

GSA 8(a) STARS II



Pricing

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I. PRICING

1. GENERAL

1.1. The 8(a) Streamlined Technology Application Resource for Services (STARS) II Governmentwide Acquisition Contract (GWAC) – “8(a) STARS II”, a/k/a “STARS II”, is a Multiple Award (MA), Indefinite-Delivery, Indefinite-Quantity (IDIQ) contract to provide information technology (IT) services and IT services-based solutions which may include the integration of ancillary support which is necessary and integral to the IT services being acquired. STARS II is reserved for qualifying Small Business Administration (SBA) certified 8(a) prime contractors with competitive prices.

1.2. The Contractor shall provide all management, supervision, labor, facilities and materials necessary to perform on a task order basis.

1.3. Hereafter, STARS II may also be referred to as the “Basic Contract” while task order(s) issued under the Basic Contract may also be referred to as “Order(s)”.

2. AUTHORITY

2.1. STARS II is established under the authority of the Small Business Act (P.L. 85-536, as amended), 15 U.S.C. 637(a), 13 C.F.R.124 and Federal Acquisition Regulations (FAR) 19.8. It is operated in concert with parallel authority from the Office of Management and Budget (OMB), which has designated the U.S. General Services Administration (GSA) as an Executive Agent (EA) for Governmentwide IT acquisitions pursuant to Section 5112(e) of the Clinger-Cohen Act, 40 U.S.C. 11302(e).

2.2. The scope of this designation includes GSA’s role and responsibility to award and administer the Basic Contract, and to grant Delegation of Procurement Authority (DPA) to warranted contracting officers for the award and administration of the Orders, that is further addressed in the Contract Administration Section.

2.3. The authority of the Small Business GWAC Center Procuring Contracting Officer (PCO), GSA Administrative Contracting Officer (ACO) and the Ordering Contracting Officer (OCO) are defined in Contract Administration Section.

3. ECONOMY ACT

3.1. In accordance with FAR 17.500(b)(2), the Economy Act does not apply to acquisitions using GWACs.

4. BASIC CONTRACT TERM

4.1. The Basic Contract term is one five-year base period with one five-year option period.

5. TASK ORDER PERIOD OF PERFORMANCE

5.1. The term for each Order placed under the Basic Contract shall be specified in the individual Order. Under no circumstances may a new order be placed under the Basic Contract if the Basic Contract is not in effect, has expired, has been cancelled or has been terminated.

5.2. Orders may be awarded during the STARS II GWAC Basic Contract's life, which is also referred to as the Contract Ordering Period (COP). Therefore the COP, like the Basic Contract term, is for a five-year base period with one five-year option. Orders may not be issued outside the COP.

5.3. An Order may be issued with a period of performance (PoP) of up to seven years from the date the Order is placed, with or without option periods during the PoP, provided:

1) The Order PoP is consistent with the customer agency's policy on task order duration and funding.

2) Orders that may run beyond the final day of the underlying GWAC COP are limited to three years beyond the final day of the basic contract option, which means all orders have to be substantially completed by (exact date to be determined).

3) Multi-year contracting is one of the ways to structure an Order's PoP and is a highly specialized endeavor. OCOs considering multi-year contracting are reminded of their obligations under FAR 1.602-2.

5.4. Order duration is not dependent upon the Center exercising the Basic Contract option. This means that an OCO can exercise an Order option period even if the Basic Contract is no longer available for new Orders. OCOs are required to document that Order options are in the best interest of the Government consistent with FAR 17.207, or authorized customer agency supplement.

6. ORDER TYPES

6.1. As defined in FAR Part 16, Type of Contracts, Fixed-Price (FAR 16.2), Incentive (FAR 16.4), Time-and-Materials (T&M (FAR 16.6)), and Labor-Hour (LH (FAR 16.6)) Order types are permissible. Hybrid blends of the Order types are feasible. The OCO is responsible for clearly identifying the applicable order type(s), making all required determinations and establishing requirements in the Order solicitation.

6.2. There is a regulatory order of precedence for contract types which prioritizes fixed price work over all other contract types, applied to STARS II's eligible Order types below:

1) Fixed Price (FAR 16.2)

2) T&M or L-H (FAR 16.6)

If not using Fixed-Price terms, FAR 16.601(d) requires contracting officers to document the rationale which applies to orders under STARS II. The determination and findings required by FAR 16.601

(d) requires a higher level of review. Please check agency guidance for the required level of review and approval.

6.3. Orders may be multi-year and/or include option periods and/or include optional Contract Line Item Numbers (CLINs) consistent with the FAR and customer agency contracting and fiscal policy.

7. PERFORMANCE-BASED ACQUISITION PREFERENCE

7.1. Pursuant to FAR 37.102(a)(2), the OCO should use performance-based acquisition methods to the maximum extent practicable using the following order of precedence:

- 1) Firm-fixed Price Performance-Based
- 2) A Performance-Based Order that is not Firm-Fixed Price
- 3) An Order that is not Performance-Based

8. NOT ALLOWED ON STARS II

- Renting/leasing
- Blanket Purchase Agreements (BPAs)
- Letter Contracts
- Orders for which IT services outcomes are not the principle purpose
- Orders for which supplies or software/hardware are the principle purpose

9. RENTING/LEASING

9.1. Renting and leasing of Personal Property and Real Property is not allowable; however, leases may be part of an IT services-based solution, provided:

- 1) The Government will not be the lessee and it will not be liable for cancellation fees should an option not be exercised
- 2) Furthermore, the use of lease-like (incremental) payment arrangements to purchase items, which purport to permit the Government to receive delivery of items and then pay for the full cost of the items over time, are not permitted

9.2. More information about this is presented in the Contract Requirements section.

10. FIXED PRICE ORDER TYPE

10.1. The OCO must determine fair and reasonable pricing for all Fixed-Price Orders in accordance with FAR 15.4, Pricing, and FAR 16.2, Fixed-Price Contracts, and customer agency policy. STARS II is a competitively awarded 8(a) Basic Contract and it is important for OCOs to note such in documenting

their price analysis. Further competition for Orders is another valuable price analysis consideration. Fixed price proposals shall include the Contract Access Fee (CAF). When calculating the fixed price, the CAF shall be applied last.

11. INCENTIVE ORDER TYPE

11.1. The OCO must determine fair and reasonable pricing for all incentives in Orders and develop a plan to implement and monitor an Award-Fee, Incentive-Fee, or Award-Term result in accordance with FAR 15.4, Pricing, FAR 16.4, Incentive Contracts and customer agency policy. This is an area of increasing regulatory oversight pursuant to Section 867 of the Duncan Hunter National Defense Authorization Act of 2009, P.L. 110-417 (“DHNDAA” or “NDAA 2009”), and customer agency policy, requiring OCO due diligence. OCOs considering incentive contracting are reminded of their obligations under FAR 1.602-2.

12. TIME & MATERIALS AND LABOR-HOUR ORDER TYPES

12.1. The pricing schedules established in the associated Microsoft Excel spreadsheet files contain the basic contract ceiling rates for T&M and LH work. The basic contract ceiling rates, and subsequent rates quoted or proposed for task orders, shall be fully burdened labor rates inclusive of all direct and indirect costs (e.g., profit, fringe benefits, salary, indirect rates), personnel and facility security clearance up to the Secret level, and the contract access fee (CAF). When calculating each unit price, the CAF shall be applied last.

12.2. Order rates shall not exceed the basic contract ceiling rates. Although basic contract ceiling rates resulted from competition, it is anticipated that task order competition (fair opportunity orders) or negotiation (directed orders) may result in even more competitive pricing than the basic contract ceiling rates. The OCO is responsible for considering the level of effort and the mix of labor proposed to perform a specific task being ordered, and for determining that the total price for the task order is reasonable in accordance with FAR 15.4, Pricing, and FAR

16.601 Time and Materials Contracts. The Basic Contract ceiling rates are very useful pricing references for OCOs to incorporate into their price analysis document.

12.3. The OCO is authorized to establish different fully loaded Order rates suited to meet foreign area requirements and for work requiring personnel and facility security clearance higher than Secret, and for determining fair and reasonable pricing for such work in accordance with FAR 15.4, Pricing, and FAR 16.601 Time and Materials Contracts. Contractors shall explain and justify their foreign area and higher than secret security clearance rates in Order quotes and proposals. Upon request of the OCO, the Contractor shall provide other than cost or pricing data, to include, a cost element breakdown of each Loaded Hourly Labor Rate, including Profit, in accordance with the Contractor’s cost accounting system, as well as any other supporting information the OCO deems necessary.

12.4. Payments under T&M and LH terms (including matters related to subcontractors, materials, etc.) are governed by the associated Payments Clause in this contract.

13. MAXIMUM BASIC CONTRACT CEILING AND MINIMUM AWARDEE GUARANTEE

13.1. Pursuant to FAR 16.504(a), the total maximum quantity of all supplies and services under the Basic Contract (for all awardees combined) shall not exceed \$10 Billion, including the Option.

13.2. The total minimum guarantee under the STARS II GWAC is \$250 maximum per awardee. The minimum guarantee shall be considered satisfied when an awardee receives task order work valued over \$250. The exercise of the basic contract option period does not re-establish the minimum guarantee. STARS II awardees without \$250 or more in task order work have a maximum of 60 calendar days after the expiration of their contract, or termination for the Government's convenience, to request their minimum guarantee in writing from the STARS II Contracting Officer. Termination for cause eliminates the contractor's entitlement to the minimum guarantee.

14. CONTRACT ACCESS FEE (CAF)

14.1. The CAF is $\frac{3}{4}$ of a percent (i.e. 0.0075) applied to the total price/costs for contractor performance as billed to the Government.

14.2. The formula is: Total CAF = Total Price or costs * CAF Percentage.

14.3. Contractors must include estimated CAF on all Order quotes and proposals, regardless of Order type.

14.4. OCOs may require contractors to include CAF as a separate line item on Orders if required by customer agency policy.

14.5. Contractors are responsible for collecting CAF from ordering agencies and for remitting CAF to GSA in accordance with contract requirements.

15. TRAVEL PRICING (ALL ORDER TYPES)

15.1. If authorized in the task order, travel will be reimbursed at actual direct cost in accordance with the limitations set forth in FAR 31.205-46. No indirect costs or profit are allowed for travel.

15.2. Travel will typically be a separate not-to-exceed CLIN on orders.

16. LABOR SUBJECT TO THE SERVICE CONTRACT ACT (SCA)

16.1. The Basic Contract's labor categories are considered bona fide executive, administrative, professional labor and generally exempt from the SCA if used to perform professional IT services, and not more mundane work.

16.2. To the extent that any labor is subject to the SCA and within scope of an Order and the Basic Contract, the OCO must identify such work under a separate CLIN on the Order and apply wages in accordance with FAR 22.10, Service Contract Act Wage Determinations.

16.3. The Basic Contract does not include all applicable flow-down clauses for labor categories subject to the Service Contract Act. Each Order must be tailored to include the appropriate clauses.

17. LABOR SUBJECT TO THE DAVIS BACON ACT

17.1. To the extent construction, alteration and repair are subject to the Davis Bacon Act and within scope of an Order and the Basic Contract, the OCO must identify such work under a separate CLIN on the Order and apply wages in accordance with FAR 22.4, Davis Bacon Act Wage Determinations.

17.2. Any construction, alteration and repair shall be firm fixed price, even if other aspects of the Order are another Order type/Contract terms. It is recognized that modifications to construction line items may not initially be fixed price as the Government works through a change order and/or modification process. In such situations the FAR instructs that such work should be fully definitized as soon as practicable, and certainly before closeout.

17.3. The Basic Contract does not include all applicable flow-down clauses for labor categories subject to the Davis Bacon Act. Each Order must be tailored to include the appropriate clauses. FAR Part 36, or authorized customer agency supplement, is a primary reference for construction contracting regulations.

17.4. Construction contracting is a highly specialized area. OCOs considering including construction contracting as part of an IT services-based solution are reminded of their obligations under FAR 1.602-2.

18. FOREIGN WORK AREAS

18.1. Contiguous United States (CONUS) means the 48 contiguous States and the District of Columbia.

18.2. Non-foreign area means the States of Alaska and Hawaii, the Commonwealths of Puerto Rico, Guam and the Northern Mariana Islands and the territories and possessions of the United States (excludes the Trust Territories of the Pacific Islands).

18.3. Foreign area means any area, including the Trust Territories of the Pacific Islands, situated both outside CONUS and the non-foreign areas.

18.4. It is anticipated that there may be Orders for work in foreign areas. The Department of State Standardized Regulations (DSSR) addresses foreign area allowances and benefits for U.S. Government civilians. The U.S. Department of State's Bureau of Administration, Office of Allowances, (<http://www.state.gov/m/a/als/>), publishes quarterly report indexes of living costs abroad, per-diem rate maximums, quarter's allowances, hardship differentials, and danger pay allowances. OCOs are authorized to select a foreign area pricing approach consistent with the DSSR that is tailored to their order requirements. If a task order RFQ/RFP includes foreign area work and the OCO has not identified a preferred foreign area pricing approach, contractors may include a foreign area pricing approach consistent with the DSSR and shall explain and justify it in their task order quote/proposal, and OCOs shall determine if the approach results in a fair and reasonable prices in accordance with the DSSR, FAR 15.4, and the subparts of FAR 16 authorized by the basic contract which are associated with the instant

order solicitation and resulting order. Upon request of the OCO, the Contractor shall provide other than cost or pricing data to support their proposal(s).

18.5. The Basic Contract does not include all applicable clauses for foreign area work. Each Order RFQ/RFP, and resulting Order, must be tailored to include appropriate clauses.

18.6. Foreign area contracting is highly specialized. OCOs considering foreign area contracting are reminded of their obligations under FAR 1.602-2.

19. BASIC CONTRACT OPTION PERIOD (BOP) PRICING

19.1. Pricing for the BOP will be based on the ceiling rates each offeror proposes for Basic Contract Year five. The fifth-year rates will be extrapolated out to years six through ten automatically by the Government for proposal evaluation purposes.

19.2. The actual ceiling rates for the BOP will be determined by escalating the proposed year five ceiling rates utilizing the latest methodology and basis for the Bureau of Labor Statistics (BLS) Employment Cost Index (ECI). The ECI for "Professional, Scientific, and Technical Occupations" will be controlling. A simple "percentage" method will be used.

19.3. The Government does not intend to perform re-determinations or apply escalated rates retroactively to Orders. The escalation will not apply to awarded orders in place before the BOP, even if they cross the time frame covered by the BOP, unless they specifically definitize its inclusion. Orders awarded before the BOP occurs and crossing the time frame covered by the BOP may include an order-specific escalation methodology for out-year pricing.

19.4. The specific ECI used as the basis for adjustment for the BOP CEILING RATES IS TITLED "wages and salaries (NOT SEASONALLY ADJUSTED)" Employment Cost Index for wages and salaries, private industry workers, by industry and occupational group."

19.5. The BOP escalation adjustment will be calculated three months prior to the BOP, using the latest ECI information available at that time (providing GSA a three-month window to prepare the escalation documentation) and implemented at the beginning of the BOP (basic contract year six), if exercised. The Government intends to use the average of the five previous full years of ECI data to make a one-time contract escalation. This escalation will be applied one time to years six through ten ceiling rates – and those ceiling rates will remain constant thereafter.

19.6. The calculated escalation rate will be applied consecutively for basic contract years six through ten. This means that the escalation rate will have compounding effect for years six through ten. As a result, each year of the BOP will have separate pricing.