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OCT 14 1958

**MEMORANDUM FOR: Members of the Building
Steering Committee**

**SUBJECT : Alternate Bids for the New
Headquarters Building**

The attached memorandum deals with alternate bids for the new headquarters building. I should like the Steering Committee to discuss this matter at a meeting in the Director's Conference Room immediately after the Deputies' meeting on Friday, 17 October 1958.

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L. K. WHITE
Deputy Director
(Support)

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OCT 14 1958

MEMORANDUM FOR: Chairman, Steering Committee

SUBJECT : Award of Contract for Building
Superstructure

1. This memorandum contains recommendations in paragraph 6 for consideration by the Steering Committee.

2. PROBLEM: It is necessary to plan for the possibility that the low bid for the superstructure will be in excess of the available funds.

3. FACTS BEARING ON THE PROBLEM:

a. The Public Buildings Service estimate for the building is almost \$2,000,000 over available funds.

b. The Excavation and Foundation Contract was considerably over the PBS estimate and may reflect an upward trend in construction costs.

4. DISCUSSION:

a. Bidders will be asked to submit a lump sum bid for the building in accordance with plans and specifications. Generally, our plans and specifications will include all desired features considered to be reasonably possible to obtain within available funds. Items of particular interest included in the specifications for the lump sum bid are the following:

(1) Change of locations of a like amount of full and part height plaster board partitioning without extra cost. This will make it possible to change the plans with respect to partition locations prior to erection of partitions. Where partition locations are changed after erection in accordance with the plans it will be necessary to pay for the cost of the change.

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OL 8-5243

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(2) Surface mounted fluorescent light fixtures.

(3) A pneumatic tube system using shaft rather than office type space for control equipment.

b. Since the lowest acceptable lump sum bid may be in excess of available funds, it is necessary to provide alternates serving to reduce the lump sum bid. In order that every bidder may know the basis for award where deduct alternates are used it is necessary to assign a priority rating to such alternates and to establish a systematic method for applying them. The usual method is to deduct the alternates in turn starting with the lowest priority and progressing cumulatively through to the highest priority item. This procedure would work as follows:

For each bidder deduct from his lump sum base bid his deduct amount for Alternate No. 1. The result is a revised lump sum bid. The bids are then evaluated on the basis of revised lump sum bids and a low bid determined. If the amount of the low bid so determined is within available funds, an award is made without regard to the remaining deduct alternates. However, if funds are not sufficient, the next step would be to deduct the sum of deduct Alternates 1 and 2 for revised lump sum bids. This is repeated until either a low bid within available funds is obtained or until the total of all alternates is deducted. (Of course, if at this point there are insufficient funds, all bids will be rejected, and following a revision of the plans, the job could be readvertised.)

c. Obviously, if this procedure is carried to the point where costly deduct alternates are eliminated, it is possible that the low bid so obtained may be in an amount less than the available funds. It will not then be possible to reinstate any of the deduct alternates (at the deduct alternate amount) even though there may be sufficient funds to cover one or more of the low priority deductions. The reason for this is that the purpose of the deduct alternates is to determine a low bid within the available funds and when they have been so used they will have served their purpose and will no longer be binding upon the bidder. However, such excess funds may either

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be used to negotiate for reinstatement of deduct alternate items or for add alternates as selected. Selection of add alternates may be made at will without regard to the order in which they are listed since add alternates are not considered in arriving at the low bid.

5. **CONCLUSION:** Provision should be made in the bidding document for both deduct alternates and add alternates.

6. **RECOMMENDATIONS:** It is recommended that the Public Buildings Service be requested to include the following alternates in the bidding documents:

a. **Deduct Alternates.** The value estimated for a deduct alternate is necessarily only an approximation. Contractors consider many factors in arriving at the deduction they will offer and it is most difficult to forecast the deductions with any degree of accuracy. However, estimated deduct amounts are shown below, based on the best estimate obtainable for each item listed. The following items are recommended as deductions from the base bid in the order they would be used:

<u>Priority</u>	<u>Description</u>	<u>Estimated Deduction</u>	
		<u>Item</u>	<u>Cumulative</u>
(1)	Omit Auditorium	\$600,000	\$600,000
(2)	Omit tunnel, stairs, and escalator to first floor. Substitute therefor walls, windows, etc., in ground and first floor space. (This involves no change in walks, etc. from front entrance to bus platform.)	190,000	790,000
(3)	Omit canopy over bus platform	26,000	816,000
(4)	Provide suspended lighting fixtures in lieu of surface mounted fixtures	200,000	1,016,000
(5)	Omit quartz aggregate from precast concrete and substitute standard aggregate	300,000	1,316,000

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<u>Priority</u>	<u>Description</u>	<u>Estimated Deduction</u>	
		<u>Item</u>	<u>Cumulative</u>
(6)	Omit standard aggregate from precast concrete and substitute precast concrete with rubbed finish.	\$200,000	\$1,516,000
(7)	Omit the cafeteria dining areas including the curved roof and glass walls (retaining kitchen and serving areas)	350,000	1,866,000
(8)	Provide pneumatic tube system utilizing horizontal selector equipment in lieu of system utilizing shaft space for selector equipment	90,000	1,956,000
(9)	Omit pneumatic tube system	770,000	2,726,000

b. Add Alternates. The following items are recommended as add alternates in the event that the contract award leaves sufficient funds available to cover any one or more of these items:

- (1) Window grilles as detailed in plans.
- (2) Provide metal movable partitions in lieu of steel stud and plaster board partitions as follows:
 - (a) Full height
 - (b) Part height
- (3) Provide aluminum sash in lieu of steel.
- (4) Provide additional holes in underfloor ducts in locations to be determined prior to pouring floor fill.
- (5) Provide 7000 underfloor duct service outlets, cast aluminum, each to receive 6-44A Telephone Company type connection blocks in lieu of 7000 telephone and signal fittings.



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JAMES A. GARRISON
Director of Logistics

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