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FOR XX-X

Subject : Sample Government Cost Estimate for O&M Contracts

Attached is an example of a Government cost estimate. The following items should be noted in preparation of the estimate:

- Make sure the wage determination classification is used and is proper for the type of work.
- For option years increases to salaries for classifications under the wage determination will be done by modification. Job classifications not under the wage determination, i.e. Project Manager, Foreman, Quality Control, should be increased each option year using historic data if possible.
- Increases to material costs should be made for each option year using historic data if possible.
- Make sure costs and man-hours are broken down by TAP sections.
- When calculating home office or GSA, it is a percentage based on the direct labor or contract cost. Base and award fees are a percentage on top of these totals.

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Construction Representative