH and proposed DLC. All adjustments made to the base price will be documented. The prime will present the data based upon the example provided below in Table L2.

<b>Table L2: Example Format for BOE</b>				
<b>WBSxxx</b>	<b>ANALOGY</b>		<b>PROPOSAL ESTIMATE</b>	
	<b>Program</b>	<b>Hours</b>	<b>Adjustment</b>	<b>Hours</b>
Task A	XYZ	1200	Complexity x 2	2400
Task B				
:				
Task N				
<b>Total Hours</b>				<b>2400</b>

2. For any cost estimating/statistical relationship-based (CER/SER) estimates affecting proposed DLH and DLC, the contractor shall explain its rationale for applying a CER/SER to compute its DLH and DLC for any BoE. To a maximum extent practicable, the contractor will formulate a CER/SER upon relevant, current program actuals or relevant historical data supporting the contractor application of a CER/SER. Provide standard statistical measures including the Coefficient of Determination, Standard Error, % SE, CV, T-stats and a graph of actuals vs. predicted.
3. For hardware and software estimates generated using program or relevant historic cost data, identify the model and vendor; identify inputs, outputs, calibration and a trace to the estimate. For estimates based on a company standard bidding system,

provide details of methodology and reference any DoD agency certifications, and provide cross-check cost estimate to the program or relevant historic cost data.

4. For each IDWT unit and each subcontractor, the prime contractor shall identify and submit the following information as a Cost Volume input: supplier name and CAGE Code; description of effort; type of contract; cost/price and hours proposed by each tied to program or relevant historic cost data where practical within the referenced Subcontractor or IDWT proposal to the prime contractor evaluation BOE; cost/price and hours included in prime's proposal to the Government; and, specific methodology and supporting documentation. Table L3 (below) is the example format for displaying and summarizing subcontractor and IDWT information; and, the prime contractor shall submit the Table L3 format as an adjunct to its written rationale for proposing subcontractor and IDWT costs.

<b>Table L3: Example Summary of Proposed Subcontractor and Inter-divisional Work Transfer Effort</b>							
<b>Supplier</b>	<b>Cage Code</b>	<b>Description of Effort</b>	<b>Type Contract</b>	<b>Subs Hours</b>	<b>Subs Price</b>	<b>Proposed Hours</b>	<b>Proposed Price</b>
<b>Totals</b>							

5. For material, submit the supporting detail for each major material item that encompasses 80% of the total CBOM value showing part/reference number, quantity required unit price and/or total price. Provide material substantiation, to be made available upon request within 10 working days, including non-recurring & recurring methodology of material estimate, data, equations, assumptions, etc. for material estimate, material factors, provide any adjustments made to vendor quotes/estimates, and factors applied to material costs for scrap, rework, yields, quantity adjustments. *Direct material descriptions and costs are to be traceable to a contractor's touch labor BOEs in the Cost Volume submission that will utilize/consume the listed BOM line item. Specifically, each line item of the BOM should link to a specific Unit Assembly level so that the Government can verify the correct kinds and quantities.*

G. Cost Volume Specifics. Each prime contractor, IDWT unit and subcontractor Cost Volume shall include Company Name, CAGE Code, and supporting data and rationale for direct labor hours, direct labor rates, allocated labor, overhead, material, other direct cost, IDWT cost, General and Administrative costs, and cost of money factors. The submitted Cost Volume shall include direct labor hours at the CLIN and associated CWBS levels with proposed labor categories/skill levels (e.g. Engineering Tier levels) by CFY. BOEs shall include tables showing proposed hours by labor category by month for the period of performance. A contractor's rationale, explanation and justification for



its proposed costs shall include task description to PWS requirement, task duration, man loading and analogous effort to support the estimated cost. Each BOE must account for only one CLIN, WBS and PWS intersection. For example, BOEs shall not contain multiple CLIN, WBS and/or PWS references.

1. Direct Labor Hours. For each Labor BOE, the contractor shall show the number of hours per month for each month in the period of performance for that BOE. If labor involves different skills, categories or experience levels or labor rates, the hours shall be broken out as to show that mix of skills and rates necessary to perform that month. If the number of personnel on a task varies through the performance period, identify that in the BOE monthly breakout. This monthly breakout shall be displayed with each BOE.
2. Direct Labor Rates and Indirect Rates. Each IDWT unit or subcontractor shall submit direct rate and indirect rate information in support of its proposed costs, whether submitted as part of the prime contractor proposal or submitted directly to the Government. The contractor shall submit a content description for each proposed rate and each proposed rate conforming to its current Forward Price Rate Proposal (FPRP) or Forward Price Rate Agreement (FPRA) in place at the time of the contractor's submission date. If composite rates are used, provide the calculations used in deriving the proposed rates. The prime contractor as well as each IDWT unit and subcontractor shall identify its cognizant DCAA office and Contract Administration Office (CAO) contact information. Submit as part of the proposal a separate matrix for each company, taking this procurement into account, that shows rate information in the three categories listed below.
  - a. Identify the direct labor rates and indirect rates that are covered by a FPRA. Provide specifics, such as parties to the agreement, dates of agreement and expiration, coverage and limitations.
  - b. Identify any non-negotiated direct rate or non-negotiated indirect rate under a FPRP the contractor is proposing. Provide specifics to identify the FPRP being used such as submission date.
  - c. When a potential Government contract award materially impacts an indirect rate pool base, or when a previously disclosed accounting change affecting an indirect rate or direct rate will be put into effect, the contractor may propose a direct or indirect rate, which deviates from a published FPRP or FPRA rate, from the contractor's rate bulletin. In its Cost Volume submission, a contractor proposing any rate that deviates from a published FPRP or FPRA rate shall submit a detailed Basis of Estimate (BoE) for each proposed rate deviation.
  - d. If DCAA, within the past 5 years has neither reviewed nor audited any contractor submitting a proposal, then that contractor must submit its cost and pricing support documentation, in accordance with FAR Subpart 15.4, Contract Pricing,

paying particular attention to FAR Table 15-2, to its cognizant DCAA office prior to or upon cost proposal submission to the Government.

- e. For all other rates not in the categories above, provide the contractor proposed amount for each rate, coordinate with the cognizant DCAA office and the ACO early to identify the rate amount recommended by the most recent DCAA Audit and ACO recommendation, and a summary of the reasons for any differences.
3. Materials. Proposed materials shall be supported by a priced Consolidated Bill of Material (CBOM). The CBOM shall show all proposed material items in descending price order including the applicable CWBS, CLIN, PWS, source/supplier name, description, part number, quantity, unit price, and extended price. Document the basis of estimate for each item. *Each line item of the BOM should link to a specific Unit Assembly level so that the Government can verify the correct kinds and quantities.* Provide the required documentation to support Commercial Item Determinations.

For this RFP, pursuant to the Fiscal Year 2016 National Defense Authorization Act and policy guidance set out in an Office of the Under Secretary of Defense (OUSD) Memorandum of September 2, 2016, the responsibility for Commercial Item Determination remains a Government contracting officer responsibility. “It is the prime contractor’s responsibility to determine whether a particular subcontracted supply or service meets the definition of a commercial item.” (OUSD Memo, September 2, 2016) Thus, for this RFP, the prime contractor shall submit information to reasonably support the contracting officer’s Commercial Item Determination and associated pricing determinations.

4. IDWTs and Subcontracts.

- a. IDWT and Subcontractor BOEs. It is an express requirement of this RFP that the submission to the Government in the Cost Volume of certain supporting data for IDWT and Subcontractor proposals (i.e., Format A cost data, BOEs, BOMs) be standardized to the maximum extent possible. **To achieve this objective, all proposal and pricing instructions provided by the Government to the prime contractor shall be flowed down to IDWTs and subcontractors.** In addition, the Contractor should provide a “standardization template” to IDWTs and subcontractors within 30 days after issuance of the RFP showing the format and consistent numbering to be used for IDWT and subcontractor supporting materials. All proposal updates from IDWTs and subcontractors shall be submitted to the Government in the same manner. It is an express requirement of this RFP that BOEs be provided by cost element for IDWTs and subcontractor work as well. IDWT and/or subcontractor proposals must utilize the same CLIN, WBS and PWS structures as the prime contractor. Proposals that do not follow these instructions will be deemed inadequate in accordance with DFARS 252.215-7009 Proposal Adequacy Checklist, Item 11.

- b. In accordance with FAR 15.404-3, contractor shall submit a detailed price or cost analysis of each subcontract proposal at the time of submittal or a complete data acquisition plan (schedule) to complete the analysis. If you obtain assistance from DCAA or DCMA in evaluating the Subcontractor cost, request that the Contracting Officer be included on report distribution. Contractor shall include a copy of your request in your proposal and a copy of the information provided and the date of receipt of the information. If decrement factors are used, explain their development and application. Furthermore, provide traceability from each IDWT and subcontractor proposal (as adjusted) to the prime contractor proposal showing cost input in total and by PWS paragraph and CWBS. **Technical evaluations of each subcontractor and IDWT over \$2,000,000 should be conducted and provided. An analysis of errors and omissions does not constitute a technical evaluation.**
  - c. For each IDWT and subcontract proposal greater than \$2,000,000, the IDWT or Subcontractor shall provide the same level of detail and information as required in the prime contractor proposal, as discussed above. These requirements shall also be flowed down to all lower tier IDWTs and subcontracts that are greater than \$2,000,000. If IDWT and subcontractor proposals included in the higher-tier contractor proposal are sanitized, ensure separate IDWT and subcontractor proposals that include full visibility and application of all rates are submitted directly to the Government consistent with submission of the subcontract proposal to the prime contractor. Each lower tier IDWT and subcontract proposal will clearly indicate the next higher tier IDWT or subcontractor that the lower tier IDWT or subcontractor supports.
  - d. Each subcontract proposal less than \$2,000,000 shall be supported by a description of the effort, the basis for pricing, and a basis of estimate. If cost estimating factors are used, provide the basis.
  - e. For each IDWT proposal less than \$2,000,000 the IDWT shall provide cost data in adequate detail to disclose the elements of cost proposed.
  - f. An adequate cost and/or price analysis must be provided at the time of proposal or supplemental data requests will be issued to the extent needed to determine fair and reasonableness for all subcontractor/suppliers at all tiers.
  - g. For each IDWT and subcontract proposal, the detail and information shall be consistent with and traceable to the prime contractor WBS, CLINs and PWS paragraphs. Every IDWT and subcontractor BOE shall identify such information.
5. Other Direct Costs. Other direct costs should include any proposed travel costs, facility or equipment costs, and miscellaneous other direct costs. Provide a brief basis of estimate for each category of other direct costs. Provide a breakout of travel costs by CFY including the purpose and number of trips, origin and destination(s), duration, travelers per trip, and costs for airfare, per diem, rental car

expenses, and other miscellaneous costs. If cost estimating factors are used, provide the basis.

H. Fee/Profit Base. The prime contractor will not be allowed fee/profit on subcontractors' fee/profit, commercial items, travel, and other direct costs. The prime contractor will not be allowed fee/profit on material or subcontractor costs unless the following information is submitted with the proposal.

I. Material Fee/Profit: The prime contractor's fee/profit on material will be assessed based on the level of risk associated with the material, as well as the value added by the contractor. The contractor shall submit an analysis of items with similar risk profiles and justification supporting prime value added and risk for each item of group of items for consideration by the contracting officer. The contractor must clearly demonstrate how they are adding value to the material.

J. Subcontractor Cost Fee/Profit: The prime contractor's fee/profit on subcontract costs will be assessed based on the level of risk associated with the material, as well as the value added by the contractor. The contractor shall submit an analysis of items with similar risk profiles and justification supporting prime value added and risk for each item of group of items for consideration by the contracting officer. The contractor must clearly demonstrate how they are adding value to the subcontracts.