ARMED SERVICES BOARD OF CONTRACT APPEALS

Appeal of)
Cygnus Corporation, Inc.) ASBCA No. 53618
Under Contract No. 277-96-2031)
APPEARANCE FOR THE APPELLANT:	Hilary S. Cairnie, Esq. Dykema Gossett Washington, DC
APPEARANCE FOR THE GOVERNMENT:	Jeffrey Robbins, Esq. Office of General Counsel Department of Health and Human Services Washington, DC

OPINION BY ADMINISTRATIVE JUDGE DICUS

This appeal is taken from a contracting officer's decision demanding the delivery of certain items. The underlying contract between the U.S. Department of Health and Human Services (HHS) and Cygnus Corporation, Inc. (Cygnus) was for services in conjunction with operation of a toll-free, drug-free workplace "Helpline." We deny the appeal except for items 8 and 9, which HHS has waived. The parties have elected to proceed without a hearing pursuant to Rule 11.

FINDINGS OF FACT

1. On 14 August 1996 HHS awarded firm fixed-price Contract No. 277-96-2031, a negotiated contract, to Cygnus. The contract was for operation of a "Workplace Helpline" (Helpline), described as "a toll-free telephone consulting service to answer questions from members of the private sector business, industry and labor about illegal drugs and how to eliminate their use in the workplace." Alcohol abuse was also a part of the contract responsibility. The Helpline program was under the direction of the Center for Substance Abuse Prevention (CSAP). The contract provided for a base year and four option years. HHS extended the contract through all four option years. (R4, tabs A, B)

2. The contract incorporated by reference, *inter alia*, FAR 52.233-1 DISPUTES (OCTOBER 1995), FAR 52.227-14 RIGHTS IN DATA - GENERAL (JUNE 1987), and FAR 52.215-33 ORDER OF PRECEDENCE (JANUARY 1986). This last clause provides:

ORDER OF PRECEDENCE (JAN 1986)

Any inconsistency in this solicitation or contract shall be resolved by giving precedence in the following order: (a) the Schedule (excluding the specifications); (b) representations and other instructions; (c) contract clauses; (d) other documents, exhibits, and attachments; and (e) the specifications.

(R4, tab A)

3. The contract included sections A through H under PART I - THE SCHEDULE. Section B.1. included the following summary of supplies and services:

The purpose of this contract is to continue the uninterrupted operation of the CSAP Workplace Helpline and provide toll-free telephone service for business, industry, labor and community-based substance abuse prevention programs. The Helpline will continue to: (1) answer questions from business, industries, unions and community-based substance abuse prevention programs about alcohol and drug abuse and how to eliminate their use at work; (2) provide technical assistance on establishing comprehensive alcohol and drug-free workplace programs that include provisions for a written policy, employee assistance program services, employee education, supervisor training and drug testing; (3) provide pertinent and current publications on these topics; and, (4) refer callers to other sources of additional assistance.

(Id.)

4. Section B.2. provided the prices and deliverable items for the basic contract and each of the four option years. For each contract year the same 11 deliverable items were described. Annual prices varied. Item 1 called for "[o]peration of the Helpline in accordance with SECTION C.1 <u>Description of Work</u>, D. <u>Specific Requirements of Contractor</u>, Task 1 - <u>Helpline Staff and Hours of Operation</u>" at \$24,211 per month. Prices and similar descriptions were provided for 10 additional items. Items 2 through 5 called for development of a recruitment plan; an implementation plan; a plan for staying abreast of current relevant program information; and an outreach plan; and referenced Tasks IIA and III. Items 6 through 10 called for a variety of reports, referencing, respectively, Tasks IVA, IVB, IVC, IVD, and IVE. Item 11 required a transition plan in accordance with Task V. The transition plan is shown on the delivery schedule as "Task V, 12. . . . Submit with the second QIR [quarterly information report]." The delivery schedule for the base year and all option years, which is part of the Schedule, provided for Task V, 13.: "All Workplace Helpline property forwarded to the Project Officer Upon Request . . . NLT the last day of the contract." (R4, tab A)

5. Section C was titled "DESCRIPTION/SPECIFICATIONS/WORK STATEMENT." Section C.1.a. provided:

Independently and not as an agent of the Government, the Contractor shall be required to furnish all the necessary services, qualified personnel, material, equipment, and facilities, not otherwise provided by the Government, as needed to perform the Statement of Work, SECTION J, ATTACHMENT 1, dated May 1996, attached hereto and made a part of this Contract.

(*Id*.)

6. Section J, Attachment 1 provided in relevant part:

C.1. Description of Work

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B. Objective

The objective of this contract is to continue the uninterrupted operation of the CSAP Workplace Helpline and provide toll-free telephone service described in A., above, for business, industry, labor and community-based substance abuse prevention programs. Specifically, the Helpline will continue to: (1) answer questions from businesses, industries, unions and community-based substance abuse prevention programs about alcohol and drug abuse and how to eliminate their use at work; (2) provide technical assistance on establishing comprehensive alcohol and drug-free workplace programs that include provisions for a written policy, employee assistance program services, employee education, supervisor training and drug testing; (3) provide pertinent and current publications on these topics; and, (4) refer callers to other sources for additional assistance. The sources shall include, but not be limited to, other pertinent Federal and State agencies where relevant laws and/or regulations govern aspects of private or public workplace programs, community-based substance abuse prevention programs, legal, and employee assistance programs.

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D. Specific Requirements of the Contractor

Independently, and not as an agent of the Government, the Contractor shall furnish the necessary services, personnel, materials, equipment, and facilities not otherwise provided by the Government under the terms of the contract for carrying out the tasks described in this statement of work.

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The Contractor shall promote the CSAP Workplace Helpline through activities including, but not limited to: (1) exhibiting, attending and/or making presentations about the Workplace Helpline at meetings of organizations with substance abuse prevention missions such as the Community Anti-Drug Coalitions of America, the Employee Assistance Professionals Association, and CSAP or to clients of the Workplace Helpline.

Contractor Tasks

The Contractor shall carry out the following tasks:

. . . .

Task II: Operation of the Workplace Helpline

IIA. Qualifications, Recruiting and Training of The Helpline Staff

Qualifications

The Contractor shall ensure that all members of the Workplace Helpline have Masters degrees, or the equivalent in experience, in a course of study that prepares them to help callers from business, industry, labor and community-based substance abuse prevention organizations understand and deal with the problem of alcohol and drug abuse problems in the workplace. Specifically, each Helpline staff member, including the Project Director, shall be competent and conversant in, and able [sic] provide accurate consultation to callers on:

1. Information on the nature and extent of drug abuse in business and industry;

2. Conducting a needs assessment to determine the type of program that is best suited to the caller's organization;

3. Developing and implementing alcohol and drug abuse prevention policies and programs;

4. Developing and implementing the most appropriate form of employee assistance services, including consideration of the traditional models, including in-house or contract service, member assistance programs, peer assistance programs, and consortia;

5. Developing and implementing supervisor training;

6. Developing a user-friendly self-evaluation plan for callers to determine the effectiveness of a comprehensive alcohol and drug abuse program, or components thereof; and

7. Technical, legal, policy and employee relations implications of drug testing.

In addition to the requirements mentioned above, the contractor shall ensure that the Workplace Helpline staff have the ability, and sensitivity to deal respectfully and appropriately with culturally diverse callers or callers who represent employers or employment settings which are culturally diverse in their makeup.

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IIB. Call Logging System

The contractor shall develop a logging system to record essential information from each caller. The information will be used to establish a data base from which reports shall be generated by the contractor to reflect the activity of the Workplace Helpline. The logging system shall include a log sheet to record essential information on each call. The contractor shall ensure that the logging system records information, including but not limited to, the time and date of call; union, business establishment, or community-based organization name and address; city and state where located; telephone number; contact person's name and position with the organization, and whether or not the person is a decision maker on policy; number of employees; single or multiple facility; type of business/union, nature of assistance or consultation requested and given; description of workplace substance abuse problem; materials provided; and, how/where caller learned of the Workplace Helpline. The Logging System shall be included in the Implementation plan, in accordance with Section F., <u>Deliveries or Performance</u>, Task IIA, 2.

The information recorded on the log shall be stored/documented in a computer data base and will form the basis and facilitate the development of reports to the GPO.¹ Callers will be advised that their responses to the above-cited request for information is optional, and that the full compliment of service available from the Workplace Helpline shall be provided regardless of their decisions to provide or not to provide the information.

The contractor shall develop an Impact Plan to determine what actions have been initiated by callers based on their contact with the Workplace Helpline. Data derived shall be analyzed and reported in each quarterly and annual activity report. The GPO may require the contractor to recommend changes in the operation of the Workplace Helpline when such reports indicate that fewer than 50% of the callers' organizations took any action during the three month period following their contact with the Workplace Helpline.

Information obtained under this task, or any other task associated with this procurement, shall not be used by the contractor for any reason other than to respond to requirements of this contract, nor be provided to any person or organization except to the GPO.

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IID. Networking Assistance

The contractor shall develop a plan for referring callers to other local, regional, and/or national resources for additional help in substance abuse prevention programs. The plan shall include the identity of other federal, state, and local government, and private sector resources that are able to provide assistance in the services which match or supplement services provided by the Workplace Helpline. The Plan for referring callers to other local, regional and/or national resources for additional help in substance abuse prevention programs shall be included in the Implementation plan, in accordance with Section F., <u>Deliveries or Performance</u>, Task IIA,2.

Task III. Promoting the Workplace Helpline

The contractor shall provide the GPO, with the first monthly activity report, a written plan for outreach efforts to be undertaken by the contractor during the first year of the contract. Any further need for outreach efforts for all years following the first year will be assessed by the GPO. Outreach efforts shall include such activities as meeting with state chambers of commerce, regional groups, and associations such as the National Association of State Alcohol and Drug Abuse Directors, and the Employee Assistance Professionals Association. These meetings shall provide the opportunity to inform organizations of the Workplace Helpline service; presenting information about the Workplace Helpline service to private sector business, labor and community-based substance abuse prevention groups through meetings and conferences. Each outreach effort shall be approved by the GPO prior to its implementation.

The contractor shall include in each quarterly and annual report, the outreach activities and an analysis of its effectiveness.

Task IV. Reports

The contractor shall prepare and submit: [sic] the following reports to the GPO:

IVA. Monthly Information Report (MIR).

. . . .

IVB. Quarterly Information Report (QIR).

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IVC. Annual Information Report (AIR).

• • • •

IVD. Impact Report (IR).

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IVE. Final Information Report (FIR).

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Task V. Transition Period

At the end of the contract period, should a new contractor be awarded this procurement, the incumbent contractor shall arrange for and coordinate with the GPO and the new contractor, a transition period lasting no more than four weeks. This transition period, which shall take place four weeks prior to the conclusion of the base or any option year, shall be used to orient the new contractor to all requirements and operating procedures involved in the operation of the Workplace Helpline. The current contractor shall make their facilities, Workplace Helpline staff, the full complement of information and program operating manuals, logs, computer-generated reports and data, and all other information generated, developed or maintained in connection with the performance of this contract, not specifically included herein, available to the new contractor during the transition period. The current contractor shall be responsible for the full operation of the Workplace Helpline during the transition period.

The contractor to whom the award is made shall provide to the GPO a written transition plan which shall ensure the orderly transition of performance responsibilities.

All program and training manuals and plans, logs, computer generated reports and data, and any and all other information generated, developed or maintained in connection with the performance of this contract is the property of the government and shall be forwarded to the GPO not later than the conclusion of the transition period.

(R4, tab A)

7. During 1998 Cygnus filed a transition plan, which pledged full cooperation and support to any successor contractor. The plan provided, *inter alia*, that Cygnus would supply copies of procedures, manuals and other relevant materials, help with transfer of automated information (databases, national resource list, and other data records). At one point the plan addresses a "schedule . . . for the transfer of *all* materials used, developed, and maintained in conjunction with the Helpline project" (emphasis supplied). A similar provision addresses databases. Specifically enumerated as included among the materials to be transferred were archived materials and publications, Helpline's library of reference materials, hard copy of all program and training manuals, logs and reports generated concerning the performance of the contract, any software programs developed or altered during the contract for which contract funds were expended, documentation of that software, and materials used to respond to inquiries. (Lipari aff., attachment) The version of the transition plan filed in March 2001 is substantively unchanged (supp. R4, tab 7).

8. Cygnus filed an outreach plan dated 15 October 1999, which included the following:

OUTREACH PLAN FOR CSAP WORKPLACE HELPLINE

... This outreach plan will describe how the Helpline proposes to promote its own growth and exposure within the target audience. We plan to attend, present, and/or exhibit at conferences, meetings, and events sponsored by intermediary channels such as business, trade, and professional organizations; health and prevention organizations; and community groups to help bring our message to a wider audience.

The primary goal of our outreach program will be to introduce the Helpline and its services to many potential new users—both business makers and organizations. In addition, we will strive to serve the ongoing substance abuse prevention needs of these organizations through our local outreach program, thereby establishing an enduring relationship with a growing segment of the business community—small business.

The plan described efforts to continue to introduce the Helpline to members of professional, business and trade organizations and Federal agencies. (Supp. R4, tab 7) Photographs in the record show Workplace Helpline table top displays used in such programs (supp. R4, tab 1).

9. On 13 June 2001, a training session was held for warehouse supervisors of Giant Food, Inc. This was reported in Cygnus's 5 June 2001 quarterly report for the fourth option year as part of the "Outreach" efforts. (Supp. R4, tabs 7, 10)

10. Sometime in 2001, the "Washington DC Mayoral Small Business Initiative" (Washington Initiative) was undertaken (supp. R4, tab 11). The description of the Washington Initiative is not materially different from outreach efforts described in Cygnus's reports (supp. R4, tab 7).

11. At the end of the fourth option year, HHS decided to operate the Helpline in-house (complaint/answer, \P 14). Thus, there was to be no new contract.

12. On 7 August 2001, the Government project officer, Mr. James Lipari, sent an e-mail to Molly Wolfe of Cygnus requesting the return of the following items:

- 1. [Two] table top displays used in exhibiting
- 2. videos [sic] purchased (ie, for the perparation [sic] of the [supervisory] training for Giant)
- 3. All training manuals for new employees
- 4. All operating manuals
- 5. All completed log sheets of incoming calls
- 6. All TAF sheets for call backs 2?
- 7. All computer generated reports and data
- 8. All resource publications by the WPS
- 9. All publications stocked for referral to callers*
- 10. All files, discs, and any other material related to the Giant Training effort, including discs with power point presentations
- 11. All files, discs, and any other material related to the Washington DC Initiative.
- * I believe we have already begun this process.

(R4, tab I)

13. By letter of 13 August 2001, Cygnus refused to return the requested items. Cygnus argued that the items were not "deliverables" under the contract. It also argued that a conflict existed between the Rights in Data clause and the Task V declaration of Government ownership (*see* findings 1, 3), with the alleged result that the Task V declaration was effectively nullified by application of the Order of Precedence clause. (R4, tab J)

14. When further exchanges did nothing to resolve the dispute (R4, tabs L through O), the contracting officer issued a 13 November 2001 decision demanding the delivery of the items listed in finding 12. She asserted that the contract provided under Task V that HHS owned the items, in addition to the rights set out in the Rights in Data clause. In the decision she offered to "pay reasonable expenses for reproducing items which were not

specifically itemized as deliverables under the contract." (R4, tab P) None of the pre-decisional correspondence includes a demand for payment by appellant. A notice of appeal dated 26 November 2001 was filed with the Board and docketed as ASBCA No. 53618 (R4, tab Q).

15. Cygnus has filed affidavits of its president, Mr. Jack Dickerson. In the affidavits, Mr. Dickerson offers various arguments supporting Cygnus' position. He asserts that "upon entering into the contract," he understood that structural conflicts between contract provisions would be resolved by the Order of Precedence clause. In effect, he asserts that because of the Order of Precedence clause, the specifications are trumped by the Rights in Data clause. He does not assert that Cygnus' interpretation that HHS did not own the items in dispute unless there was a follow-on contract was held, and thus relied on, prior to the dispute. According to Mr. Dickerson, items 10 and 11, relating to the Washington Initiative and the Giant programs, were out-of-scope items not developed with Government funding and labor costs to Cygnus were \$18,408.94. (Dickerson aff. and rebuttal aff.)

16. HHS has filed the affidavit of the GPO, Mr. Lipari. Mr. Lipari maintains that conversations with Cygnus project directors led him to the understanding that items 1 and 2 were purchased with contract funds, and that during contract performance no Cygnus employee asserted that any contract efforts were supported by Cygnus funds. (Lipari aff.)

DECISION

Cygnus argues that the Rights in Data clause, which it asserts conflicts with and supersedes the ownership provision in Task V, does not vest HHS with ownership rights in the disputed items. Cygnus also argues that Task V does not come into play unless there is a follow-on contract. Finally, it contends that many of the 11 items are not governed by either the Rights in Data clause or Task V. HHS counters that there is no conflict between contract provisions and that the Task V provision governs here. It also argues that none of the disputed items are beyond the reach of Task V.

With regard to Cygnus' first argument, we see no conflict between the contract provisions. The Rights in Data clause is intended to further Government policy, which is to "strike a balance between the Government's need and the contractor's legitimate proprietary interest" in data. FAR 27.402(b). It does so, *inter alia*, by imposing limitations on restrictive markings on data by contractors and providing for the Government's right to use data, such as mandating a nonexclusive Government license in certain contractor claims to copyrights involving computer software. FAR 27.404(f)(iv); 52.227-14(c)(1) and (2). In contrast, Task V establishes Government ownership in specific data: "program and training manuals and plans, logs, computer generated reports and data, and any and all other information generated, developed or maintained in connection with the performance of this contract . . ." (finding 6). This is reinforced by the contract in two places, where it requires Cygnus to deliver data and other property. In Task V, after listing the specific items

enumerated above, it requires that the items be "forwarded to the GPO not later than the conclusion of the transition period" (finding 6). In the Delivery Schedule for the base year and all option years it references Task V and requires "All Workplace Helpline property forwarded to the Project Officer Upon Request"³ but no later than the last day of the contract (finding 4).

It is well-established that an interpretation which gives reasonable meaning to all parts of a contract is preferred to an interpretation which leaves another part inoperative, and that conflict between parts should not be found unless there is no other reasonable interpretation. Hol-Gar Manufacturing Corp. v. United States, 351 F.2d 972, 979 (Ct. Cl. 1965). Thus, the preferred interpretation here is one which keeps the Rights in Data clause, Task V and the Delivery Schedule operative. This is particularly so given what we consider to be the clear language in Task V and the Delivery Schedule vis-a-vis Workplace Helpline property and information. We think an interpretation which treats the Rights in Data clause as dealing with usage rights where the Government does not have preemptive ownership rights and treats Task V and the Delivery Schedule as establishing such ownership rights in HHS with respect to Workplace Helpline property and information is reasonable. While we see no conflict, we think, for sake of argument, the foregoing interpretation would reconcile the "conflict" urged upon us by Cygnus. We find further support in the specific requirements as to information (finding 6, Task IIB., last paragraph) and the broad scope of the Workplace Helpline project (*id.*, C.1.B. Objective), which we interpret as giving an equally broad scope to what constitutes Workplace Helpline property. We hold there is no conflict to be resolved by the Order of Precedence clause or otherwise.

Cygnus next argues that Task V and its obligation to provide any of the disputed items are only triggered if there is a follow-on contract. We find this argument similarly unpersuasive, for the reasons stated above and for those which follow. Aside from the straight-forward contract language establishing Government ownership, we see as an overriding contractual purpose for the turnover of the materials to the GPO their use in the continuation of the project. The fact that the "follow-on contractor" is HHS does not alter that purpose, which we see as the principal apparent purpose of Task V. Accordingly, we give it great weight in interpreting the language of Task V. Holmes & Narver Services, Inc., ASBCA No. 33025, 88-3 BCA ¶ 20,932. Further, there is a public interest in continuation of a project to reduce the use of drugs in the workplace, and that interest is served by an interpretation under which HHS is owner of the Helpline information and property and can continue to make use of them to serve the public. An interpretation favoring the public interest is preferred. Beck Park Apartments v. United States Department of Housing and Urban Development, 695 F.2d 366, 370 (9th Cir. 1982). We hold that the Task V and Delivery Schedule requirements are not rendered inoperative if there is no follow-on contractor and the Helpline project is continued by HHS in-house.

The time of delivery is at least potentially ambiguous: the Delivery Schedule requires delivery of all Workplace Helpline property by the contract's end (finding 4), while Task V requires delivery of specific items by conclusion of the transition period

(finding 6). Any conflict is resolvable by resort to the Order of Precedence clause, which results in the Delivery Schedule, which is part of the Schedule, trumping Task V, whether the latter is viewed as an attachment or part of the specifications (findings 2, 4, 6). In any event, the last day of the contract has passed and none of the items has been delivered. We now turn to the individual disputed items to determine whether any are exempt from the Task V and Delivery Schedule requirements as we have interpreted them.

We think there is no need to belabor items 3 through 9 (finding 12). HHS waives any rights to items 8 and 9 (resp. br. at 2). Training manuals, operating manuals, log sheets, TAF sheets, and computer reports and data, in the Board's view, fall clearly within the ambit of Task V: "program and training manuals and plans, logs, computer generated reports and data, and any and all other information generated, developed or maintained in connection with the performance of this contract . . ." (finding 6) or "All Workplace Helpline property" (finding 4). We hold that HHS is entitled to Items 3 through 7.

Items 10 ("files, discs, and any other material related to the Giant Training effort") and 11 ("files, discs, and other materials related to the Washington DC Initiative"), are also part of the contract requirements. The Giant training project (finding 9) falls squarely within B. Objective ("provide . . . supervisor training") and Task III outreach efforts (findings 6, 8). Similarly, the Washington DC Initiative falls within the Task III outreach efforts (finding 10). It also falls within efforts listed under B. Objective and D. Specific Requirements of the Contractor (finding 6). Moreover, both represent efforts of the type contemplated by Cygnus in its Outreach Plan (finding 8). The listed materials for each item are of the type set out for turnover to the GPO under Task V. HHS is also entitled to Items 10 and 11.

Items 1 and 2 are more troublesome. The items do not fall within paragraph three of Task V (finding 6). There is also evidence from Cygnus that the items--table top displays and videos--were not purchased with contract funds (finding 15). There is contrary evidence from HHS (finding 16). Cygnus argues that Mr. Lipari's affidavit is unreliable on this point because it is based on hearsay (statements of Cygnus employees) for which there is no exception. We disagree. FED. R. EVID. 801(d)(2) provides that a statement made by an opponent's agent or servant during employment is not hearsay. On the other hand, the affidavit of Cygnus' president, Mr. Dickerson, quotes Cygnus employees. Those references are hearsay for which there is no exception. However, we find neither party's affidavits particularly useful. The affidavits tend to be argumentative and, particularly in Mr. Dickerson's case, read more like a brief than a recitation of information based on personal knowledge. In short, the affidavits are unpersuasive. Moreover, in performance of a service contract, a contractor cannot expect to carry out its contractual obligations without being "out of pocket" in the process. Thus, even if we accept Mr. Dickerson's assertions, we still must look to the contract to determine how such materials were to be treated. The contract unambiguously required Cygnus to promote the Helpline, provide supervisor training for interested businesses and organizations, and conduct outreach projects. Furnishing materials to do so was the contractor's responsibility. (Findings 5, 6 at D, Task III, finding

8) We conclude, therefore, that the table top displays and videos were among the materials furnished to carry out Cygnus' contractual responsibilities. As such, the table top displays were "Workplace Helpline property" as we interpret those contract terms, and required to be forwarded to the GPO at his request, but no later than the last day of the contract (finding 4). Except as to items 8 and 9, which HHS has waived, the appeal is denied.

Dated: 16 January 2003

CARROLL C. DICUS, JR. Administrative Judge Armed Services Board of Contract Appeals

I concur

I concur

MARK N. STEMPLER Administrative Judge Acting Chairman Armed Services Board of Contract Appeals EUNICE W. THOMAS Administrative Judge Vice Chairman Armed Services Board of Contract Appeals

FOOTNOTES

1	GPO is an abbreviation for Government Project Officer (Lipari aff.).
2	TAF is an abbreviation for Technical Assistance Followup (R4, tab H at 7).
3	The context of the term "forward" is unambiguous: to send on to a subsequent

"forward." As used in Task V and the Delivery Schedule, its meaning is virtually synonymous with "deliver."

I certify that the foregoing is a true copy of the Opinion and Decision of the Armed Services Board of Contract Appeals in ASBCA No. 53618, Appeal of Cygnus Corporation, Inc., rendered in conformance with the Board's Charter.

Dated:

EDWARD S. ADAMKEWICZ Recorder, Armed Services Board of Contract Appeals