

July 11, 2018



Clinton Hedrington
Chief Operating Officer, Electric System
Virgin Islands Water and Power Authority
P.O. Box 1450
St. Thomas, U. S. Virgin Islands 00804

Subject: **Business Proposal for St. Thomas and St. John Islands
Submarine Cable Project**

Dear Mr. Hedrington:

Leidos Engineering, LLC (Leidos) appreciates the opportunity to provide a bid response for engineering design services for the Virgin Islands Water and Power Authority (VIWAPA) St. Thomas and St. John Islands Submarine Cable Project. We have reviewed the design requirements in detail and are pleased to submit this business proposal that includes a schedule of prices, a detailed breakdown of our offer price, and a proposed invoicing schedule.

Please refer to our Technical Statement of Work (submitted separately) that outlines our technical and management approach, project work plan, and technical understanding.

Documents Received from VIWAPA:

This proposal is based on conversations with VIWAPA and the following project documents received from VIWAPA:

1. Mitigation Project for the island of St. Thomas – 69 kV Submarine Transmission Line Project
2. Mitigation Project for the island of St. John – Cruz Bay to Coral Bay Interconnection Project
3. 69kV Transmission Line Project One-Line
4. 69kV Transmission Line Project kmz file
5. 69kV Cruz Bay to Coral Bay Project kmz file
6. 2016 Desktop Study by BIOImpact, Inc.
7. Report R59-11 Interconnection Feasibility Study – Final Report August 1, 2011

Pricing/Invoicing Assumptions

Leidos' pricing and invoicing for this proposal are based on the following key assumptions:

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1. This proposal is submitted to VIWAPA for the St. Thomas and St. John Islands Submarine Cable project in good faith, with the assumption that Leidos will perform services in accordance with the attached descriptions and technical specifications at the proposed good faith estimate and other terms and conditions to be mutually negotiated in a separate professional services agreement (Contract) between both parties, and subject to the stipulation that such an agreement be reached within a reasonable period of time, which shall in no event exceed 60 days after award.
2. The forecasted time and material (T&M) fee in Table 1 below is not meant to constitute a fixed fee or a limitation under which Leidos will provide services required to support this project. Notwithstanding anything to the contrary herein, Leidos will not be required to incur project related costs beyond the forecasted T&M fees without written authorization from VIWAPA committing to additional funding as may be required.
3. Leidos assumes that the Contract provided by VIWAPA will be a commercial T&M Contract that would use Leidos' commercial rates in accordance with FAR Part 12 and would be subject to FAR 52.212-4 and 52.212-5. This would comply with any federal grant requirements provided under the VIWAPA agreement with Federal Emergency Management Agency (FEMA).
4. Pricing is valid for the terms and conditions in the assumptions and statement of work provided by Leidos. When VIWAPA provides the Contract, including all applicable Exhibits, Leidos reserves the right to review and negotiate prior to acceptance.
5. Leidos reserves the right to negotiate the terms and conditions of the contract including, but not limited to, payment terms, warranty, liquidated damages, indemnification, limitation of liability, and consequential damages. Leidos assumes that the contract will have a 90-day payment clause and that Leidos will be entitled to stop work should any payments exceed 120-days.
6. The estimated invoicing schedule is provided in the interest of transparency. Below are the assumptions Leidos made to determine the invoicing schedule:
 - a. Leidos assumes that, based on discussions with VIWAPA, financing for the project is pursuant to a grant agreement with FEMA with VIWAPA as the prime recipient and Leidos as 1st tier subcontractor.
 - b. Invoices will be provided to VIWAPA monthly and assumed to be paid on a ninety (90) day delay due to FEMA reviews and requirements.
 - c. To facilitate the expected ninety (90) day delay on payments due to the extraordinary payment schedule through FEMA, a Mobilization invoice of \$160,000 is assumed to be processed with the executed contract or notice to proceed, whichever comes first, and paid within ninety (90) days of the date on the executed contract or notice to proceed. This amount is part of the engineering fee outlined herein and VIWAPA will realize a stepped down payment schedule over the last months of the contract.

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- d. Should the design/invoicing schedule as outlined change due to additional scope added to the project or due to delays not caused by Leidos, Leidos shall be entitled to invoice for services provided on a T&M basis.
 - e. Should Leidos execute ahead of schedule and/or perform works on an accelerated basis, such work will be captured on a T&M basis to be invoiced monthly.
- 7. Leidos will provide a design schedule once the contract terms and conditions are provided.
- 8. The pricing outlined herein is to support VIWAPA's schedule for review by VIWAPA's Board of Directors. Discounts may be available to VIWAPA once the scope of services, terms and conditions, and schedule has been finalized after negotiations.
- 9. The pricing does not include Federal, State and Local taxes. Taxes will be included as separate line items on invoices (pursuant to FAR 52.229-1).
- 10. This proposal is partially based on information provided by others, which was relied on by Leidos. Leidos does not control the cost of labor, materials, equipment, or services furnished by others, nor does it control pricing factors used by others to accommodate inflation, competitive bidding, or market conditions.
- 11. This proposal includes data that is considered confidential and shall not be disclosed outside of VIWAPA and shall not be duplicated, used, or disclosed for any purpose other than to evaluate this proposal. If a contract is awarded to Leidos as a result of the submission of this data, VIWAPA shall have the right to duplicate, use, or disclose this data to the extent provided in the resulting contract for internal use only. This restriction does not limit VIWAPA's right to use information contained in this proposal if it is obtained from another source without restriction.

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Table 1: Schedule of Prices

Phase	Description	Unit	Forecasted T&M Fee
001	Project Development Services	T&M	\$ 65,681.78
002	Studies	T&M	\$ 343,704.78
003	Survey Specifications	T&M	\$ 84,925.78
004	Detailed Engineering	T&M	\$ 767,004.33
005	Construction Monitoring and As-Built	T&M	\$ 330,614.00
	TOTAL		\$ 1,591,930.67

Discount -\$800.00
Total 1,591,130.67

92
8/5/20

Table 2: Forecasted T&M Invoicing Schedule

The fees below are for project finance planning; however, the invoices will be sent monthly to account for actual time and material.

Task	Description	Forecasted T&M Invoice
N/A – Up front to be charged against design fees later in the as-built process.	Mobilization Fee	\$ 160,000.00
1.1	Research and Requests for Information	\$ 47,877.78
1.2	Project Management Plan	\$ 17,804.00
2.1	Power Flow Study	\$ 24,168.00
2.2	Dynamic Stability Analysis	\$ 18,007.00
2.3	Protection Review and Short Circuit Analysis	\$ 17,051.00
2.4	Mitigation Development	\$ 14,507.00
2.5	Interconnection Impact Study Report	\$ 24,602.00
2.6	Cable Selection Study	\$ 88,129.78
2.7	Permitting and Environmental Review	\$ 59,944.00
2.8	Route and Landing Site Selection Review	\$ 97,296.00
3.1	Bathymetric Survey Specification	\$ 54,171.78
3.2	Topographical Survey Specification	\$ 15,495.00
3.3	Geotechnical Survey Specification	\$ 15,259.00
4.1	Cable Specification	\$ 71,573.78
4.2	Cable Bonding	\$ 33,305.00
4.3	Submarine Plan and Profile Drawings	\$ 130,042.78
4.4	Submarine Specifications, Calculations and Drawings	\$ 122,400.00

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Task	Description	Forecasted T&M Invoice
4.5	Terrestrial Plan and Profile Drawings	\$ 110,103.00
4.6	Terrestrial Landing Locations and Drawings	\$ 53,084.78
4.7	Cable Vault Details and Drawings	\$ 43,157.00
4.8	Terrestrial Specifications, Calculations and Drawings	\$ 105,260.00
4.9	Final Submarine and Terrestrial Thermal Capacity Calculations	\$ 20,767.00
4.10	Calculation of Transmission Line Constants	\$ 13,607.00
4.11	In For Construction (IFC) Package	\$ 63,704.00
5.1	Attend Construction Kickoff Meeting	\$ 9,960.00
5.2	Construction Support	\$ 171,863.00
5.3	Reviews and Punch Lists	\$ 78,371.00
5.4	As-Built Documentation	\$ 70,420.00

Table 3: Leidos Commercial Rate Table

Billing Class	Hourly Rate (US\$)	Years of Experience
Clerical, Administration, Junior Engineers and Technicians		
4	64	0
5	78	0
6	92	2
7	107	4
8	121	6
9	136	8
Staff Engineers, Consultants and Technicians		
10	150	2
11	164	4
12	179	6
13	193	8
Senior Engineers, Consultants and Technicians, and Project Managers		
14	208	10
15	222	12

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Billing Class	Hourly Rate (US\$)	Years of Experience
16	236	16
17	251	20
Executive Engineers and Consultants, Senior Project Managers, and Managing Directors		
18	265	8
19	280	10
20	294	12
21	308	14
22	323	16
23	337	20
Executive Engineers and Consultants, Senior Project Managers, Managing Directors and Vice Presidents		
24	352	8
25	366	9
26	380	10
27	395	11
28	409	13
29	424	14
30	438	16
31	452	18
32	467	20
33	481	22
34	496	24
35	510	25
36	524	13

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Thank you again for the opportunity to provide this proposal. Leidos is excited to accomplish this design project for VIWAPA. As always, we value our successful working relationship and look forward to working with you on this project. Please contact Selvin Dottin at (407) 648-3534 or selvin.h.dottin@leidos.com if you require additional information or clarification related to our proposal.

Sincerely,

Leidos Engineering, LLC



Keith Deaton
Executive Sponsor and Division Manager



Selvin Dottin
Account Manager

CONFIDENTIAL