

**TEXAS COMMISSION ON ENVIRONMENTAL
QUALITY**

REMEDIATION DIVISION

VOLUME IIIA

**INDIRECT, INTERNAL AND OTHER DIRECT AND LABOR RATE
COST PROPOSAL**

Relating to

Superfund Engineering Services
(Service Type)

582-12-10084
(RFQ Number)

**This Vol IIIA Cost Proposal shall be submitted no later than seven (7)
days after TCEQ notifies RESPONDENT that it is QUALIFIED**

VOL IIIA COST PROPOSAL SUBMITTED BY

(QUALIFIED RESPONDENT's Name)

(ENGINEER's Program Director)

(Street Address)

(City, State, Zip)

(Telephone Number)

(Fax Number)

(Date Submitted)

VOLUME IIIA
INDIRECT, INTERNAL OTHER DIRECT AND
LABOR RATE
COST PROPOSAL

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ATTACHMENTS

- Form IIIA- 1, Indirect Rate Summary
- Form IIIA-2, Internal Other Direct Costs Summary
- Form IIIA-3, Labor Rate Summary
- Proposed Labor Rate Basis Forms (Form IIIA-4 through Form IIIA-22)
- Form IIIA-23, Subcontractor Employee Labor Rate Basis

GENERAL INFORMATION

A QUALIFIED RESPONDENT is one of the respondents identified under this Texas Commission On Environmental Quality's (TCEQ's) Request for Qualifications (RFQ), relating to the Superfund Engineering Services Contract, as sufficiently qualified to be considered for submission of a Volume IIIA Indirect, Internal Other Direct and Labor Rate Cost Proposal (Vol IIIA Cost Proposal).

This Vol IIIA Cost Proposal shall only be submitted by QUALIFIED RESPONDENTS identified by TCEQ in writing following TCEQ's evaluation of RESPONDENTS' Volume II submittals.

This Vol IIIA Cost Proposal is a part of the QUALIFIED RESPONDENT's response to this RFQ and is subject to all of the terms and conditions contained in the entire RFQ and RESPONDENT's Volume II submittal (Statement of Qualifications).

This Vol IIIA Cost Proposal shall be submitted no later than seven (7) calendar days after TCEQ notifies RESPONDENT in writing that it is QUALIFIED. RESPONDENT's determined to be QUALIFIED RESPONDENT's by TCEQ will be provided electronic files of the forms required to be submitted as a part of this Vol IIIA Cost Proposal.

The proposed prices submitted in this Vol IIIA Cost Proposal shall be consistent with QUALIFIED RESPONDENT's established accounting practices and all data submitted and certifications made by RESPONDENT in its Volume II submittal (Statement of Qualifications).

Failure of the QUALIFIED RESPONDENT to submit a complete and accurate Vol IIIA Cost Proposal within time deadlines and in the required formats may result in the QUALIFIED RESPONDENT's entire RESPONSE being determined to be non-compliant, result in disqualification of the RESPONSE, and termination of negotiation.

A list of acronyms which may be used in this Vol IIIA Cost Proposal is provided below.

List of Acronyms

CAD	Computer-Aided Design
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CFR	Code of Federal Regulations
EIN	Employer Identification Number
FS	Feasibility Study
GWTO	Groundwater Treatment Operation
GWTPO	Groundwater Treatment Plant Operator
HUB	Historically Underutilized Businesses
JV	Joint Venture
LPST	Leaking Petroleum Storage Tank
O&M	Operation and Maintenance
PE	Professional Engineer
PID	Photo Ionization Detector
PM	Project Manager
RAO	Remedial Action Oversight
RCRA	Resource Conservation and Recovery Act
RD	Remedial Design
RFQ	Request for Qualifications
RPR	Resident Project Representative
SOQ	Statement of Qualifications
SVOCs	Semi-volatile Organic Compounds
TCEQ	Texas Commission on Environmental Quality
TFC	Texas Facilities Commission
VOCs	Volatile Organic Compounds

INSTRUCTIONS FOR SUBMITTING THE VOLUME IIIA COST PROPOSAL

Each Vol IIIA Cost Proposal should be clearly labeled and organized as described in these instructions. The QUALIFIED RESPONDENT may not submit other documents and must limit the included information to the specific type of documents specified for each section. The Vol IIIA Cost Proposal must be entirely reproducible in black and white. The use of elaborate brochures, art work, expensive binding, or other complex visual aids in a Vol IIIA Cost Proposal is unnecessary.

One (1) paper original and five (5) paper copies of each Vol IIIA Cost Proposal shall be submitted. Each original and copy of the Vol IIIA Cost Proposal shall be placed in a single 3-ring binder. Each binder shall use the cover and title page provided by TCEQ as its cover and title pages, with all blanks completely filled-in by the QUALIFIED RESPONDENT. Clearly label the Original Vol IIIA Cost Proposal as "Original" on both the cover and title page and each copy as "Copy 1" through "Copy 5."

In addition to the required paper copies, one (1) electronic copy of the Vol IIIA Cost Proposal shall be submitted on compact disk (CD). Text, including all required supporting documentation, shall be submitted in Adobe Acrobat® PDF format. Forms shall be submitted in Microsoft Excel 2007® format as provided to QUALIFIED RESPONDENT's by TCEQ. In the event of conflict, the "Original" Vol IIIA Cost Proposal shall govern. Each page of the Vol IIIA Cost Proposal shall be numbered consecutively as "Vol IIIA, page x of y," where "x" is the page number and "y" is the total number of pages in the volume. Additionally, each page shall be labeled at the bottom with the QUALIFIED RESPONDENT's name.

Instructions for submitting and completing the Vol IIIA Cost Proposal need not be included in the submittal. Submitted forms shall include all footnotes provided on the blank forms. The Vol IIIA Cost Proposal shall be organized, using labeled tabs, according to the following table of contents:

Vol IIIA Required Contents

1. Certification
2. Form IIIA-1, Indirect Rate Summary
3. Explanation of Indirect Rate Pools, Application and Basis
4. Form IIIA-2, Internal Other Direct Costs Summary
5. Explanation of Internal Other Direct Costs
6. Explanation of Subcontracted Labor (completed if applicable, blank if not)
7. Form IIIA-3, Labor Rate Summary
8. Proposed Labor Rate Forms (Form IIIA-4 through Form IIIA-23)
9. Forms IIIA-23, Subcontractor Employee Labor Rate Basis (completed if applicable, blank if not)
10. Appendices - Auditor's Statements and Audit Reports

ECONOMIC INFLATION FACTORS

Data submitted by QUALIFIED RESPONDENT in this Vol IIIA Cost Proposal shall be based on current cost data, current within thirty (30) days of submittal, and shall not include any adjustment in anticipation of economic inflation or deflation. Semi-Loaded Labor Rates will be negotiated without consideration of economic inflation which may occur over the duration of the Superfund Engineering Services Contract but will then be multiplied by a factor of 1.0188 to arrive at Contract Prices.

This factor is an average rate for 2011, 2012, 2013, 2014, and 2015 calculated from the "Consumer Price Index (CPI) Conversion Factors 1774 to estimated 2020 to Convert to Dollars of 2009" by Robert Sahr of Oregon State University as obtained from the web site: oregonstate.edu/cla/polisci/individual-year-conversion-factor-tables. These are the averages of OMB and CBO updated inflation estimates for each year as of July and August 2010. This shall be the only inflation adjustment for the duration of the Contract. Final negotiated Contract Prices shall be fixed throughout the term of the Contract.

INSTRUCTIONS FOR COMPLETING THE VOLUME IIIA COST PROPOSAL

Certification

QUALIFIED RESPONDENT shall execute the certification statement and include it immediately following the title page of the submittal.

Form IIIA-1, Indirect Rate Summary

This form shall be completed to provide a tabular summary of all indirect rate multipliers used in the QUALIFIED RESPONDENT's established accounting practices and discussed in the following section. If QUALIFIED RESPONDENT's system uses multiple pools with different indirect rates, all such rates shall be listed and identified by pool using a designation which corresponds to the discussion presented in the following section. Additional lines may be added to this form as required.

Explanation of Indirect Rate Pools, Application and Basis

QUALIFIED RESPONDENT shall present a concise explanation of each indirect rate **currently** used in its established accounting practices as supported by audit statements and reports included in the appendices. The explanation shall include:

1. an explanation of the allocation basis for all indirect rates;
2. identification of indirect rates which the Defense Contract Audit Agency (DCAA) or other cognizant government auditing agency has approved, for forward pricing (a copy of the Rate Agreement shall be included as an appendix);
3. the year and the audit rate of the most recent audit conducted by DCAA or other cognizant government auditing agency; and,

4. calculation for all indirect rates showing actual expense pool amounts, allocation basis, and rates which have been submitted to the DCAA or other cognizant government auditing agency, in the overhead rate proposal for establishing final indirect rates.

If an indirect rate which was not approved by the DCAA or other government auditing agency is proposed, the following information shall be provided:

1. a schedule of all indirect rates which may be used during performance of the subsequent contract;
2. an explanation of the allocation basis for all indirect rates;
3. the basis of the proposed rate (i.e., previous year's actual, current fiscal year-to-date, business plan, etc.);
4. historical rate information, rationale, and other factors used to develop the proposed indirect rates;
5. calculation for all indirect rates showing actual expense pool amounts, allocation basis, and rates, which have been prepared by a Certified Public Accountant (CPA) currently licensed and in good standing with the Texas State Board of Public Accountancy, in the overhead rate proposal for establishing final indirect rates; and,
6. documentation that the rate calculation was based on the latest audited financial statement and is in accordance with generally accepted accounting standards or principles and that the rate calculation complies with 40 CFR §§31.22, 35.6270(a)(1) & (2) and 35.6550(b)(4).

When available, rates approved by the DCAA or other cognizant government auditing agency shall be used. Documentation provided in support of the explanation contained in this section shall be included in a separate appendix for each document, tabbed, labeled, and referenced as appropriate to the text provided in support of the explanation contained in this section of the Vol IIIA Cost Proposal.

Form IIIA-2, Internal Other Direct Costs Summary

This form shall be completed to provide a tabular summary of all Internal Other Direct Costs used in the QUALIFIED RESPONDENT's established accounting practices and discussed in the following section. For the purposes of Form IIIA-2 and the following explanation section, "Internal Other Direct Costs" shall include all internal costs other than professional and technical staff labor which are not allocated to an indirect expense pool in accordance with QUALIFIED RESPONDENT's established accounting practices but which are allocated directly to specific projects. Additional lines may be added to this form as required.

Explanation of Internal Other Direct Costs

QUALIFIED RESPONDENT shall present a concise explanation of each "Internal Other Direct Cost" *currently* used in its established accounting practices. For the purposes of this section, "Internal Other Direct Costs" shall include all internal costs other than professional and technical staff labor which are not allocated to an indirect expense pool in accordance with QUALIFIED RESPONDENT's

established accounting practices but which are allocated directly to specific projects. ***FAILURE TO SPECIFICALLY DISCLOSE AND LIST INTERNAL OTHER DIRECT COSTS ON FORM IIIA-2 SHALL PRECLUDE REIMBURSEMENT OF THESE COSTS UNDER ANY COMPENSATION BASIS PROVIDED IN THE SUPERFUND ENGINEERING SERVICES CONTRACT.*** The explanation shall include:

1. specific description and cost rate of each internal resource (material, equipment, labor, etc.), other than professional and technical staff labor, which is allocated directly to specific projects (this includes labor costs associated with invoicing and any other administrative or non-technical activity); and,
2. description of systems currently in place to collect, track and allocate Internal Other Direct Costs to each specific project and discussion of how these systems ensure that only costs associated with resources used for the specific project are allocated to the project. If other divisions, subsidiaries, parents or affiliated companies will provide labor, equipment, material or supplies under the Contract, the QUALIFIED RESPONDENT shall provide the name and location of these entities and the applicable intercompany pricing policies. As necessary separately identify and document costs and supporting data for each such entity.

Explanation of Subcontracted Labor

QUALIFIED RESPONDENT may propose the use of personnel other than its own direct employees within the constraints and requirements pertaining to direct employment of certain Key Personnel and Engineering positions set forth in Vol II, Statement of Qualifications.

If subcontractor employees are proposed to fill allowed labor categories, QUALIFIED RESPONDENT shall explain:

1. how the subcontractor was solicited (e.g. public notice, invitation),
2. how the subcontractor was selected,
3. how selection was in compliance with HUB Subcontracting Plan requirements,
4. and for selected subcontractors, shall describe the source (e.g. DCAA Audit, certified audit by CPA, etc.) of the indirect rates used by the subcontractor.

QUALIFIED RESPONDENT shall attached a separate Form IIIA-23 for each labor category (and for each subcontractor providing personnel within that labor category) where subcontractor employees are proposed.

Form IIIA-3, Labor Rate Summary

This form shall be completed to provide a tabular summary of Labor Rates for the Labor Categories and Pay Items identified by TCEQ to have established unit rates in the Superfund Engineering Services Contract. The Labor Categories are described in RFQ Volume II, Statement of Qualifications, Form III.C.1 and the Pay Items are described in Volume I Specification Section "9000"

This Form IIIA-3 includes a column for the application of the stipulated economic inflation factor to arrive at the Contract Price for each of the specified Labor Categories and pay Items. QUALIFIED RESPONDENT shall not alter this stipulated factor.

Proposed Labor Rate Forms (Form IIIA-4 through Form IIIA-22)

These forms shall be completed to provide a tabular presentation of the basis for Labor Rates for the positions identified by TCEQ to have established unit rates in the Superfund Engineering Services Contract. These positions are described in RFQ Volume II, Statement of Qualifications, Form III.C.1. Data presented in these forms shall be consistent with data presented in RFQ Volume II, Statement of Qualifications, Form III.C.1.

For the purposes of these forms, "Current Base Salary" shall be the actual base hourly salary of the individual as of the date of this submittal not including any indirect costs or profit. "Current Base Salary" may include longevity pay if the employee always receives the longevity pay as a part of their normal hourly compensation.

For the purposes of these forms, "Current Semi-Loaded Rate" shall be the actual base hourly salary of the individual as of the date of this submittal plus indirect costs applied in accordance with QUALIFIED RESPONDENT's established accounting practices as presented in Form IIIA-1. "Current Semi-Loaded Rate" shall not include any allowance for fee or profit.

QUALIFIED RESPONDENT shall describe in detail the formula or algorithm it uses to arrive at a single Proposed Semi-Loaded Labor Rate for each labor category in the space provided on each form. The rationale for the algorithm shall also be included.

The blank Microsoft Excel® forms provided by TCEQ include a formula which will calculate the average and variance for certain data columns in these forms. These are included for the convenience of TCEQ to assist in evaluation of QUALIFIED RESPONDENT's cost data and shall not be altered by QUALIFIED RESPONDENT.

Subcontractor Employee Labor Rate Basis (Form IIIA-23)

If QUALIFIED RESPONDENT proposes employees of subcontractors to fill Labor Categories addressed in Forms IIIA-6 through IIIA-22, QUALIFIED RESPONDENT shall complete Form IIIA-23, Subcontractor Labor Rate Basis, and submit that form for each such position.

Appendices - Auditor's Statements and Audit Reports

QUALIFIED RESPONDENT shall include in individual appendices all auditors' statements, audit reports and other supporting data required for each of the sections of this Vol IIIA Cost Proposal. Appendices shall be arranged in the order of reference within the text of the submittal, individually tabbed and with a descriptive title on the divider page.

DUTY TO SUBMIT ADDITIONAL INFORMATION

QUALIFIED RESPONDENT acknowledges that TCEQ may require additional data to evaluate its cost proposal and that failure to provide such data within the time specified in any written request for such data may result in disqualification of the RESPONSE and termination of negotiation.

CERTIFICATION

By signing this certification, RESPONDENT acknowledges that:

1. TCEQ may require additional data to evaluate its cost proposal and that failure to provide such data within the time specified in any written request for such data may result in disqualification of the RESPONSE and termination of negotiation.
2. Failure to specifically disclose and list Internal Other Direct Costs on Form IIIA-2 shall preclude reimbursement of these costs under any compensation basis provided in the Superfund Engineering Services Contract.

Further, by signing this certification, the ENGINEER'S Program Director certifies for the RESPONDENT that all of the financial information, proposed rates and other cost information submitted in this Volume IIIA Cost Proposal and in response to any request for additional information by TCEQ subsequent to this submittal pursuant to negotiation of a contract for Superfund Engineering Services, is true and correct.

RESPONDENT NAME AND ADDRESS:

Signature of ENGINEER'S Program Director

Printed Name of ENGINEER'S Program Director

Title of ENGINEER'S Program Director

Date