



DEPARTMENT OF THE NAVY  
NAVAL FACILITIES ENGINEERING COMMAND  
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IN REPLY REFER TO  
ACQ 021  
26 May 00

MEMORANDUM FOR NAVFAC ACQUISITION PERSONNEL

Subj: CLASS DEVIATION-NOTICE OF COST COMPARISON (00-25)

Encl: (1) FAR 52.207-2, Notice of Cost Comparison (Negotiated)  
(FEB 1993) (DEVIATION) (MAR 2000)

1. The Executive Director, Acquisition and Business Management, Office of the Assistant Secretary of the Navy (Research, Development, and Acquisition) has granted NAVFAC authority to deviate from FAR Clause 52.207-2. This deviation is effective immediately for a period of five years.

2. Enclosure (1) provides Alternate I to the basic clause for conducting best value source selections in which the award decision is based on a tradeoff among cost or price and non-cost or price factors, rather than on the basis of lowest price. The Alternate provides a substitute for paragraphs (b) and (c) of the basic clause to advise offerors that before comparison of the Government In House Cost Estimate (IHCE) and the most advantageous offeror, the Source Selection Authority (SSA) will ensure that the Government's Technical Performance Plan (TPP) and the unopened IHCE will be returned to the in-house proposal team for adjustments and resubmission.

A handwritten signature in black ink, appearing to read "Michael F. Howard", is positioned above the typed name.

MICHAEL F. HOWARD  
Director, Strategic Management  
Community Management Section

**NOTICE OF COST COMPARISON (NEGOTIATED)  
(FEB 1993) (DEVIATION)**

(a) This solicitation is part of a Government cost comparison to determine whether accomplishing the specified work under contract or by Government performance is more economical. If Government performance is determined to be more economical, this solicitation will be canceled and no contract will be awarded.

(b) The Government's cost estimate for performance by the Government will be based on the work statement in this solicitation and will be submitted by designated agency personnel to the Contracting Officer in a sealed envelope not later than the time set for receipt of initial proposals.

(c) After completion of proposal evaluation, negotiation, and selection of the most advantageous proposal, the Contracting Officer, in the presence of the preparer of the cost estimate for Government performance, will open the sealed cost estimate envelope. These officials will make a cost comparison before public announcement. Depending on whether the cost comparison result favors performance under contract or Government performance, the procedure in either subparagraph (1) or (2) following applies:

(1) If the result of the cost comparison favors performance under contract and administrative approval is obtained, the Contracting Officer will award a contract and publicly reveal the completed cost-comparison form showing the cost estimate for Government performance, its detailed supporting data, and the Contractor's name. However, this award is conditioned on the offer remaining the more economical alternative after (i) completion of a public review period of \_\_\_\_\_ [*insert a numeral from 15 to 30, depending upon the complexity of the matter (see 7.306(b)(3))*] working days beginning with the date this information is available to interested parties and (ii) resolution of any requests for review under the agency appeals procedure (see paragraph (d) of this section). The Government assumes no liability for costs incurred during the periods specified in (i) and (ii). The Contracting Officer will then either notify the Contractor in writing that it may proceed with performance of the contract or will cancel the contract at no cost to the Government.

(2) If the result of the cost comparison favors Government performance, the Contracting Officer will publicly disclose this result, the completed cost-comparison form and its detailed supporting data, and the price of the offer most advantageous to the Government. After (i) completion of a public review period of \_\_\_\_\_ [*insert a numeral from 15 to 30, depending upon the complexity of the matter (see 7.306(b)(3))*] working days beginning with the date this information is available to interested parties and (ii) resolution of any

requests for review under the agency appeals procedure (see paragraph (d) of this section), the Contracting Officer will either cancel this solicitation or award a contract, as appropriate.

(d) During the public review period, directly affected parties may file with the Contracting Officer written requests, based on specific objections, for administrative review of the cost comparison result under the agency appeals procedure. The appeals procedure shall be used only to resolve questions concerning the calculation of the cost comparison and will not apply to questions concerning award to one offeror in preference to another. Agency determinations under the appeals procedure shall be final.

(e) A cost estimate for Government performance is considered a proposal for purposes of this solicitation's Late Submissions, Modifications, and Withdrawal of Proposals or Quotations provision, and a late modification that displaces an otherwise low cost estimate for Government performance shall not be considered.

(End of Provision)

*Alternate I (Mar 2000).* As prescribed in 7.305(b), substitute the following paragraph (b) and (c) for paragraphs (b) and (c) of the basic provision:

(b) The Government's cost estimate and technical performance plan for performance by the Government will be based on the work statement in this solicitation and will be audited by an independent reviewing agent to ensure conformance and sufficiency to meet the requirements herein. After independent review, the Government's cost estimate and technical performance plan will be submitted by designated agency personnel to the Contracting Officer in a sealed envelope not later than the time set for receipt of initial proposals.

(c) After completion of proposal evaluation, negotiation, and selection of the most advantageous contract or ISSA proposal, the Source Selection Authority will review the Government's technical performance plan to ensure that it offers the same level of performance and performance quality as the most advantageous contract or ISSA proposal. The Contracting Officer will not review the Government's cost estimate until these performance levels are compatible. Where differences are found to exist, the Government's technical performance plan and cost estimate will be returned to the in-house proposal team with instructions to adjust as required to correct the differences. When the Source Selection Authority determines that the revised technical performance plan is based on the same level of

performance and performance quality as the selected contract or ISSA proposal, the revised in-house cost estimate will be forwarded to the Contracting Officer in a sealed envelope. The Contracting Officer, in the presence of the preparer of the cost estimate for Government performance, will open the sealed cost estimate envelope. These officials will make a cost comparison before public announcement. Depending on whether the cost comparison result favors performance under contract or Government performance, the procedure in either subparagraph (1) or (2) following applies: