

ESTIMATE FOR CONTRACT MODIFICATION

DATE: _____

NAVFAC 4330/43

CONTRACT TITLE: _____

CONTRACT NO: _____

ROICC OFFICE: _____

**** FOR OFFICIAL USE ONLY**

DESCRIPTION:

PRIME CONTRACTOR'S WORK				R
1. Direct Materials			0	
2. Sales Tax on Materials	0.00% of line 1	0.00%	0	
3. Direct Labor			0	
4. Insurance, Taxes, and Fringe Benefits	0.00% of line 3	0.00%	0	
5. Rental Equipment			0	
6. Sales Tax on Rental Equipment	0.00% of line 5	0.00%	0	
7. Equipment Ownership and Operating Expenses			0	
8. Subtotal			0	
9. Prime's Field Office Overhead	10.00% of line 8	10.0%	0	
10. SUBTOTAL (add lines 8 and 9)			0	

Prime's Remarks:

SUBCONTRACTOR'S WORK			
11. Direct Materials			0
12. Sales Tax on Materials	6.75% of line 11	6.75%	0
13. Direct Labor			0
14. Insurance, Taxes, and Fringe Benefits	35.00% of line 13	35.00%	0
15. Rental Equipment			0
16. Sales Tax on Rental Equipment	0.00% of line 15	0.00%	0
17. Equip. Ownership and Operating Expns			0
18. SUBTOTAL (add lines 11-17)			0
19. Field Overhead	10.00% of line 18	10.00%	0
20. Home Office Overhead	3.00% of (18+19)	3.00%	0
21. SUBTOTAL (add lines 18, 19, & 20)			0
22. Profit (as determined)	7.45% of line 21	7.45%	0
23. SUBTOTAL (Add Lines 21 & 22)			0

Sub's Remarks: For multiple Subs, Line 11 - 22 are 0; sum of Subs' quotes entered in Line 23. Copy this sheet as m needed and create a formula in Line 23 to carry each Sub's estimate (each line 23) to this sheet.

SUMMARY			
24. Prime Contractor's Work (from line 10)			0
25. Sub-contractor's Work (from line 23)			0
26. SUBTOTAL (add lines 24 & 25)			0
27. Prime's Overhead on sub-contractor	5.00% of line 25	5.00%	0
28. Prime's Home Office Overhead	3.00% of line 24	3.00%	0
29. SUBTOTAL (add lines 26, 27 & 28)			0
30. Prime's Profit (as determined)	7.75% of line 29	7.75%	0
31. SUBTOTAL (add lines 29 and 30)			0
32. Prime Contractor's Bond Premium	0.10% of line 31	0.10%	0
33. TOTAL COST (Add Lines 31 and 32)			0

Estimated time extension and justification

Prime Contractor name: _____
 Subcontractor name: _____

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Signature & Title of preparer: _____
Note: This estimate was _____
prepared independently (Printed Name & Title)

Date: _____

ESTIMATE FOR CONTRACT MODIFICATION

CONTRACT NO: 0

BREAKDOWN OF DIRECT COSTS

DATE: 1 Jan 04

	ITEMS OF WORK FOR Prime Contractor	QTY	UNIT	MATERIAL		LABOR		O	E
				Unit Cost	Total Cost	Unit Cost	Total Cost		
	1.				0		0		
	2.				0		0		
**	3.				0		0		
	4.				0		0		
	5.				0		0		
Revisions/Comments	6.				0		0		
	7.				0		0		
	8.				0		0		
	9.				0		0		
	10.				0		0		
	11.				0		0		
	12.				0		0		
	13.				0		0		
	14.				0		0		
	15.				0		0		
	16.				0		0		
	17.				0		0		
	18.				0		0		
	19.				0		0		
	20.				0		0		
	21.				0		0		
	22.				0		0		
	23.				0		0		
	24.				0		0		
	25.				0		0		
DIRECT Prime Contractor's TOTALS					0		0	R	Total
								O	Total

	ITEMS OF WORK FOR Subcontractor	QTY	UNIT	MATERIAL		LABOR		O	E
				Unit Cost	Total Cost	Unit Cost	Total Cost		
	1.				0		0		
	2.				0		0		
	3.				0		0		
many times as	4.				0		0		
	5.				0		0		
	6.				0		0		
	7.				0		0		
	8.				0		0		
	9.				0		0		
	10.				0		0		
	11.				0		0		
	12.				0		0		
	13.				0		0		
	14.				0		0		
	15.				0		0		
	16.				0		0		
	17.				0		0		
	18.				0		0		
	19.				0		0		
	20.				0		0		
	21.				0		0		
	22.				0		0		
	23.				0		0		
	24.				0		0		
**	25.				0		0		
DIRECT Subcontractor's TOTALS					0		0	R	Total
								O	Total

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Comments:

Comments:

**PROFIT OBJECTIVE FOR
CONSTRUCTION CONTRACTS/TASK ORDERS**

Use the below alternate structured approach to determine a profit objective for all fixed price construction actions when cost or pricing data is obtained. For all other construction contract actions, refer to DFARS 215.404-4. As required by DFARS 215.404-4 (c)(1), do not perform a profit analysis when assessing cost realism in competitive acquisitions.

<u>Factor</u>	<u>Rate</u>	<u>Weight</u>	<u>Value</u>
Degree of risk	20		
Relative difficulty of work	15		
Size of job	15		
Period of performance	15		
Contractor's investment	5		
Assistance by Government	5		
Subcontracting	<u>25</u>		
TOTAL	100%		

Based on the circumstances of the procurement action, each of the above factors shall be weighted from 0.03 to 0.12 as the following indicates. "Value" shall be obtained by multiplying the rate by the weight. The Value column when totaled indicates the fair and reasonable profit objective under the circumstances of the particular procurement.

- (1) **Degree of risk.** Where the work involves no risk or the degree of risk is very small, the weighting should be 0.03; as the degree of risk increases, the weighting should be increased up to a maximum of 0.12. Lump sum items shall generally have a higher weight than unit price items. Consider the nature of the work and where it is to be performed. Also consider the portion of the work to be done by subcontractors, amount and type of labor included in costs and whether the negotiation is before or after performance of the work. Modifications settled before the fact have much greater risk than those settled after the fact. A weight of 0.03 is appropriate for after the fact equitable adjustments and/or settlements.
- (2) **Relative Difficulty of Work.** If the work is difficult and complex, the weight should be 0.12 and should be proportionately reduced to 0.03 on the simplest of jobs. This factor is tied in to some extent with the degree of risk. Other things to consider are the nature of the work, by whom it is to be done (i.e., subcontractors, consultants), etc.
- (3) **Size of Job.** Work of \$100,000 shall be weighted at 0.12. Work estimated between \$100,000 and \$5,000,000 shall be proportionately weighted from 0.12 to 0.05. Work from \$5,000,000 to \$10,000,000 shall be weighted at 0.04. Work in excess of \$10,000,000 shall be weighted at 0.03. It should be noted that control of fixed expenses generally improves with increased job magnitude.
- (4) **Period of Performance.** Work not exceed 1 month is to be proportionately weighted at 0.03. Durations between one and twenty-four months are to be proportionately weighted between 0.03 to 0.12. Work in excess of twenty-four months is to be weighted at 0.12.
- (5) **Contractor's Investment.** To be weighted from 0.03 to 0.12 on the basis of below average, average, and above. Consider the amount of subcontracting, Government-furnished property or data such as surveys, method of making progress payments, and any mobilization payment items.
- (6) **Assistance by Government.** To be weighted from 0.12 to 0.03 on the basis of average to above average. Consider the use of Government-owned property, equipment and facilities, expediting assistance, etc.
- (7) **Subcontracting.** To be weighted inversely proportional to the amount of subcontracting. Where 80% or more of the work is to be subcontracted use 0.03. The weighting should be increased proportionately to 0.12 where all the work is performed by the contractor's own forces.

It is in the Government's interest to negotiate sufficient profit to stimulate efficient contract performance and to attract the best qualified firms (FAR 15.404-4(a)(2) and (3)). Profit must not be negotiated until all costs have been agreed to. The negotiators should be primarily concerned with the total dollar amount of proposed profit, and not the method or rationale used by the firm to estimate profit for itself and any subcontractors (FAR 15.404-4(c)(5)). The profit objective for construction contracts is only used in preparing the Government estimate to establish a fair and reasonable price objective. A firm is not required to compute its profit by this method

Revised 2/26/08