

Major BEAM. That is right, sir.

Mr. HARDY. And after the proposals came in somebody had to evaluate the proposals, select one of them, and then negotiate; is that right?

Major BEAM. That is right, sir.

Mr. HARDY. Now what I am trying to get at is how did you arrive at a negotiated price of \$249,852.57, unless you knew specifically what the contractor was going to be called upon to supply?

Mr. HÉBERT. Mr. Covington has a contribution.

Mr. COVINGTON. I am Mr. Covington, from the proving ground. I have here, sir, our price analysis of the offer that was given us. The initial offer was \$252,231.38. The negotiated final price was \$249,852.57. If you would like the elements of price, sir, I have them.

Mr. HARDY. I will try to find out, and I don't care about getting into the cents column, but I would like to find out at least in some rough figure what was involved in the way of equipment that Melpar was going to furnish, from 9 to 12 men, and that is the only figure I have gotten up to now as to the personnel involved, for 9 to 12 men for up to a period of 8 months. That is my understanding of it. And unless there was a considerable amount of equipment involved, you must have had something beyond the mere personal services of these individuals to add up to this \$250,000, and I am just trying to understand what it is.

Mr. COVINGTON. Yes. May I go through this? I think this will answer your question, sir.

Direct labor was \$101,000, roughly—slightly more.

The overhead was 110 percent, or \$111,000.

Mr. NORBLAD. In what way are you using the word "overhead" there?

Mr. COVINGTON. This is indirect charges, sir, rather than direct charges.

Mr. HARDY. That is a management fee back in the office, the overhead. Go ahead.

Mr. COVINGTON. There was direct material and purchased parts to be supplied by the contractor of \$3,000. There was travel and subsistence of those individuals that do travel for us. That totaled \$17,000. We paid them a fixed fee of \$16,889.80. That is approximately 7.25 percent.

Mr. HÉBERT. Do you know what that overhead includes?

Mr. COVINGTON. I know the types of things it would include, sir.

Mr. HÉBERT. Well, what types of things?

Mr. COVINGTON. Anything not charged direct, such as the cost of a purchasing department, such as the cost of the man that turns the lights on or sweeps the floor.

Mr. HARDY. They are not going to sweep the floor out there in the field, though, are they? This is a field test.

Mr. HÉBERT. That is \$110,000, that is 100 percent of the contract or 110 percent overhead and \$16,000 fee additional.

Mr. COVINGTON. Yes, sir.

Mr. HÉBERT. I am in the wrong business.

Next contract, please.