

APPENDIX III
MCDC AWARD PROCESS AND REQUIREMENTS

1 STANDARD MCDC AWARD PROCESS

1.1 General

The standard MCDC award process is a two-step process that includes a request for Enhanced White Papers and draft Statement of Work (SOW) with a Competitive Evaluation, followed by a request for a full cost proposal, additional technical detail, and signed Affirmation of Business Status Certifications and Supplements, as described in the Request for Prototype Projects (RPP) and further detailed in this Appendix. The Consortium Management Firm (CMF) will issue the requests for full proposals to the Offeror and will detail any additional evaluation criteria to be used for the second step of the selection process. In some instances, the Government may elect to request additional information during the Enhanced White Paper evaluation or prior to selection. These requests will be routed through the CMF to the Offeror.

1.2 Request for Prototype Projects

The RPP is a request for Enhanced White Papers in support of the Joint Program Executive Office for Chemical, Biological, Radiological, and Nuclear Defense (JPEO-CBRN-D) for rapid prototyping in order to support the development of medical countermeasures to counter CBRN threats.

1.3 Enhanced White Paper Submission and Competitive Evaluation

1.3.1 Enhanced White Paper Submission

See Section 2 of the RPP for complete information on Enhanced White Paper and SOW submissions. Each Enhanced White Paper shall address only **ONE (1)** Government requirement in sufficient detail to determine acceptability.

1.3.2 Initial Screening

The MCDC's CMF will conduct a preliminary screening of submitted Enhanced White Papers and statements of work to ensure compliance with the RPP requirements. As part of the preliminary screening process, Enhanced White Papers that do not meet the requirements of the RPP may be eliminated or additional information may be requested to complete a satisfactory screening.

1.3.3 Competitive Evaluation

The Government will perform a Competitive Evaluation of all Enhanced White Papers received. The Competitive Evaluation will be conducted in accordance with Section 3 of the RPP. The Competitive Evaluation will result in one of the following:

- a) Enhanced White Paper is selected for award;
- b) Enhanced White Paper is deemed eligible for future award and placed in the Basket; or
- c) Enhanced White Paper is deemed ineligible and NOT placed in the Basket.

All Offerors will be provided Feedback based on these evaluations.

1.4 Selection and Award

1.4.1 Basis of Selection

The Government may select an Enhanced White Paper to meet the Government requirement. The Government will document the rationale for this selection decision in a Basis of Selection, which will be reviewed and approved by ACC-NJ and Legal. The CMF will notify the MCDC member if one of its Enhanced White Papers is selected for potential award.

1.4.2 SOW Development

After the Basis of Selection has been approved, the Government and the MCDC member will jointly refine the draft SOW that was submitted in response to the RPP. The MCDC Program Office will coordinate the review of the draft SOW with ACC-NJ.

1.4.3 Proposal Update Letter

Enhanced White Papers that are eligible for award will receive a request for a full proposal submission after the draft SOW review is complete. The full proposal is required in order for the Government to evaluate and negotiate the final project award. The full proposal submission request will be issued by the CMF to the MCDC member via a Proposal Update Letter (PUL) and will include any additional evaluation criteria that may be used for negotiation. The PUL will detail what information the MCDC member will be required to provide, such as a full cost proposal (in accordance with Section 3 of this Appendix), data rights assertions, signed Affirmation of Business Status Certifications and Supplements (in accordance with Section 4 of this Appendix), and/or an updated SOW. The MCDC member will have the opportunity to review the draft SOW and provide their concurrence or revision if necessary. This information is provided to the MCDC Program Office and ACC-NJ, who will in turn initiate the Determination & Findings (D&F) process. After completion of Safety/Security/Environmental reviews of the draft SOW, the MCDC Program Office will route the final SOW back to the MCDC member through the CMF for final SOW concurrence.

1.4.4 Cost and/or Price Analysis

After receipt of the MCDC member's cost proposal, the CMF will forward a copy directly to the Government Acquisition Center (ACC-NJ). Concurrently, the CMF will assess the realism, reasonableness and completeness of the cost proposal and then provide a formal assessment to ACC-NJ. This effort may entail the CMF requesting additional information from the MCDC member to complete the assessment. The CMF performs this assessment to ensure that its members are providing quality cost proposals to the Government. The Government may review this assessment as part of its fair and reasonable price determination.

ACC-NJ will negotiate with the MCDC member to reach a valid final Agreement. Technical issues that are impediments to reaching an award with the MCDC member will be referred to ACC-NJ and the MCDC Program Office. The CMF and the MCDC Program Office will support ACC-NJ in resolution of these technical issues. Other issues that may arise during negotiations that prove to be unsolvable will be referred to the appropriate office for resolution (ACC-NJ, MCDC Program Office, CMF). ACC-NJ is responsible for final review of the cost and/or prices analysis to determine whether the MCDC member's total evaluated price is fair and reasonable.

1.4.5 Technical Direction Letter

After receipt of the CMF's Request for Technical Direction Letter, the Government Acquisition Center will provide a Technical Direction Letter (TDL) to the CMF authorizing award of a project, which will include technical and schedule requirements, as well as current funding available.

1.4.6 Base Agreements and Project Agreements

The Government selected projects will be funded under the MCDC Other Transaction Agreement (OTA) with the MCDC by the CMF. The CMF will issue a Project Agreement to the MCDC member after a Base Agreement has been executed. The provisions of the OTA shall be applicable to each funded project. Offerors may choose a Cost Reimbursable/Cost Share Milestone Payment Method (with a not-to-exceed ceiling); a Cost Plus Fixed Fee Milestone Payment Method (with a not-to-exceed ceiling); or a Fixed Price Milestone Payment Method Agreement. The Government must approve the type of agreement.

A copy of the Base Agreement may be found on the Members Only portion of the MCDC website with other solicitation documentation.

2 STATEMENT OF WORK

The Government will collaborate with the MCDC member to jointly refine the draft Statement of Work (SOW) that was submitted in response to the RPP after the Government Basis of Selection has been approved. Exhibit 3 of this Appendix, SOW Template, is the required format for the draft SOW. The draft SOW is subject to change throughout the acquisition process until it is incorporated into the binding Project Agreement between the CMF and the MCDC member.

NO CLASSIFIED, UNCLASSIFIED TECHNICAL DATA PROHIBITED FROM PUBLIC DISCLOSURE, PROPRIETARY INFORMATION, OR COMPANY-SENSITIVE INFORMATION SHALL BE INCLUDED INTO THE SOW TEXT.

3 COST PROPOSAL REQUIREMENTS

3.1 Table of Contents:

The objective of the Cost Proposal is to provide sufficient information to substantiate that the overall proposed cost is realistic, reasonable and complete for the proposed work. The Cost Proposal should provide enough information to ensure that a complete and fair evaluation of the reasonableness and realism of the cost can be conducted and reflects the best cost for the project. **The proposed schedule and cost proposal information shall conform to the SOW.** NOTE: *Proposals that deviate substantially from these guidelines or that omit substantial parts or sections may be found unresponsive and may be eliminated from further review and funding consideration.*

To ensure cost proposals receive proper consideration, it is mandatory that the cost proposal include the information below, along with a completed Cost Proposal Checklist, to be provided to the offeror upon selection.

Section I: Cost Narrative

Section II: Cost Element Breakdown

3.2 Section I: Cost Narrative

The Cost Narrative is used to assess various criteria. This section will be used to determine reasonableness, allowability, and allocability of costs. The Cost Narrative section should provide a more detailed breakdown of the figures that are contained in the Cost Element Breakdown. The Cost Narrative section should also give substantiation and written explanation of proposed costs. Breakdowns should be as accurate and specific as possible. Ensure that any figures presented in this part are consistent with the figures in the Cost Element Breakdown.

The Cost Narrative must include, at a minimum, details on the following categories for the proposed cost:

Direct Labor Rates: The Offeror shall identify the labor category for all proposed personnel, including hourly rate and proposed hours for each category. A basis of estimate and documentation to support the proposed labor rates shall be provided in the cost proposal submission. Order of preference for supporting documentation is as follows: Government Agreement or Recommendation (Defense

Contract Management Agency (DCMA) Forward Pricing Rate Agreement (FPRA) or Forward Pricing Rate Recommendation (FPRR) or Defense Contract Audit Agency (DCAA) Audit); Payroll records for current personnel and Letters of Commitment or salary survey data for prospective personnel. Any indirect costs applicable to labor (i.e. fringe benefits, overhead) should be separately identified and supported as discussed in the Indirect Costs section below.

Team Members/Subcontractors: Offerors shall also provide a list of all team members/subcontractors and a total cost for each team member. Please identify if each team member/subcontractor is a traditional defense contractor, nontraditional defense contractor, or nonprofit organization. **For proposed team members/subcontractors with a proposed price greater than or equal to \$2,000,000**, a detailed proposal broken out by element of cost for each team member/subcontractor proposal, must be provided in the Offeror's cost proposal submission. Team member/subcontractor proposals must be as detailed as possible, but at a minimum must include the following: labor categories and hours specified, list of material/equipment and other direct costs, travel detail, lower tier subcontractors/consultants identified, indirect costs and fee. **The same supporting documentation required for each cost element for the prime contractor, should be provided for each team member/subcontractor with a proposed price greater than or equal to \$2,000,000. For proposed team members/subcontractors with a proposed price greater than \$250,000 and less than \$2,000,000, quotes supporting the proposed price must be provided.** The Offeror shall provide any cost/price analysis performed for team members/subcontractors, along with documentation supporting the determination of a fair and reasonable price.

Consultants: The Offeror shall provide a list of all Consultants and a total cost for each consultant. Offerors shall identify if each Consultant is a traditional defense contractor, nontraditional defense contractor, or nonprofit organization for all Consultants, regardless of their proposed cost. **For proposed Consultants with a proposed price greater than or equal to \$2,000,000**, a detailed proposal broken out by element of cost (i.e. labor categories, associated hours, travel, other direct costs, etc.) for each of the Consultants, shall be provided in the Offeror's cost proposal submission. **The same supporting documentation required for each cost element for the prime contractor, should be provided for each consultant with a proposed price greater than or equal to \$2,000,000. For proposed Consultants with a proposed price greater than \$250,000 and less than \$2,000,000, supporting quotes must be provided.** The Offeror shall provide any cost/price analysis performed for Consultants, along with documentation supporting the determination of a fair and reasonable price.

Material/Equipment: An itemized list of the material/equipment proposed (i.e. a bill of materials) must be provided in the cost proposal submission. A copy of the basis of cost documentation (i.e., vendor quote, catalog pricing data, past purchase orders, etc.) that indicates the item(s) being purchased, quantity and unit cost of each item, must be included in the Offeror's cost proposal for approximately 75% of the total proposed material/equipment cost. **For any vendor/supplier with a total material/equipment cost for non-commercial and non-competitive items that is greater than \$2,000,000, please provide the additional element of cost detail and supporting documentation, as noted above under Team Members/Subcontractors.**

Travel: The Offeror must provide an estimate of the travel required for the proposed effort broken out by participant (i.e. Offeror, team member, consultant). A basis of cost for all travel elements must be included in the proposal, to include the nature of any proposed travel, estimated number of trips required, destinations, mode and cost of transportation, and number of man-days per trip. Note: Offerors are expected to be cost-conscious regarding travel, for example, the contractor should propose in accordance with the Joint Travel Regulation. Travel costs that are deemed excessive (e.g., first class airfares, exorbitant hotel room charges, etc.) will be adjusted to a reasonable cost.

Other Direct Costs: The Offeror must identify and provide a detailed description of any Other Direct Costs that do not fit into the cost elements above, including the basis for determining those costs (i.e., vendor quotes, catalog pricing data, company estimating procedures, etc.), in the Offeror’s cost proposal submission. A copy of the basis of cost documentation (i.e., vendor quote, catalog pricing data, past purchase orders, etc.) must be included in the Offeror’s cost proposal for approximately 75% of the total proposed Other Direct Costs.

Indirect Costs: The Offeror shall identify all proposed indirect costs (e.g., labor overhead, fringe benefits, material overhead, G&A) and associated rates, and provide supporting documentation. Documentation to support proposed indirect costs shall include the following:

1. Government Agreement or Recommendation (i.e. DCMA FPRA/ FPRR or DCAA Audit); or
2. Copy of current Forward Pricing Rate Proposal (FPRP) with data submitted to Administrative Contracting Officer; or
3. Detailed Supporting Data: The Offeror shall submit the detailed expense pools and allocation bases for each indirect rate proposed. This information shall be provided in Excel, and to the extent practicable, include working formulas. This information shall also be supported by reports from the Offeror’s accounting system (i.e., trial balances, profit & loss statements, etc.), which need to be provided as supporting documentation.

When an FPRP or Detailed Supporting Data is provided, the previous 3 years of actual indirect rates, along with detailed pools of expenses and allocation bases, **must also be submitted**. This information shall also be supported by reports from the Offeror’s accounting system (i.e. trial balances, profit & loss statements, etc.), which need to be provided as supporting documentation.

Cost of Money: If applicable, Cost of Money should be proposed on a separate line from indirect costs. If the Offeror has a Government Agreement or Recommendation to support this cost element, the documentation should be provided with the cost proposal. If no agreement or recommendation from the Government is available, provide a basis of estimate and detailed calculations for the proposed Cost of Money.

Profit/Fee: Fee/Profit is allowable for the effort being conducted when Cost Share is not being contributed by the MCDC member organization. The fees shall be specific to the individual project agreements, and negotiated on a project by project basis.

Total Cost by Major Task: In the Cost Narrative, include a list of each major task that is stated in the Statement of Work and its associated total cost by year. The sum of the major tasks must equal the total listed in the Cost Element Breakdown. It is recommended that the number of major tasks be kept to the minimum number required to effectively manage the project.

Pass Through: If the offeror intends to subcontract more than 70 percent of the total cost of the work to be performed under the project, a detailed description of the contribution to be performed by the subcontractor(s) must be included in the Cost Narrative. This provision is in effect at all tiers.

Preferred Payment Method: Please identify which of the payment methods is preferred. The methods are (1) Cost Reimbursable/Cost Sharing Milestones (with ceiling), (2) Cost Plus Fixed Fee Milestones (with ceiling), and (3) Fixed Price Milestones. Note that in order to receive a cost reimbursable type agreement, additional information regarding the MCDC members’ accounting system may need to be provided.

Cost Share. If cost share is proposed, the following must be provided:

- A Description of each cost share item proposed;

- Proposed Dollar Value of each cost share item proposed; and
- The Valuation Technique used to derive the cost share amounts (e.g., vendor quote, historical cost, labor hours and labor rates, number of trips.).

For additional detail on cost share, please see section 3.4 below.

3.3 Section II: Cost Element Breakdown

Note: The Cost Proposal Formats provided on the MCDC website are NOT mandatory. Offerors are encouraged to use their own cost formats such that the necessary cost detail is provided.

The Cost Element Breakdown section of the proposal must include a **breakout of the total cost proposed by cost element by company fiscal year** for each year of the program. **Cost proposals shall be submitted in Excel format with all formulas intact.** Supporting data and justification for labor, equipment/material, team member/subcontractor, consultants, travel, other direct costs, and indirect costs used in developing the cost breakdown, must also be included. Please be advised that the Offeror must provide sufficient details to allow a full understanding of and justification for the proposed costs.

For your convenience, the sample Cost Proposals Formats provides a Total Project Cost sheet, a Consultant detail sheet, a Material Equipment detail sheet, a Travel detail sheet, an Other Direct Costs detail sheet, a Cost Share detail sheet, and a Costs by Major Task sheet. The MCDC Cost Proposal Formats in Microsoft Excel can be obtained from the MCDC website.

3.4 Cost Share Discussion

If a proposal does not contain at least one nontraditional defense contractor or nonprofit research institution participating to a significant extent, or if not all significant participants in the transaction other than the Federal Government are small businesses (including small businesses participating in a program described under section 9 of the Small Business Act (15 U.S.C. 638)), then it is required that the proposal contain at least one third of the total project cost as cost share. Beyond that, cost sharing is encouraged if possible, as it leads to stronger Government-contractor technology leveraging. Proposals that contain cost share cannot include fee. Cost Share may only be proposed on cost-type agreements.

3.4.1 Cost Share Definition

Cost sharing is defined as the resources expended by the award recipients on the proposed project SOW and subject to the direction of the project management. Cost sharing includes any costs a reasonable person would incur (necessary to) carrying out project SOW, but does not involve funds directly to USG. There are two types of cost sharing as follows: (1) **Cash**: Outlays of funds to perform the prototype project; and (2) **In-Kind**: Reasonable value of equipment, materials or other property used in performance of the prototype project.

3.4.2 Cost Share Explanation

The Cost Narrative section should explain in detail the sources of cash and amounts to be used for cost sharing requirements and the specific in-kind contributions proposed, their value in monetary terms, and the methods by which their values were derived. In addition, the Cost Narrative should describe how the proposed cost share is applicable to the proposed statement of work.

3.4.3 Cost Share Sources

Acceptable Cost Share Sources

Cost sharing includes any costs a reasonable person would incur to carry out (necessary to) statements of work not directly paid for by the Government. There are two types of cost sharing:

(1) Cash: Outlays of funds to perform the project. Cash includes labor, materials, new equipment, and relevant subcontractor efforts. Sources include new IR&D funds, profit or fee from another contract, overhead or capital equipment expense pool. New IR&D funds offered to be spent on the statement of work and subject to the direction of the project management may be utilized as cost share. (2) In-Kind: Reasonable value of in-place equipment, materials or other property used in performance of the project. All cash or in-kind cost sharing availability must be clearly and convincingly demonstrated by the Offeror. The Offeror will be required to provide financial reporting with appropriate visibility into expenditures of Government funds vs. private funds. Parallel research that might be related to the prototype project, but will not be part of the statement of work or subject to the direction of the project management will not be considered for cost sharing. All costs, fees, profits, G&A, bid and proposal costs, or intellectual property value incurred prior to the project award will not be accepted.

Unacceptable Cost Share Sources

- a. Sunk costs or costs incurred before the start of the proposed project
- b. Foregone fees or profits
- c. Foregone G&A or cost of money applied to a base of IR&D
- d. Bid and proposal costs
- e. Value claimed for intellectual property or prior research
- f. Parallel research or investment, i.e., research or other investments that might be related to the proposed project but which will not be part of the SOW. Typically these activities will be undertaken regardless of whether the proposed project proceeds.
- g. Off-Budget Resources, i.e., resources that will not be risked by the Offeror on the SOW, will not be considered when evaluating cost share.

All cash or in-kind cost sharing availability must be clearly and convincingly demonstrated by the Offeror. The Offeror will be required to provide financial reporting with appropriate visibility into expenditures by MCDC vs. private funds.

4 OTHER TRANSACTION AUTHORITY

4.1 General

In accordance with Section 2371b of Title 10, Amendments to Other Transaction Authority, of the National Defense Authorization Act (NDAA) for Fiscal Year 2018, each Prototype Project awarded under an OTA must meet at least one of the following conditions:

- There is at least one nontraditional defense contractor or nonprofit research institution participating to a significant extent in the prototype project.
- All significant participants in the transaction other than the Federal Government are small businesses (including small businesses participating in a program described under section 9 of the Small Business Act (15 U.S.C. 638)) or nontraditional defense contractors.
- At least one third of the total cost of the prototype project is to be paid out of funds provided by sources other than the Federal Government.

The selected offeror must complete and sign Exhibit 1 - Affirmation of Business Status Certification, and Exhibit 2 - ABSC Supplement, to demonstrate which condition the offeror meets.

Throughout the period of performance of any prototype project, the MCDC CMF and the Government will actively monitor the award ensure compliance with this provision in accordance with implementation guidance from Headquarters – Department of the Army (HQDA) and the Office of the Secretary of

Defense (OSD). Contractors will be given the opportunity to become compliant with the guidance should they be found non-compliant. Failure to comply may result in termination.

Definitions and specific requirements for nontraditional defense contractors are contained in greater detail below and in the Nontraditional Defense Contractor Memo found on the Members Only portion of the MCDC website.

4.2 Nontraditional Defense Contractor Definition

A nontraditional defense contractor is defined as an entity that is not currently performing and has not performed, for at least the one-year period preceding the issue date of the Request for Prototype Projects, any contract or subcontract for the Department of Defense that is subject to full coverage under the cost accounting standards prescribed pursuant to Section 1502 of Title 41 and the regulations implementing such section. A nontraditional defense contractor or nonprofit research institution can be at the prime level, team members, subcontractors, lower tier vendors, or "intra-company" business units, provided that the business unit makes a significant contribution to the prototype project. Examples of what might be considered a significant contribution includes supplying new key technology or products, accomplishing a significant amount of the effort, or in some other way causing a material reduction in the cost or schedule or a material increase in the performance. The CMF will follow the specific guidance from OSD concerning the use of nontraditional defense contractors or nonprofit research institutions. Nontraditional defense contractors or nonprofit research institutions will be required to provide a DUNS number.