



**DEPARTMENT OF THE NAVY**  
COMMANDER MILITARY SEALIFT COMMAND  
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WASHINGTON NAVY YARD DC 20398-5540

Canc frp: Jul 02

REFER TO:

COMSCNOTE 7000  
N03  
18 July 2001

## COMSC NOTICE 7000

Subj: GUIDELINE OVERHEAD RATES

Ref: (a) COMSCINST 5420.10

1. Purpose. To implement a set of guideline overhead rates to be used when planning reimbursable projects to be carried out by the Military Sealift Command (MSC) for outside parties.
2. Benefits. Guideline overhead rates will provide a consistent base for project planning and they will assure the recovery of the Command's costs of providing services to various parties.
3. Background
  - a. MSC frequently uses its in-house capability to provide specialized services for other government organizations. MSC's expertise in maritime operations enables us to assist those other organizations with work they may have in this area. This creates overall efficiencies for the government and avoids duplication of effort. A Business Development Group was set up by reference (a) to facilitate this process.
  - b. The costs that are charged to an organization receiving such services must cover the direct ship costs of the project (e.g., ship charter costs) and the estimated direct ashore costs of MSC's personnel and ancillary resources. Estimating these added MSC costs requires a business case analysis for each project but this is not always practical in the earliest planning stages. The guidelines listed below contain the MSC personnel and ancillary expense estimates (as a percent of direct costs) that will be used in the planning stages of various types of projects. This COMSC notice is not intended to apply to programs covered in MSC's stabilized rates or previous projects which are being continued.

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4. Application. The guideline rates will be used by all components of MSC to quote estimates on new reimbursable work. The rates depend on two variables: the type of project and the project's estimated direct costs. The types of projects covered by the guidelines are:

- Spot charters
- Bareboat charters
- Time charters
- Operating contracts
- CIVMAR operations

a. Each of these categories requires the application of successively more effort by MSC shoreside staff. This does not necessarily mean the latter services are more expensive overall – the MSC staff work often reduces the project's direct costs.

b. The rates also vary by the level of direct costs due to an economy of scale. More expensive charters, for instance, don't take proportionately more effort to complete than less expensive charters.

#### Baseline Overhead Rates

Estimated Costs	Spot Charter	Bareboat Charter	Time Charter	Operating Contract	CIVMAR Operation
0 - \$1 M	5%	5%	7%	11%	18%
\$1 – 2 M	4	4	6	10	18
\$2 – 5 M	3	4	5	9	18
Over \$5 M	2	4	4	8	18

5. Cancellation Contingency. This notice will remain in effect until updated guideline rates are published.

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G. S. HOLDER

Distribution:  
COMSCINST 5215.5  
List I (Case A, B, C)

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