

**PRICE NEGOTIATION MEMORANDUM FOR  
HDC CASE NO. 03-31, Type 1 Optimizer (Index Test Box) for  
McNary Powerhouse, Kaplan Turbines**

1. **BACKGROUND:** Type 1 optimization refers to the software and equipment to conduct automatic, unattended, index tests on Kaplan hydraulic turbines. An index test is a relative efficiency test performed to determine the shape of the optimum efficiency profile and the optimum cam curve to be inputted to the governor or control unit. A cam curve denotes the relation between the angle of the blades on the runner and the opening of the wicket gates, for a given head.
  
2. **DOCUMENTATION:**
  - a. Request for Proposal (RFP): Initial scope of work was sent to the sole source Contractor on 06Feb03 when discussions first began on the possibility of obtaining a modernized ITB.
  
  - b. Independent Government Estimate: IGE attached. Government estimate is \$147,368.00. (See detailed explanation from Technical Lead, Rod Wittinger).
  
  - b. Contractor's Proposal: Written proposal was emailed to the the Technical Lead on 06 Feb 03.
  
  - c. Prenegotiation Objectives (PNO): Contractor's proposal is within \$3,000 of the IGE (lower). Discussion will be held to advise the Contractor that the Government would be issuing progress payments to him for work concluded and that the Corps does not pay ahead for services.
  
  - e. Final Negotiated Price: The final negotiated price on this contract is \$150,000.00.

3. **SUMMARY OF COSTS:** The summary of costs associated with this task order is as follows:

<u>Independent Government Estimate:</u>	\$147,368.00
<u>Contractor's Proposal:</u>	\$150,000.00
<u>Prenegotiation Objective:</u>	\$150,000.00
<u>Final Negotiated Price:</u>	\$150,000.00

**SCOPE DISCUSSION:** Discussions were held with the Contractor concerning the scope. He was advised that the Government would add interim milestones into the contract as a source of measurement for payment to him. No dates will be attached to those milestones currently because of the many scheduled unknowns within each turbine.

5. **NEGOTIATIONS:** This is a sole source Firm Fixed Price contract. This is to be Sole Sourced to the above Contractor, due to the fact that he was the inventor of the first ITB and has the intimate knowledge of the product for further applications and updates.

6. **SCHEDULE:** The performance period for this work is no later than 31 Aug 2004. See scope of work for specifics.

7. **LINE ITEM:** There will be one line item for this task order, as follows:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Amount</u>
0001	Kaplan Type 1 Optimizer	1	Job	\$150,000.00

The funded amount for this contract will currently be \$15,000.00, which should be sufficient to carry the Contractor into the new fiscal year.