

THE GENERAL SERVICES ADMINISTRATION  
CIVILIAN BOARD OF CONTRACT APPEALS

ARCTIC SLOPE NATIVE ASSOCIATION,  
LTD.

Appellant,

MICHAEL O. LEAVITT, SECRETARY,  
U.S. DEPARTMENT OF HEALTH AND  
HUMAN SERVICES; CHARLES GRIM,  
DIRECTOR, INDIAN HEALTH SERVICE;  
UNITED STATES OF AMERICA

Appellees.

CBCA 190-ISDA through 297-ISDA  
(IBCA 4794-4803-2006)

**DECLARATION OF DUFF PFANNER**

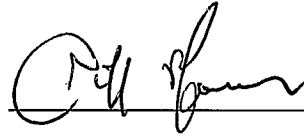
I, Duff Pfanner, upon penalty of perjury, declare and state as follows:

1. I am at least eighteen years of age and competent to make this declaration.
2. I am contracted by the Department of Health and Human Services (HHS), Indian Health Service (IHS) as a Healthcare Management Consultant. I have held this position for 10 years. Previously I was employed by the Department of Health and Human Services (HHS), Indian Health Service (IHS) as a Project Officer for 25 years.
3. As a Project Officer, my duties included assisting tribes and tribal organizations with the PL 93-638 contracting process.
4. This declaration is based on my personal knowledge and on information that I obtained in the course of my employment and contract with IHS.
5. I provided technical assistance to the Arctic Slope Native Association (ASNA)

during their planning process for management of the Barrow Service Unit and Hospital. When ASNA submitted a PL 93-638 proposal for management of the Barrow Service Unit, I coordinated the IHS review of the proposal per the PL 93-638 regulations. I negotiated the contract support cost portion of the proposal as a part of the proposal review process.

6. With respect to the 3rd paragraph I cannot confirm or deny that "IHS requested that ASNA prepare a budget for this \$500,000 amount...". However, common practice in the course of negotiations would have been for the contractor to develop a budget based upon the negotiated amount of funding. Regarding the last sentence in the 3rd paragraph, IHS would not have used the term that the "funds were not legally available" in the context of negotiation.
7. The 2nd sentence in the 4th Paragraph of Appellant's uncontested statement of facts is erroneous. IHS did not negotiate indirect rates with Appellant. The amount of CSC calculated was not based on an "indirect-like rate" of 32%. IHS classified its Contract Support Cost funding as direct CSC and indirect like CSC, regardless of whether an indirect rate existed. If IHS negotiated indirect like costs, that funding could be classified as "indirect", but would be provided lump sum and not pursuant to a rate. Proposed costs for the "annualized" amount of funding were based on the schedule at Tab 3, page 65 & 66 of the appeal file. Based on these costs, Appellant calculated what the indirect rate might be and intended to use the information from the proposal to later negotiate a rate with the HHS Division of Cost Allocation once it assumed full operation of the program.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this  
15<sup>th</sup> day of October 2007.

A handwritten signature in black ink, appearing to read "Duff Pfanner", is written over a horizontal line.

Duff Pfanner  
Healthcare Management Consultant