

F301

LAWRENCE RADIATION LABORATORY

ROOM: 1113 BLDG.: 161

reviewer:  
R. L. Aron  
2/2/64

Unclassified

✓ UC 65-13

January 5, 1965  
File: 212.1 729636

Route	Checked
E. M.	✓
W. B.	✓
M. J.	✓
R. K.	✓
S. J.	✓
T. J.	✓
V. J.	✓
W. J.	✓
X. J.	✓
Y. J.	✓
Z. J.	✓
AA. J.	✓
AB. J.	✓
AC. J.	✓
AD. J.	✓
AE. J.	✓
AF. J.	✓
AG. J.	✓
AH. J.	✓
AI. J.	✓
Return to LRL	
4133 Bldg. 50A	

MEMORANDUM

TO: W. B. Reynolds

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SUBJECT: Proposed Modification to Appendix A  
Subcontract 212, Monsanto Research Corp.

A proposed First Modification to Appendix A to Subcontract 212 was transmitted to the Commission for preliminary review on September 14, 1964. The proposed Modification revised upward the ceiling overhead rates effective January 1, 1964. In a letter dated December 17, 1964, the Commission advised that the revision in ceiling overhead rates would only be acceptable for Project Agreements or Modifications to Project Agreements executed subsequent to September 26, 1963. Accordingly, we have prepared and attached for transmission to the Commission copies of a revised First Modification which reflect this Commission requirement.

Subject to your approval, we request that you transmit the revised Modification to the Commission for approval. Attached is a letter of transmission prepared for your signature which explains the changed ceiling overhead provisions.

  
C. L. Blue

CLB:DCS:ma

Att.

cc: W. D. Douglass  
L. E. Peck  
Barney Rubin

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RECEIVED  
DIRECTOR'S OFFICE  
BERKELEY  
JAN - 6 1965

WBR  
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FIRST MODIFICATION TO APPENDIX A TO SUBCONTRACT 212

between

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

and

MONSANTO RESEARCH CORPORATION

INTRODUCTION

This First Modification to Appendix A - Reimbursement of Costs - of Subcontract 212 is entered into by and between The Regents of the University of California, hereinafter called the "University", and Monsanto Research Corporation, hereinafter called the "Subcontractor".

PURPOSE

The purpose of this First Modification to Appendix A to Subcontract 212 is to provide for the addition of certain examples of allowable and unallowable items of cost and to adjust overhead rates under this Subcontract.

NOW, THEREFORE, effective July 1, 1964, Appendix A to Subcontract 212 between the University and the Subcontractor is hereby modified by mutual agreement of the parties as follows:

Section A - EXAMPLES OF ITEMS OF ALLOWABLE COST, is changed as follows:

Item 3 is changed to read: "Consulting services (including legal and accounting), and related expenses, as approved by the University, except as made unallowable by Paragraph B-24."

Item 8 is changed to read: "Personnel costs and related expenses incurred in accordance with the Subcontractor's established personnel policies and programs applicable on a company-wide basis throughout the Subcontractor's private operations, by collective bargaining contracts, or by custom in the industry or area, as approved by the University, such as:

"a. Salaries and wages, bonuses and incentive compensation; overtime, shift differential, holiday, and other premium pay for time worked; nonwork time including vacations, holidays, sick, funeral, military, jury, witness, and voting leave; salaries and wages to employees in their capacity as union stewards and committeemen for time spent in handling grievances, negotiating agreements with the Subcontractor or

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serving on labor-management (Subcontractor) committees: Provided, however, that University approval is required in each instance of total compensation to an individual employee at an annual rate of \$20,000 or more, when it is proposed that a total of 50 percent or more of such compensation be reimbursed under AEC and other Government cost-type contracts. Total compensation, as used here, includes only the employee's base salary and bonus and incentive compensation payments. Work by any person or group of persons in excess of forty-eight (48) hours in any one week shall require written approval of the University; and, establishment of a regular work week in excess of forty (40) hours shall require the written approval of the University;

- "b. legally required contributions to old age and survivors' insurance, unemployment compensation plans and workmen's compensation plans (whether or not covered by insurance); voluntary or agreed upon plans providing benefits for retirement, separation, life insurance, hospitalization, medical-surgical and unemployment (whether or not such plans are covered by insurance);
- "c. travel (except foreign travel which requires specific approval by the University on a case by case basis); incidental subsistence and other allowances of Subcontractor employees, in connection with performance of work under this Subcontract (including new employees reporting for work and transfer of employees, the transfer of their household goods and effects and the travel and subsistence of their dependents);
- "d. employee relations, welfare, morale, etc., programs, including incentive or suggestion awards, employee counseling services, health or first aid clinics and house or employee publications;
- "e. personnel training (except special education and training courses and research assignments calling for attendance at educational institutions which require specific approval by the University on a case by case basis); including apprenticeship training programs designed to improve efficiency and productivity of subcontract operations, to develop needed skills and to develop scientific and technical personnel in specialized fields required in the Subcontract work;

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"f. recruitment of personnel (including help-wanted advertisement), including services of employment agencies at rates not in excess of standard commercial rates, employment office, travel of prospective employees at the request of the Subcontractor for employment interviews; and

"g. net cost of operating plant-site cafeterias, dining rooms and canteens (attributable to the performance of this Subcontract)."

Item 20 is added to read: "The cost of independent research and development to the extent approved by the Commission through the University."

Section B - EXAMPLES OF ITEMS OF UNALLOWABLE COST is changed as follows:

Item 24 is added to read: "Salary or other compensation (and expenses related thereto) of any individual employed under this Subcontract as a consultant or in another comparable employment capacity who is an employee of another organization and concurrently performing work on a full-time annual basis for that organization under a cost-type contract with the Commission, except to the extent that cash payment therefor is required pursuant to the provisions of this Subcontract or procedures of the Commission applicable to the borrowing of such an individual from another cost-type contractor."

Item 25 is added to read: "First-class air travel in excess of the cost of less than first-class air accommodations, except when less than first-class accommodations are not reasonably available to meet necessary mission requirements, such as, where less than first-class accommodations would:

- "a. Require circuitous routing.
- "b. Require travel during unreasonable hours.
- "c. Greatly increase the duration of the flight.
- "d. Result in additional costs which would offset the transportation savings.
- "e. Offer accommodations which are not reasonably adequate for the medical needs of the traveler."

Section C - OVERHEAD, Paragraph 3 is amended to read:

"3. Actual reimbursable overhead costs shall be limited as follows:

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"General Overhead costs shall be limited to an amount not to exceed 100% of Direct Labor, including Payroll Burden, charged to this Subcontract.

"General and Administrative Expense shall be limited to an amount not to exceed 5% of total allowable cost under this Subcontract. Provided, however, that these rates are subject to the following exceptions:

"a. General Overhead costs for Project Agreements or Modifications to Project Agreements entered into subsequent to September 26, 1963, shall be limited to an amount not to exceed 103% of Direct Labor, including Payroll Burden, charged to this Subcontract.

"General and Administrative Expense for Project Agreements or Modifications to Project Agreements entered into subsequent to September 26, 1963 shall be limited to an amount not to exceed 9% of total allowable costs under this Subcontract.

"b. Actual reimbursable Overhead costs and General and Administrative expense for Project Agreements or Modifications to Project Agreements, covering work performed at Subcontractor's Boston Research Laboratory, shall be limited to amounts not to exceed ceiling rates set forth in the applicable Project Agreements."

ALL OTHER TERMS AND CONDITIONS of Appendix A to Subcontract 212 shall remain in full force and effect except as herein modified.

IN WITNESS WHEREOF, the parties hereto have executed this First Modification to Appendix A to Subcontract 212.

MONSANTO RESEARCH CORPORATION

THE REGENTS OF THE  
UNIVERSITY OF CALIFORNIA

By \_\_\_\_\_ By \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

APPROVED IN FORM AND CONTENT  
U. S. ATOMIC ENERGY COMMISSION

APPROVED AS TO FORM:

By \_\_\_\_\_ By \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

Date \_\_\_\_\_ Date \_\_\_\_\_

January 5, 1965

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