
ACCOUNTING AND APPROPRIATION INFORMATION

Item: 00010	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	Amount (b) (4)
Item: 00020	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	Amount (b) (4)
Item: 00030	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	Amount (b) (4)
Item: 00040	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	Amount (b) (4)

Task Order No. HSBP1208J21892

Contractor's Signature Page

Name: (b) (6)

Signature: (b) (6)

Company: The Boeing Company

Date: 6/25/08

Section B – Supplies or Services and Prices/Costs

CLIN	Description	Estimated Costs	Target Fee
CLIN 00010	Professional services and data for Program Management/Administration in accordance (IAW) with the attached Statement of Work (SOW) For Arizona Deployment dated June 24, 2008. TUS-1 cost estimate/fee: (b) (4) AJO-1 cost estimate/fee: (b) (4)	(b) (4)	(b) (4)
CLIN 00020	Professional Services and data for Tower Installation IAW the attached SOW for Arizona Deployment dated June 24, 2008. TUS-1 cost estimate/fee: (b) (4) AJO-1 cost estimate/fee: (b) (4)	(b) (4)	(b) (4)
CLIN 00030	Materiel and data IAW the attached SOW for Arizona Deployment dated June 24, 2008 TUS-1 cost estimate/fee: (b) (4) AJO-1 cost estimate/fee: (b) (4)	(b) (4)	(b) (4)
CLIN 00040	Schedule Incentive Fee TUS-1: (b) (4) AJO-1: (b) (4)		(b) (4)
CLIN 00050	Professional services and Data For Tower Payloads IAW the attached SOW for Arizona Deployment dated June 24, 2008 TUS-1: cost estimate/fee: AJO-1: cost estimate/fee:	Unpriced	Unpriced
CLIN 00060	Professional services and Data For Facilities IAW the attached SOW for Arizona Deployment dated June 24, 2008 TUS-1: cost estimate/fee: AJO-1: cost estimate/fee:	Unpriced	Unpriced
CLIN 00070	Professional services and data for Integration/Test IAW the attached SOW for Arizona Deployment dated June 24, 2008 TUS-1: cost estimate/fee: AJO-1: cost estimate/fee:	Unpriced	Unpriced
Totals		(b) (4)	(b) (4)

Section B – Contract Pricing Terms and Conditions

1. GENERAL

The contractor shall furnish all personnel, facilities, equipment, materials, supplies, and services necessary for the contractor to deploy the designs for TUS-1 and AJO-1 in accordance with the attached statement of work for Arizona Deployment dated June 24, 2008.

2. PERIOD OF PERFORMANCE

The estimated period of performance for this task order is nine (9) months, or from June 25, 2008 through March 31, 2009.

3. TASK ORDER TYPE:

This task order is issued under the SBlnet Contract (HSBP1006D1353) which is an indefinite delivery/indefinite quantity (IDIQ) contract.

This is a Cost-Plus Incentive Fee (CPIF) Task Order that includes cost and schedule/performance incentives. Schedule/performance incentives provide the motivation to achieve accelerated tower deployment for TUS-1 and AJO-1 at the lowest possible cost.

The unpriced line items may be ordered and funded via a bilateral modification to the task order at the appropriate time during performance but shall not be subject to negotiations of the schedule incentive criteria and fee and cost incentive fees prior to issuance of the applicable modifications. As such, the contractor shall not begin performance on nor incur costs related to any line items except, CLINs 00010, 00020, and 00030, until such time that the additional line item is turned on by a fully executed and funded modification to the task order.

4. TOTAL TASK ORDER TARGET COST, TARGET FEE, AND OVERALL COMPLETION DATE

Total task order target cost and target fee is \$51,906,566. The total task order target cost is (b) (4). The total task order target fee is (b) (4) or (b) (4) of total task order total cost less travel and travel related indirect costs, and facilities capital cost of money. The total task order target cost and target fee are set for task order target completion of not later than March 31, 2009.

5. INCENTIVE FEE STRUCTURE:

The cost and schedule/performance incentive fees will be cumulative and in no case shall the total maximum fee exceed (b) (4) of the target cost less travel and travel related indirect costs, and facilities capital cost of money. The minimum fee shall not be less than (b) (4) of the target cost less travel and travel related indirect costs, and facilities capital cost of money

5.1 Cost Incentive Structure

The following cost incentive structure is established in association with the target completion dates identified in Section B.5.2. The fee is split between TUS-1 and AJO-1 as follows: 75% for TUS-1 and 25% for AJO-1

Target Cost Fee: (b) (4) (b) (4) of target cost less travel and travel related indirect costs, and facilities capital cost of money)

Maximum Fee: (b) (4) (b) (4) of target cost less travel and travel related indirect costs, and facilities capital cost of money; Maximum Fee includes the schedule incentive fee of (b) (4) @ (b) (4) plus the target cost fee @ (b) (4)

Minimum Fee: (b) (4) (b) (4) of target costs less travel and travel related indirect costs, and facilities capital cost of money)

Share line:

For a total actual cost greater than target cost (cost overrun), costs exceeding the target cost shall be shared as follows:

Government's share:	75%
Contractor's share:	25%

For a total actual cost less than target cost (cost underrun), costs less the target cost shall be shared as follows:

Government's share:	75%
Contractor's share:	25%

The contractor's fee shall be adjusted as follows:

1. Determine the cost overrun or underrun variance (Target cost less actual allowable cost);

2. Determine the contractor's fee (Cost variance times the contractor's overrun or underrun share ratio (percentage) plus (Target fee) equal (Contractor fee).

5.2 Schedule/Performance Incentive

The schedule/performance incentive is comprised of two components. Separate incentives are established for the Conditional Systems Acceptance Review (SAR) for TUS-1 and Final Systems Acceptance for AJO-1. The criteria for conditional acceptance shall be evidence presented in the Conditional Systems Acceptance Review.

The evidence that shall be presented in the Conditional Systems Acceptance Review includes the following:

1. Completion of Systems Acceptance Testing
 - a. Completion of test results "Hotwash"
 - b. Preliminary Results and Predictions of Analysis
2. All Categories 1 & 2 non-conformance items closed (includes Initial Reviews (IR), Test Initial Reviews (TIR).
3. Plan of action on all open Category 3 non-conformances
4. Acceptance Data Package (ACP) of "as-built" System
 - a. Reconciliation of as-build vs. as-designed
 - b. Includes results from Assembly Check-out testing data (Factory Acceptance type testing)
5. Certification & Accreditation
 - a. Plan of action for any issue identified in the Security Assessment Report
 - b. Evidence of Complete Network Operations Center/Secure Operations Center (NOC/SOC) procedures

A successful/acceptable SAT for TUS-1 is achieved when no Category 1 or Category 2 failures exist, but Category 3 issues may be present.

- Category 1 is a failure of the systems primary system functions. Any safety related issue is Category 1 failure.
- Category 2 is a partial failure or degradation of primary systems functions that impacts primary functionality but functionality is achievable with alternative method of operation.

- Category 3 is an issue that results in degraded operations of minor functionality or where a work around is available to enable operations to continue.

The evidence to be presented in Final Acceptance Package for TUS-1 and AJO-1 follows:

1. Close out of all non-conformances (includes IRs, TIRs, etc) to include government concurrence as applicable, including root cause analysis and corrective action steps and schedule.
2. Satisfactory completion of the Systems Acceptance to include Systems Acceptance Test reports and performance analysis results.
3. Final delivery of the Acceptance Data Package (ADP) which documents the reconciliation of the "as built" configuration of the TUS-1/AJO-1 System to the final "as designed" baseline.
4. Certification & Accreditation
 - a. All issues or conditions to "authority to operate", identified in the Security Assessment Report are documented with approved plans in the Plan of Action Milestones (POAM)
 - b. Evidence of Complete NOC/SOC procedures.
5. Project Integration Specifications metrics are satisfied*:

<u>Probability of Detect</u>	<u>Probability of ID</u>	<u>Operational Availability</u>			
<u>Threshold</u>	<u>Objective</u>	<u>Threshold</u>	<u>Objective</u>	<u>Threshold</u>	<u>Objective</u>

(b) (7)(E)

In addition to the three specifications above, a fourth specification is as follows:

**Technology Coverage (radar-based)

Coverage is based on the linear line (statute miles) of border covered by technology as follows:

TUS-1: (b) (7)(E)
AJO-1: (b) (7)(E)

* The metrics are based on the Modeling and Simulation models that are based on a seven workstation COP configuration. Any adjustment to the workstation COP configuration will require a review and change to the metrics.

**The methodology of determining technology coverage is based on the document entitled, Miles of Border Covered by Technology, Revision 0.9, 6/25/2008 incorporated by reference.

6. All CDRLs delivered and accepted by the government except final financial reports.

The schedule/performance incentives are designed to motivate the contractor to accomplish earlier project completion dates than agreed to in the Integrated Master Schedule (IMS). Accordingly, the following schedule/performance incentives are established as shown below:

5.2.1 Systems Acceptance Review completed for TUS-1

A target schedule/performance incentive is established at a successful Conditional Systems Acceptance Review (SAR) based on tiered schedule/performance dates below. Final acceptance date for TUS-1 is December 18, 2008. 75% of the schedule incentive fee is allotted to TUS-1.

Any fee earned pursuant to the Cost Incentive structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon a successful conditional SAR completed before or on November 13, 2008 so long as the total fee earned is not more than the target maximum fee.

Any fee earned pursuant to the Cost Incentive structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon a successful conditional SAR completed after November 13, 2008, but not later than November 20, 2008 so long as the total fee earned is not more than the target maximum fee

Any fee earned pursuant to the Cost Incentive structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon a successful conditional SAR completed after November 20, 2008, but not later than November 27, 2008 so long as the total fee earned is not more than the target maximum fee.

Any fee earned pursuant to the Cost Incentive Structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon successful conditional SAR completed after November 27, 2008, but not later than December 4, 2008, so long as the total fee earned is not more than the target maximum fee.

A successful conditional SAR completed after December 4, 2008 for TUS-1 shall result in (b) (4) schedule/performance incentive.

5.2.2 Systems Acceptance Review completed for AJO-1

A target schedule/performance incentive is established for final acceptance based on the tiered schedule/performance dates below. Final acceptance date for AJO-1 is February 19, 2009. 25% of the incentive fee is allotted to AJO-1.

Any fee earned pursuant to the Cost Incentive structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon acceptance before or on January 22, 2009 so long as the total fee earned is not more than the target maximum fee.

Any fee earned pursuant to the Cost Incentive Structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon acceptance after January 22, 2009, but not later than January 31, 2009 so long as the total fee earned is not more than the target maximum fee.

Any fee earned pursuant to the Cost Incentive Structure set forth in B.5.1 above shall be increased by a schedule/performance incentive of (b) (4) upon acceptance after January 31, 2009, but not later than February 7, 2009 so long as the total fee earned is not more than the target maximum fee.

Acceptance after February 7, 2009 for AJO-1 shall result in (b) (4) schedule/performance incentive.

5.3 **Provisional Fee Payment Schedule.**

Schedule provisional fee payments will be made monthly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee}}{\text{Months of Performance (9)}} \times 0.85$$

6. Final Fee Determination

The final fee determination will be calculated by the Contracting Officer when the Contractor has completed all activities included in the SOW. The final fee determination will be based on the total cost of the Task Order and the target schedule dates and cost. The final fee payment will be the difference between the final fee determination minus the sum of provisional fee payments made during the period of the Task Order.

If the sum of provisional fee payments made during the period of the Task Order is greater than the overall fee that is calculated by the Contracting Officer in her final fee determination, the Contractor shall reimburse the amount of fee already paid that is greater than that earned and shall pay interest to the CBP at a rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the payment date. This rate is referred to as the "Renegotiation Board Interest Rate," and is published in the Federal Register semiannually on or about January 1 and July 1. The interest will be accrued daily from the date of the Contracting Officer final fee determination to the date of reimbursement by the Contractor and will be compounded in 30 day increments. Reimbursement must be made within 15 calendar days of the Contracting Officer final fee determination.

7. Obligation of Funds

- a. Total funds in the amount of \$55,772,869 are obligated herewith and made available for payment of allowable and allocable costs and fees from the effective date of this Task Order through completion.
- b. Funds are obligated by line item. Allocation of estimated costs and target fee is shown by project; specifically, TUS-1 and AJO-1 within the description of the line item. The Contractor is not authorized to reallocate estimated costs and target fee between TUS-1 and AJO-1 without prior approval from the contracting officer. The contracting officer will provide approval within three (3) working days of receipt of request from the contractor. No response from the contractor officer within three (3) working days denotes approval.
- c. The contractor is authorized to invoice at the Contract Line Item (CLIN) level.

Secure Border Initiative (SBI)

Arizona Deployment Task Order (ADTO)

Task Order No.: HSBP1208J21892

Statement of Work (SOW)

For

Arizona Deployment

June 24, 2008

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3.1 Arizona Deployment

3.1.1 Introduction

Achieving operational control of the border of the United States of America (USA) is one of the key mission objectives of the Department of Homeland Security (DHS). Managing, securing, and controlling the border requires determining the optimum mix of personnel, technology, infrastructure, and response platforms to achieve maximum tactical and strategic advantage in each unique border environment. The objective is to significantly reduce the probability of illegal entries and successful cross-border violations into the USA and maintain control of the border.

In accordance with The Boeing Company (The Contractor) SBInet Concept of Operations, The Contractor will implement a project to provide operational control of a portion of the southern border of Arizona which is comprised of the Tucson projects, TUS-1 and AJO-1, formerly known as P28U and TB2.

3.1.2 Scope

This Statement of Work (SOW) for the Arizona Deployment Task Order (ADTO) includes task order level project and contract management, procurement, production and deployment of the equipment and services necessary to complete achieving operational control of the international border between the Southwest border of The United States of America and Mexico. The scope of this SOW includes tactical infrastructure and tower deployment; installation of tower payloads to include communications and sensors; command and control equipment integrated into new or existing facilities; deployed products such as unattended ground sensors (UGS); Information Technology (IT) infrastructure; the management, integration and testing of these products into an integrated system; completion of Systems Acceptance Test (SAT) and ensure the integration of the system as displayed and controlled through the Common Operating Picture (COP) with the IT infrastructure completing Certification and Accreditation through OIT.

The scope of the ADTO includes all of the resources, skills, materials, and authority necessary for the contractor to deploy the designs for the Tucson Sector projects TUS-1 and AJO-1. All efforts under this Task Order SOW will be completed in accordance with the agreed to IMP/IMS.

3.2 Applicable Documents

The list of applicable documents for this task order is as specified in the Systems Engineering Plan (SEP) D333-000007-1.

3.3 Requirements

The following comprises the work to be performed for the Arizona Deployment Task Order (ADTO).

3.3.1 Administrative Activities

3.3.1.1 Project Management

The Contractor shall perform the following Project Management activities in support and performance of the ADTO.

3.3.1.1.1 Project Manager

The Contractor shall provide full time project managers in support of the Arizona activities assigned to the Tucson Sector (TUS-1 and AJO-1 projects).

The Contractor shall ensure that it has all the necessary access, permits, and licenses related to construction/deployment within the Task Order scope of work to deliver the capability defined in Tucson Sector (TUS-1 and AJO-1 projects).

The Contractor shall maintain the System Deployment Plan for Tucson Sector (TUS-1 and AJO-1 projects) developed under the Design Task Order.

3.3.1.1.1.1 Meeting Support

The Contractor shall participate in the IPT meetings held at CBP's facility, virtually, or other location as mutually agreed between the contractor and the Contracting Officer (CO) and if necessary post consultation with the Contracting Officer's Technical Representative (COTR) for Tucson Sector (TUS-1 and AJO-1 projects). The Contractor shall provide administrative assistance and support for all meetings conducted under this Task Order.

3.3.1.1.1.2 Deployment / Construction Readiness

The Contractor shall conduct a review with the government to demonstrate readiness prior to implementation for CLINs 002, 003, 004, 005, and 006. [CDRL TBD]

3.3.1.1.1.3 Management Reviews

Management Reviews of the ADTO activities are included in the monthly Program Reviews (PMRs) under the SEP

3.3.1.1.1.4 Performance Metrics

The Contractor shall initiate, develop, document and report status of progress versus key measures and interface requirements used in the execution of work.

3.3.1.1.1.5 Cost and Schedule Management

The Contractor shall develop an ADTO Integrated Master Plan (IMP) and Integrated Master Schedule (IMS) that aligns and provides for interdependencies with the other Task Order Integrated Master Schedules. [CDRL J010, J011]

The Contractor shall provide a Cost Performance Report (CPR). This report shall comply with the Earned Value Management System (EVMS) approach under the Cost and Schedule Management portion of the Systems Task Order (STO) Statement of Work (section 2.11.4). [CDRL J052]

3.3.1.1.2 Project Office

The Contractor shall provide temporary facilities as required on-site for deployment.

3.3.1.1.3 Safety

The Contractor shall provide, implement, and maintain a Safety Plan for the ADTO that addresses the safety of personnel and equipment at the sites within the ADTO deployment areas. [CDRL J143]

The Contractor shall ensure all personnel at a site are adequately prepared and briefed for conduct of activities while on site.

3.3.1.1.4 Security

3.3.1.1.4.1 Security Plan

The Contractor shall develop, implement, and maintain an addendum plan to the overall Program Security Plan that will cover the ADTO addressing the specific security needs of personnel and equipment at each site within the deployment areas. [CDRL J144]

3.3.1.1.4.2 Uniformed Security Service

The Contractor shall provide licensed and trained armed security personnel to protect Boeing and sub-contractor personnel during installation phases and to protect materials of high interest as they are deployed prior to construction or installation.

The Contractor shall provide general uniform security services during the construction / installation phase, and post construction to protect materials of high interest until such time as the system has been accepted by the Government.

3.3.1.1.5 Risk Management

The Contractor shall implement proactive risk management on the full Arizona deployment as well as each area of responsibility in accordance with an approved update to the SBInet Risk Management Plan.

3.3.1.1.6 Quality Management

The Contractor shall implement proactive Quality management on the full Arizona deployment as well as each area of responsibility in accordance with the SBInet Quality Plan.

3.3.1.1.7 Configuration Management / Data Management

The Contractor shall comply with the Configuration and Data Management Plan as defined in the SEP.

3.3.1.2 Systems Engineering

The Contractor shall provide the resources and skills necessary to plan the implementation, verification, and testing of the capability of the Arizona deployment provided per this task order.

3.3.1.3 Business Management

The Contractor shall perform the following Business Management activities in support of the ADTO.

3.3.1.3.1 Contract Management

The Contractor shall designate a Contracts Administrator as the single point of contact for contractual matters.

The Contract administrator shall have the responsibility and authority to represent and commit the Contractor's organization on contract-related program topics.

The Contracts administrator shall perform general contract administration support during the period of performance of the ADTO.

The administrator shall serve as the customer focal point for contractual matters. The administrator shall support program reviews.

3.3.1.4 Supply Chain Management

The Contractor shall provide a supply chain management plan and process for review and concurrence by the Government on the management of the supply chain.

The Contractor shall use appropriate management techniques to manage all aspects of Supplier performance.

3.3.1.5 Permitting and Regulatory

The Contractor shall obtain the necessary permits and approvals prior to the initiation of construction, deployment and installation as governed by state, county, and local regulations, statutes and laws.

3.3.1.6 Maintenance

The Contractor shall provide for a maintenance plan and process to which the contractor shall maintain the deployed configuration until such time as the system has been accepted by the Government.

3.3.2 Infrastructure / Tower Installation Tactical Infrastructure

The Contractor shall provide construction, to include fabrication and assembly, and installation of the infrastructure to include construction and installation of roads, towers with FAA lighting, fencing, power, equipment shelters, and environmental / regulatory activities as well as structure or site upgrades to existing towers to support upgrade to the payload.

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.1 Access Roads

3.3.2.1.1.1 Upgrade existing Access Roads

The Contractor shall provide minimal upgrades to existing access routes providing ingress and egress to new tower sites and existing tower sites designated for upgrade IAW previously approved design documentation as presented in the Construction Readiness Review.

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.1.2 New Pioneer Access Roads

The Contractor shall install non-permanent (“Pioneer”) roadways providing minimal required ingress and egress to new or existing tower sites IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.2 Tower Site Preparation

3.3.2.1.2.1 New Tower Sites

The Contractor shall prepare new tower sites to include clearing and leveling of the site, and securing of foundation required for the specific tower structure, generator pad and equipment structure(s) IAW previously approved design documentation as presented in the construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.2.2 Existing Tower Sites

The Contractor shall remove existing tower site components as necessary at locations where replacement tower(s) are to be installed. Excess components shall be dispositioned in accordance with the approval Logistics Support Plan.

The Contractor shall prepare upgrades to existing sites to include clearing and leveling of the site, and securing of foundation required for the specific tower structure, generator or equipment structure(s) IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.3 Tower Structures

3.3.2.1.3.1 Sensor (Surveillance) Tower Structures

The Contractor shall install tower structures IAW previously approved design documentation as presented in the Construciton Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.3.2 Communication Tower Structures

The Contractor shall install tower structures IAW previously approved Design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.4 Tower Infrastructure

The Contractor shall install the infrastructure required to support the tower site to include FAA lighting as required, equipment shelters and perimeter fence around the tower structure site IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

The Contractor shall install upgrades to existing site infrastructure to include FAA lighting as required, equipment shelters and perimeter fence around the tower structure site IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.5 Power

3.3.2.1.5.1 Grid Power

The Contractor shall extend grid power from existing structures to tower sites IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.5.2 Generator Power

The Contractor shall install on-site power generation capability IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.5.3 Renewable Power

The Contractor shall install on-site renewable power capability IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.6 Fiber Optic Cables

The Contractor shall install Fiber Optic Cable IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.1.7 Environmental Restoration

The Contractor shall perform environmental restoration to the approved Environment Assessment (EA) plan.

3.3.2.2 Facilities and Tactical Infrastructure

3.3.2.2.1 Fencing

Reserved

3.3.2.2.2 Improved Roads

The Contractor shall provide improved access roads (permanent) to support long term access IAW previously approved design documentation as presented in the Construction Readiness Review (CRR). The roadway will be constructed to maintain compliance with the International Boundary and Water Commission (IBWC).

The Contractor shall provide all-weather roadways IAW previously approved design documentation as presented in the Construction Readiness Review (CRR). The roadway will be constructed to maintain compliance with the International Boundary and Water Commission (IBWC).

The Contractor shall upgrade existing roadways IAW previously approved design documentation as presented in the Construction Readiness Review (CRR). The roadway will be constructed to maintain compliance with the International Boundary and Water Commission (IBWC).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.2.3 Lighting

The Contractor shall install facilities and infrastructure lighting IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049].

3.3.2.2.4 Barriers

3.3.2.2.4.1 Vehicle Barriers

Reserved

3.3.2.2.4.2 Port Of Entry

Reserved

3.3.2.2.5 Other

Reserved

3.3.2.2.5.1 Canal Crossing/Bridges

The Contractor shall install canal crossover and bridges IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.2.2.5.2 Tunnels / Ditches

The Contractor shall install or upgrade drainage tunnels and ditches IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3 Tower Segment / Payload Installation

The contractor shall install the payloads for Tower Segment for new towers, and upgraded payload package to existing tower structures IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3.1 Sensor (Surveillance) Structure Payload Integration (Tower)

3.3.3.1.1 New Sensor Towers

The Contractor shall install the Sensor Payload kits on the new towers IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The contractor shall install sensor and communications ancillary equipment IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3.1.2 Existing Sensor Towers

The Contractor shall install the Sensor Payload Kits on the existing towers IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The contractor shall install sensor and communications ancillary equipment IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3.2 Communications Structures Payload Integration (Tower)

3.3.3.2.1 New Communications Towers

The Contractor shall install the Communications Payload kits on the new towers IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The contractor shall install communications ancillary equipment IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3.2.2 Existing Communication Towers

The Contractor shall install the Communications Payload kits on the existing towers IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The contractor shall install communications ancillary equipment IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.3.3 Installation & Checkout (I&CO) of Tower Segment

The contractor shall provide I& CO of the tower segments IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.4 Vehicles/Facilities

The Contractor shall install and integrate components for facilities upgrades to support the COP to include temporary facilities IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.4.1 Vehicles

3.3.4.1.1 Agent Ground Vehicle

Reserved

3.3.4.1.2 Marine Vehicles

Reserved

3.3.4.1.3 Rapid Response Transport (RRT)

Reserved

3.3.4.1.4 Mobile Surveillance Systems (MSS)

Reserved

3.3.4.1.5 Airborne Assets

Reserved

3.3.4.2 I&CO of Vehicles

Reserved

3.3.4.3 Facilities Upgrades

The Contractor shall modify the existing facilities and install the components to support the Command, Control and Communications and Intelligence (C3I) upgrades IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.4.3.1 Temporary Facilities

The Contractor shall install and upgrade temporary facilities to support the Command, Control and Communications and Intelligence (C3I) upgrades IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.4.4 I&CO of Facility upgrades

The contractor shall perform installation and check out of the station hardware upgrades IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide “as-built” documentation. [CDRL J049]

3.3.5 Integration / Test

The Contractor shall integrate the System Segments including COP software and provide full integration, test & check out, and acceptance of the system through customer acceptance IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.5.1 Common Operating Picture (COP) Integration

The Contractor shall install, integrate and check out COP software at Office of Border Patrol and Office of Field Operations facilities and vehicles IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall integrate existing fielded sensors into the COP IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.5.2 Test and Evaluation

The Contractor shall provide facilities, infrastructure, and resources necessary to support integration and test and evaluation in all aspects of the deployment phase IAW previously approved Test Plan Documentation as presented in the Construction Readiness Review (CRR).

3.3.5.2.1 Forward Area Integration and Test

The contractor shall perform project integration at a forward area integration facility in close proximity to its final installation site. Documented configuration shall be employed during integration build up and test. Assemblies shall be integrated and tested for readiness to deploy to their respective field sites. A post-test Integration and Checkout Review (ICOR) shall be completed IAW previously approved Test Plan Documentation as presented in the Construction Readiness Review (CRR).

3.3.5.2.2 Field Deployment and Checkout

The Contractor shall perform Field Deployment and Checkout of subassemblies after installation at the Project deployment site IAW previously approved Test Plan Documentation as presented in the Construction Readiness Review (CRR). This is the final component level verification step prior to system integration in the field. A post-test Integration and Checkout Review (ICOR) shall be completed IAW previously approved Test Documentation as presented in the Construction Readiness Review (CRR).

The Contract shall provide test reports as defined in the test plan. [CDRL J042]

3.3.5.2.3 Fielded System I&CO

The Contractor shall perform Fielded System Installation and Checkout as the final system level preparation step prior to the start of the System Acceptance Test (SAT) IAW previously approved Test Plan Documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall provide test reports as defined in the test plan. [CDRL J042]

3.3.5.2.4 SAT

The Contractor shall ensure that System Acceptance Testing (SAT) is conducted prior to customer acceptance in accordance with the Detailed Test Plan (DTP) document and the Systems Acceptance Plan. [CDRL J041]

The contractor shall host a Pre-Test Readiness Review prior to entering SAT dry runs and a Test Readiness Review in accordance with the approved Test Plan prior to entering formal runs-for-record. Test Anomalies shall be documented and dispositioned.

The Contractor shall provide test reports as defined in the test plan. [CDRL J042]

The contractor shall obtain and distribute test data per the Data Management Plan. A Test Completion Summary Review in accordance with the approved Test Plan shall be held within 48 hours of end of test and a final SAT Report shall be delivered to the Customer 30 days after test completion. [CDRL J042]

3.3.5.2.5 IOT&E Support

The Contractor shall provide support to an Independent Operational Test and Evaluation (IOT&E) program conducted by the government as defined in the System Engineering Plan (SEP).

3.3.5.3 Certification and Accreditation

The Contractor shall support the certification agent by providing recommended corrective actions (Corrective Action Plan) and require Plan of Action and Milestones (POAM) to reduce or eliminate vulnerabilities in the information system.

3.3.6 Materiel

The Contractor shall procure and track materiel, production spares, and consumable items required to implement the construction, deployment or integration of items in the field.

The Contractor shall provide a Bill of Material (BOM) as required. [CDRL J023].

In the event of items that require long lead time, the Contractor shall provide a limited BOM for those items.

3.3.6.1 Infrastructure

The Contractor shall procure the material for construction upgrades to the sector infrastructure required to prepare and construct infrastructure components IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.6.2 Tower Structure

The Contractor shall procure the material for tower sites construction required to prepare and construct the site IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.6.3 Tower Segment Payload

The Contractor shall procure the items to populate the tower segments IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.6.4 Unattended Ground Sensors (UGS)

The Contractor shall procure Unattended Ground Sensors (UGS) and UGS related items IAW previously approved design documentation as presented in the Construction Readiness Review (CRR).

3.3.6.5 Vehicle Upgrade Kits

Reserved

3.3.6.6 Agent Kits

Reserved

3.3.6.7 Temporary Facilities

The Contractor shall procure temporary facilities IAW previously approved Design documentation as presented in the Construction Readiness Review (CRR).

3.3.6.8 Station Upgrade Hardware

The Contractor shall procure computing and communications hardware as well as the materials required to install the components into station locations IAW previously approved Design documentation as presented in the Construction Readiness Review (CRR).

The Contractor shall procure the support infrastructure required to maintain the station upgrade equipment to include power or cooling products IAW previously approved Design documentation as presented in the Construction Readiness Review (CRR).

4. Acronyms

ADTO	Arizona Deployment Task Order
C&A	Certification and Accreditation
CBP	Customs and Border Protection
CDRL	Contract Data Requirements List
CO	Contracting Officer
COP	Common Operating Picture
C3	Command, Control and Communications
DHS	Department Homeland Security
EVMS	Earned Value Management System
HW	Hardware
IAW	In Accordance With
IBWC	International Boundaries and Water Commission
I&CO	Installation & Check Out
ILS	Integrated Logistics Support
IMP	Integrated Management Plan
IOC	Initial Operational Capability
IOI	Individual of Interest
IT	Information Technology
IPT	Integrated Product Team
MSS	Mobile Surveillance System
OIT	Office of Information and Technology
OSHA	Occupational Safety and Health Administration
OT&E	Operational Test and Evaluation
PM TO	Program Management Task Order
SAT	System Acceptance Testing
SBI	Secure Border Initiative
SM&P	Supplier Management and Procurement
SOW	Statement of Work
SSO	System Security Officer
SVT	System Verification Test
SW	Software

TBD	To Be Determined
TO	Task Order
TRR	Test Readiness Review
UGS	Unattended Ground Sensors
USA	United States of America
V&V	Verification & Validation
WX	Weather

Task Order Deliverables/Delivery Schedule

ADTO CDRL JOXX	DID	SOW Para	CDRL Title	Data Type	Initial	Final or Frequency Calendar Days (CDs) after TO award	Format	Delivery Method
JO10	DI-MGMT-81650	3.3.1.1.1.5	Integrated Master Schedule (IMS)	1	IBR	30-281 CDs	MS Office	Electronic -BPN -PIMS
JO11	SBI-DID-0015	3.3.1.1.1.5	WBS/Integrated Master Plan (IMP)	1	IBR	30-281 CDs	MS Office	Electronic -BPN -PIMS
JO23	SBI-DID-0076	3.3.1.1.4	Security Plan	1	ATP+30 Days	30-281	MS Office	Electronic -BPN -PIMS
JO37	SBI-DID-0010	3.3.6	Bill of Material (BOM)	1	Proposal	30-281	MS Office	Electronic -BPN -PIMS
JO41	SBI-DID-0001	3.3.5.2.4	Acceptance Plan System Acceptance Plan	1	Draft ATP+30 Days	Final 30 CDs after Receipt of Government comments	MS Office	Electronic -BPN -PIMS
JO49	SBI-DID-0024	3.3.2, 3.3.3, 3.3.4	As-Built Documentation	1	60 calendar days after acceptance	Final	MS Office	Electronic -BPN -PIMS
JO52	SBI-DID-0016	3.3.1.1.1.5	Contract Performance Report (CPR)	1	ATP+30 Days	Monthly, on the 15 th day	IAW CDRL 27, Formats 1 & 5	Electronic -BPN -PIMS
J125	SBI-DID-0025	3.3.1.1.3	Environment, Health, and Safety Plan	1	ATP+30 Days	30-281	MS Office	Electronic -BPN -PIMS

Secure Border Initiative (SBI)

**Arizona Deployment Task Order (ADTO)
Task Order No.: HSBP1208J21892**

**Federal Acquisition Regulation (FAR)
and
Homeland Security Acquisition Regulation (HSAR)
Clauses**

52.216-10 Incentive Fee (Mar 1997)

(a) *General.* The Government shall pay the Contractor for performing this contract a fee determined as provided in this contract.

(b) *Target cost and target fee.* The target cost and target fee specified in the Schedule are subject to adjustment if the contract is modified in accordance with paragraph (d) of this clause.

(1) "Target cost," as used in this contract, means the estimated cost of this contract as initially negotiated, adjusted in accordance with paragraph (d) below.

(2) "Target fee," as used in this contract, means the fee initially negotiated on the assumption that this contract would be performed for a cost equal to the estimated cost initially negotiated, adjusted in accordance with paragraph (d) of this clause.

(c) *Withholding of payment.* Normally, the Government shall pay the fee to the Contractor as specified in the Schedule. However, when the Contracting Officer considers that performance or cost indicates that the Contractor will not achieve target, the Government shall pay on the basis of an appropriate lesser fee. When the Contractor demonstrates that performance or cost clearly indicates that the Contractor will earn a fee significantly above the target fee, the Government may, at the sole discretion of the Contracting Officer, pay on the basis of an appropriate higher fee. After payment of 85 percent of the applicable fee, the Contracting Officer may withhold further payment of fee until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interest. This reserve shall not exceed 15 percent of the applicable fee or \$100,000, whichever is less. The Contracting Officer shall release 75 percent of all fee withholds under this contract after receipt of the certified final indirect cost rate proposal covering the year of physical completion of this contract, provided the Contractor has satisfied all other contract terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final vouchers on prior years' settlements. The Contracting Officer may release up to 90 percent of the fee withholds under this contract based on the Contractor's past performance related to the submission and settlement of final indirect cost rate proposals.

(d) *Equitable adjustments.* When the work under this contract is increased or decreased by a modification to this contract or when any equitable adjustment in the target cost is authorized under any other clause, equitable adjustments in the target cost, target fee, minimum fee, and maximum fee, as appropriate, shall be stated in a supplemental agreement to this contract.

(e) *Fee payable.*

(1) The fee payable under this contract shall be the target fee increased by (b) (4) for every dollar that the total allowable cost is less than the target cost or decreased by (b) (4) for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than (b) (4) percent or less than (b) (4) percent of the target cost.

(2) The fee shall be subject to adjustment, to the extent provided in paragraph (d) of this clause, and within the minimum and maximum fee limitations in paragraph (e)(1) of this clause, when the total allowable cost is increased or decreased as a consequence of --

(i) Payments made under assignments; or

(ii) Claims excepted from the release as required by paragraph (h)(2) of the Allowable Cost and Payment clause.

(3) If this contract is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The termination shall be accomplished in accordance with other applicable clauses of this contract.

(4) For the purpose of fee adjustment, "total allowable cost" shall not include allowable costs arising out of --

(i) Any of the causes covered by the Excusable Delays clause to the extent that they are beyond the control and without the fault or negligence of the Contractor or any subcontractor;

(ii) The taking effect, after negotiating the target cost, of a statute, court decision, written ruling, or regulation that results in the Contractor's being required to pay or bear the burden of any tax or duty or rate increase in a tax or duty;

(iii) Any direct cost attributed to the Contractor's involvement in litigation as required by the Contracting Officer pursuant to a clause of this contract, including furnishing evidence and information requested pursuant to the Notice and Assistance Regarding Patent and Copyright Infringement clause;

(iv) The purchase and maintenance of additional insurance not in the target cost and required by the Contracting Officer, or claims for reimbursement for liabilities to third persons pursuant to the Insurance Liability to Third Persons clause;

(v) Any claim, loss, or damage resulting from a risk for which the Contractor has been relieved of liability by the Government Property clause; or

(vi) Any claim, loss, or damage resulting from a risk defined in the contract as unusually hazardous or as a nuclear risk and against which the Government has expressly agreed to indemnify the Contractor.

(5) All other allowable costs are included in "total allowable cost" for fee adjustment in accordance with this paragraph (e), unless otherwise specifically provided in this contract.

(f) *Contract modification.* The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by a modification to this contract signed by the Contractor and Contracting Officer.

(g) *Inconsistencies.* In the event of any language inconsistencies between this clause and provisioning documents or Government options under this contract, compensation for spare parts or other supplies and services ordered under such documents shall be determined in accordance with this clause.

(End of Clause)

52.232-20 -- Limitation of Cost (Apr 1984)

(a) The parties estimate that performance of this contract, exclusive of any fee, will not cost the Government more than

(1) the estimated cost specified in the Schedule or,

(2) if this is a cost-sharing contract, the Government's share of the estimated cost specified in the Schedule.

The Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within the estimated cost, which, if this is a cost-sharing contract, includes both the Government's and the Contractor's share of the cost.

(b) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe that --

(1) The costs the Contractor expects to incur under this contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of the estimated cost specified in the Schedule; or

(2) The total cost for the performance of this contract, exclusive of any fee, will be either greater or substantially less than had been previously estimated.

(c) As part of the notification, the Contractor shall provide the Contracting Officer a revised estimate of the total cost of performing this contract.

(d) Except as required by other provisions of this contract, specifically citing and stated to be an exception to this clause --

(1) The Government is not obligated to reimburse the Contractor for costs incurred in excess of

(i) the estimated cost specified in the Schedule or,

(ii) if this is a cost-sharing contract, the estimated cost to the Government specified in the Schedule; and

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of the estimated cost specified in the Schedule, until the Contracting Officer

(i) notifies the Contractor in writing that the estimated cost has been increased and

(ii) provides a revised estimated total cost of performing this contract.

If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Schedule.

(e) No notice, communication, or representation in any form other than that specified in subparagraph (d)(2) above, or from any person other than the Contracting Officer, shall affect this contract's estimated cost to the Government. In the absence of the specified notice, the Government is not obligated to reimburse the Contractor for any costs in excess of the estimated cost or, if this is a cost-sharing contract, for any costs in excess of the estimated cost to the Government specified in the Schedule, whether those excess costs were incurred during the course of the contract or as a result of termination.

(f) If the estimated cost specified in the Schedule is increased, any costs the Contractor incurs before the increase that are in excess of the previously estimated cost shall be allowable to the same extent as if incurred afterward, unless the Contracting Officer issues a termination or other notice directing that the increase is solely to cover termination or other specified expenses.

(g) Change orders shall not be considered an authorization to exceed the estimated cost to the Government specified in the Schedule, unless they contain a statement increasing the estimated cost.

(h) If this contract is terminated or the estimated cost is not increased, the Government and the Contractor shall negotiate an equitable distribution of all property produced or purchased under the contract, based upon the share of costs incurred by each.

(End of Clause)

52.243-2 -- Changes -- Cost-Reimbursement (Aug 1987)

(a) The Contracting Officer may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in any one or more of the following:

(1) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the Government in accordance with the drawings, designs, or specifications.

(2) Method of shipment or packing.

(3) Place of delivery.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the --

(1) Estimated cost, delivery or completion schedule, or both;

(2) Amount of any fixed fee; and

(3) Other affected terms and shall modify the contract accordingly.

(c) The Contractor must assert its right to an adjustment under this clause within 30 days from the date of receipt of the written order. However, if the Contracting Officer decides that the facts justify it, the Contracting Officer may receive and act upon a proposal submitted before final payment of the contract.

(d) Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

(e) Notwithstanding the terms and conditions of paragraphs (a) and (b) above, the estimated cost of this contract and, if this contract is incrementally funded, the funds allotted for the performance of this contract, shall not be increased or considered to be increased except by specific written modification of the contract indicating the new

contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract. Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this contract.

(End of Clause)

52.245-1 -- Government Property (June 2007)

(a) *Definitions.* As used in this clause—

“Acquisition cost” means the cost to acquire a tangible capital asset including the purchase price of the asset and costs necessary to prepare the asset for use. Costs necessary to prepare the asset for use include the cost of placing the asset in location and bringing the asset to a condition necessary for normal or expected use.

“Cannibalize” means to remove serviceable parts from one item of equipment in order to install them on another item of equipment.

“Contractor-acquired property” means property acquired, fabricated, or otherwise provided by the Contractor for performing a contract, and to which the Government has title.

“Contractor inventory” means—

- (1) Any property acquired by and in the possession of a Contractor or subcontractor under a contract for which title is vested in the Government and which exceeds the amounts needed to complete full performance under the entire contract;
- (2) Any property that the Government is obligated or has the option to take over under any type of contract, e.g., as a result either of any changes in the specifications or plans thereunder or of the termination of the contract (or subcontract thereunder), before completion of the work, for the convenience or at the option of the Government; and
- (3) Government-furnished property that exceeds the amounts needed to complete full performance under the entire contract.

“Contractor's managerial personnel” means the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of—

- (1) All or substantially all of the Contractor's business;
- (2) All or substantially all of the Contractor's operation at any one plant or separate location; or

(3) A separate and complete major industrial operation.

“Demilitarization” means rendering a product unusable for, and not restorable to, the purpose for which it was designed or is customarily used.

“Discrepancies incident to shipment” means any differences (*e.g.*, count or condition) between the items documented to have been shipped and items actually received.

“Equipment” means a tangible asset that is functionally complete for its intended purpose, durable, nonexpendable, and needed for the performance of a contract. Equipment is not intended for sale, and does not ordinarily lose its identity or become a component part of another article when put into use.

“Government-furnished property” means property in the possession of, or directly acquired by, the Government and subsequently furnished to the Contractor for performance of a contract.

“Government property” means all property owned or leased by the Government. Government property includes both Government-furnished and Contractor-acquired property.

“Material” means property that may be consumed or expended during the performance of a contract, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end-item. Material does not include equipment, special tooling and special test equipment.

“Nonseverable” means property that cannot be removed after construction or installation without substantial loss of value or damage to the installed property or to the premises where installed.

“Plant equipment” as used in this part, means personal property of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services, or for any administrative or general plant purpose. It does not include special tooling or special test equipment.

“Precious metals” means silver, gold, platinum, palladium, iridium, osmium, rhodium, and ruthenium.

“Property” means all tangible property, both real and personal.

“Property Administrator” means an authorized representative of the Contracting Officer appointed in accordance with agency procedures, responsible for administering the contract requirements and obligations relating to Government property in the possession of a Contractor.

“Provide” means to furnish, as in Government-furnished property, or to acquire, as in contractor-acquired property.

“Real property” means land and rights in land, ground improvements, utility distribution systems, and buildings and other structures. It does not include foundations and other work necessary for installing special tooling, special test equipment, or plant equipment.

“Sensitive property” means property potentially dangerous to the public safety or security if stolen, lost, or misplaced, or that shall be subject to exceptional physical security, protection, control, and accountability. Examples include weapons, ammunition, explosives, controlled substances, radioactive materials, hazardous materials or wastes, or precious metals.

“Surplus property” means excess personal property not required by any Federal agency as determined by the Administrator of the General Services Administration (GSA).

(b) *Property management.*

(1) The Contractor shall have a system to manage (control, use, preserve, protect, repair and maintain) Government property in its possession. The system shall be adequate to satisfy the requirements of this clause. In doing so, the Contractor shall initiate and maintain the processes, systems, procedures, records, and methodologies necessary for effective control of Government property, consistent with voluntary consensus standards and/or industry-leading practices and standards for Government property management except where inconsistent with law or regulation. During the period of performance, the Contractor shall disclose any significant changes to their property management system to the Property Administrator prior to implementation.

(2) The Contractor's responsibility extends from the initial acquisition and receipt of property, through stewardship, custody, and use until formally relieved of responsibility by authorized means, including delivery, consumption, expending, disposition, or via a completed investigation, evaluation, and final determination for lost, damaged, destroyed, or stolen property. This requirement applies to all Government property under the Contractor's accountability, stewardship, possession or control, including its vendors or subcontractors (see paragraph (f)(1)(v) of this clause).

(3) The Contractor shall include the requirements of this clause in all subcontracts under which Government property is acquired or furnished for subcontract performance.

(c) *Use of Government property.* The Contractor shall use Government property, either furnished or acquired under this contract, only for performing this contract, unless otherwise provided for in this contract or approved by the Contracting Officer. The

Contractor shall not modify, cannibalize, or make alterations to Government property unless this contract specifically identifies the modifications, alterations or improvements as work to be performed.

(d) Government-furnished property.

(1) The Government shall deliver to the Contractor the Government-furnished property described in this contract. The Government shall furnish related data and information needed for the intended use of the property. The warranties of suitability of use and timely delivery of Government-furnished property do not apply to property acquired or fabricated by the Contractor as contractor-acquired property and subsequently transferred to another contract with this Contractor.

(2) The delivery and/or performance dates specified in this contract are based upon the expectation that the Government-furnished property will be suitable for contract performance and will be delivered to the Contractor by the dates stated in the contract.

(i) If the property is not delivered to the Contractor by the dates stated in the contract, the Contracting Officer shall, upon the Contractor's timely written request, consider an equitable adjustment to the contract.

(ii) In the event property is received by the Contractor, or for Government-furnished property after receipt and installation, in a condition not suitable for its intended use, the Contracting Officer shall, upon the Contractor's timely written request, advise the Contractor on a course of action to remedy the problem. Such action may include repairing, replacing, modifying, returning, or otherwise disposing of the property at the Government's expense. Upon completion of the required action(s), the Contracting Officer shall consider an equitable adjustment to the contract (see also paragraph (f)(1)(ii)(A) of this clause).

(iii) The Government may, at its option, furnish property in an "as-is" condition. The Contractor will be given the opportunity to inspect such property prior to the property being provided. In such cases, the Government makes no warranty with respect to the serviceability and/or suitability of the property for contract performance. Any repairs, replacement, and/or refurbishment shall be at the Contractor's expense.

(3)(i) The Contracting Officer may by written notice, at any time—

(A) Increase or decrease the amount of Government-furnished property under this contract;

(B) Substitute other Government-furnished property for the property previously furnished, to be furnished, or to be acquired by the Contractor for the Government under this contract; or

(C) Withdraw authority to use property.

(ii) Upon completion of any action(s) under paragraph (d)(3)(i) of this clause, and the Contractor's timely written request, the Contracting Officer shall consider an equitable adjustment to the contract.

(e) *Title to Government property.*

(1) The Government shall retain title to all Government-furnished property. Title to Government property shall not be affected by its incorporation into or attachment to any property not owned by the Government, nor shall Government property become a fixture or lose its identity as personal property by being attached to any real property.

(2) *Fixed-price contracts.*

(i) All Government-furnished property and all property acquired by the Contractor, title to which vests in the Government under this paragraph (collectively referred to as "Government property"), are subject to the provisions of this clause.

(ii) Title to each item of equipment, special test equipment and special tooling acquired by the Contractor for the Government under this contract shall pass to and vest in the Government when its use in performing this contract commences or when the Government has paid for it, whichever is earlier, whether or not title previously vested in the Government.

(iii) If this contract contains a provision directing the Contractor to purchase material for which the Government will reimburse the Contractor as a direct item of cost under this contract—

(A) Title to material purchased from a vendor shall pass to and vest in the Government upon the vendor's delivery of such material; and

(B) Title to all other material shall pass to and vest in the Government upon—

(1) Issuance of the material for use in contract performance;

(2) Commencement of processing of the material or its use in contract performance; or

(3) Reimbursement of the cost of the material by the Government, whichever occurs first.

(3) Title under Cost-Reimbursement or Time-and-Material Contracts or Cost-Reimbursable contract line items under Fixed-Price contracts.

(i) Title to all property purchased by the Contractor for which the Contractor is entitled to be reimbursed as a direct item of cost under this contract shall pass to and vest in the Government upon the vendor's delivery of such property.

(ii) Title to all other property, the cost of which is reimbursable to the Contractor, shall pass to and vest in the Government upon—

(A) Issuance of the property for use in contract performance;

(B) Commencement of processing of the property for use in contract performance; or

(C) Reimbursement of the cost of the property by the Government, whichever occurs first.

(iii) All Government-furnished property and all property acquired by the Contractor, title to which vests in the Government under this paragraph (e)(3)(iii) (collectively referred to as "Government property"), are subject to the provisions of this clause.

(f) Contractor plans and systems.

(1) Contractors shall establish and implement property management plans, systems, and procedures at the contract, program, site or entity level to enable the following outcomes:

(i) *Acquisition of Property.* The Contractor shall document that all property was acquired consistent with its engineering, production planning, and material control operations.

(ii) *Receipt of Government Property.* The Contractor shall receive Government property (document the receipt), record the information necessary to meet the record requirements of paragraph (f)(1)(iii)(A)(1) through (5) of this clause, identify as Government owned in a manner appropriate to the type of property (e.g., stamp, tag, mark, or other identification), and manage any discrepancies incident to shipment.

(A) *Government-furnished property.* The Contractor shall furnish a written statement to the Property Administrator containing all relevant facts, such as cause or condition and a recommended course(s) of action, if overages, shortages, or damages and/or other discrepancies are discovered upon receipt of Government-furnished property.

(B) *Contractor-acquired property.* The Contractor shall take all actions necessary to adjust for overages, shortages, damage and/or other discrepancies discovered upon receipt, in shipment of Contractor-acquired property from a vendor or supplier, so as to ensure the proper allocability and allowability of associated costs.

(iii) *Records of Government property.* The Contractor shall create and maintain records of all Government property accountable to the contract, including Government-furnished and Contractor-acquired property.

(A) Property records shall enable a complete, current, auditable record of all transactions and shall, unless otherwise approved by the Property Administrator, contain the following:

(1) The name, part number and description, manufacturer, model number, and National Stock Number (if needed for additional item identification tracking and/or disposition).

(2) Quantity received (or fabricated), issued, and balance-on-hand.

(3) Unit acquisition cost.

(4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).

(5) Unit of measure.

(6) Accountable contract number or equivalent code designation.

(7) Location.

(8) Disposition.

(9) Posting reference and date of transaction.

(10) Date placed in service.

(B) *Use of a Receipt and Issue System for Government Material.* When approved by the Property Administrator, the Contractor may maintain, in lieu of formal property records, a file of appropriately cross-referenced documents evidencing receipt, issue, and use of material that is issued for immediate consumption.

(iv) *Physical inventory.* The Contractor shall periodically perform, record, and disclose physical inventory results. A final physical inventory shall be performed upon contract completion or termination. The Property Administrator may waive this final inventory requirement, depending on the circumstances (*e.g.*, overall reliability of the Contractor's system or the property is to be transferred to a follow-on contract).

(v) *Subcontractor control.*

(A) The Contractor shall award subcontracts that clearly identify assets to be provided and shall ensure appropriate flow down of contract terms and conditions (*e.g.*, extent of liability for loss, damage, destruction or theft of Government property).

(B) The Contractor shall assure its subcontracts are properly administered and reviews are periodically performed to determine the adequacy of the subcontractor's property management system.

(vi) *Reports.* The Contractor shall have a process to create and provide reports of discrepancies; loss, damage, destruction, or theft; physical inventory results; audits and self-assessments; corrective actions; and other property related reports as directed by the Contracting Officer.

(A) Loss, damage, destruction, or theft. Unless otherwise directed by the Property Administrator, the Contractor shall investigate and promptly furnish a written narrative of all incidents of loss, damage, destruction, or theft to the property administrator as soon as the facts become known or when requested by the Government.

(B) Such reports shall, at a minimum, contain the following information:

(1) Date of incident (if known).

(2) The name, commercial description, manufacturer, model number, and National Stock Number (if applicable).

(3) Quantity.

(4) Unique Item Identifier (if available).

(5) Accountable Contract number.

(6) A statement indicating current or future need.

(7) Acquisition cost, or if applicable, estimated scrap proceeds, estimated repair or replacement costs.

(8) All known interests in commingled property of which the Government property is a part.

(9) Cause and corrective action taken or to be taken to prevent recurrence.

(10) A statement that the Government will receive any reimbursement covering the loss, damage, destruction, or theft, in the event the Contractor was or will be reimbursed or compensated.

(11) Copies of all supporting documentation.

(12) Last known location.

(13) A statement that the property did or did not contain sensitive or hazardous material, and if so, that the appropriate agencies were notified.

(vii) *Relief of stewardship responsibility.* Unless the contract provides otherwise, the Contractor shall be relieved of stewardship responsibility for Government property when such property is—

(A) Consumed or expended, reasonably and properly, or otherwise accounted for, in the performance of the contract, including reasonable inventory adjustments of material as determined by the Property Administrator; or a Property Administrator granted relief of responsibility for loss, damage, destruction or theft of Government property;

(B) Delivered or shipped from the Contractor's plant, under Government instructions, except when shipment is to a subcontractor or other location of the Contractor; or

(C) Disposed of in accordance with paragraphs (j) and (k) of this clause.

(viii) *Utilizing Government property.*

(A) The Contractor shall utilize, consume, move, and store Government Property only as authorized under this contract. The Contractor shall promptly disclose and report Government property in its possession that is excess to contract performance.

(B) Unless otherwise authorized in this contract or by the Property Administrator the Contractor shall not commingle Government property with property not owned by the Government.

(ix) *Maintenance.* The Contractor shall properly maintain Government property. The Contractor's maintenance program shall enable the identification, disclosure, and performance of normal and routine preventative maintenance and repair. The Contractor shall disclose and report to the Property Administrator the need for replacement and/or capital rehabilitation.

(x) *Property closeout.* The Contractor shall promptly perform and report to the Property Administrator contract property closeout, to include reporting, investigating and securing closure of all loss, damage, destruction, or theft cases; physically inventorying all property upon termination or completion of this contract; and disposing of items at the time they are determined to be excess to contractual needs.

(2) The Contractor shall establish and maintain Government accounting source data, as may be required by this contract, particularly in the areas of recognition of acquisitions and dispositions of material and equipment.

(3) The Contractor shall establish and maintain procedures necessary to assess its property management system effectiveness, and shall perform periodic internal reviews and audits. Significant findings and/or results of such reviews and audits pertaining to Government property shall be made available to the Property Administrator.

(g) Systems analysis.

(1) The Government shall have access to the contractor's premises and all Government property, at reasonable times, for the purposes of reviewing, inspecting and evaluating the Contractor's property management plan, systems, procedures, records, and supporting documentation that pertains to Government property.

(2) Records of Government property shall be readily available to authorized Government personnel and shall be safeguarded from tampering or destruction.

(3) Should it be determined by the Government that the Contractor's property management practices are inadequate or not acceptable for the effective management and/or control of Government property under this contract, and/or present an undue risk to the Government, the Contractor shall immediately take all necessary corrective actions as directed by the Property Administrator.

(4) The Contractor shall ensure Government access to subcontractor premises, and all Government property located at subcontractor premises, for the purposes of reviewing, inspecting and evaluating the subcontractor's property management plan, systems, procedures, records, and supporting documentation that pertains to Government property.

(h) Contractor Liability for Government Property.

(1) Unless otherwise provided for in the contract, the Contractor shall not be liable for loss, damage, destruction, or theft to the Government property furnished or acquired under this contract, except when any one of the following applies—

(i) The risk is covered by insurance or the Contractor is otherwise reimbursed (to the extent of such insurance or reimbursement). The allowability of insurance costs shall be determined in accordance with 31.205-19.

(ii) The loss, damage, destruction, or theft is the result of willful misconduct or lack of good faith on the part of the Contractor's managerial personnel. Contractor's managerial personnel, in this clause, means the Contractor's directors, officers, managers, superintendents, or equivalent representatives who have supervision or direction of all or substantially all of the Contractor's business; all or substantially all of the Contractor's operation at any one plant or separate location; or a separate and complete major industrial operation.

(iii) The Contracting Officer has, in writing, revoked the Government's assumption of risk for loss, damage, destruction, or theft, due to a determination under paragraph (g) of this clause that the Contractor's property management practices are inadequate, and/or present an undue risk to the Government, and the Contractor failed to take timely corrective action. If the Contractor can establish by clear and convincing evidence that the loss, damage, destruction, or theft of Government property occurred while the Contractor had adequate property management practices or the loss, damage, destruction, or theft of Government property did not result from the Contractor's failure to maintain adequate property management practices, the Contractor shall not be held liable.

(2) The Contractor shall take all reasonable actions necessary to protect the Government property from further loss, damage, destruction, or theft. The Contractor shall separate the damaged and undamaged Government property, place all the affected Government property in the best possible order, and take such other action as the Property Administrator directs.

(3) The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any loss, damage, destruction, or theft of Government property.

(4) Upon the request of the Contracting Officer, the Contractor shall, at the Government's expense, furnish to the Government all reasonable assistance and cooperation, including the prosecution of suit and the execution of instruments of assignment in favor of the Government in obtaining recovery.

(i) *Equitable adjustment.* Equitable adjustments under this clause shall be made in accordance with the procedures of the Changes clause. The right to an equitable adjustment shall be the Contractor's exclusive remedy and the Government shall not be liable to suit for breach of contract for the following:

(1) Any delay in delivery of Government-furnished property.

(2) Delivery of Government-furnished property in a condition not suitable for its intended use.

(3) An increase, decrease, or substitution of Government-furnished property.

(4) Failure to repair or replace Government property for which the Government is responsible.

(j) *Contractor inventory disposal.* Except as otherwise provided for in this contract, the Contractor shall not dispose of Contractor inventory until authorized to do so by the Plant Clearance Officer.

(1) *Scrap to which the Government has obtained title under paragraph (e) of this clause.*

(i) *Contractor with an approved scrap procedure.*

(A) The Contractor may dispose of scrap resulting from production or testing under this contract without Government approval. However, if the scrap requires demilitarization or is sensitive property, the Contractor shall submit the scrap on an inventory disposal schedule.

(B) For scrap from other than production or testing the Contractor may prepare scrap lists in lieu of inventory disposal schedules (provided such lists are consistent with the approved scrap procedures), except that inventory disposal schedules shall be submitted for scrap aircraft or aircraft parts and scrap that—

(1) Requires demilitarization;

(2) Is a classified item;

(3) Is generated from classified items;

(4) Contains hazardous materials or hazardous wastes;

(5) Contains precious metals; or

(6) Is dangerous to the public health, safety, or welfare.

(ii) *Contractor without an approved scrap procedure.* The Contractor shall submit an inventory disposal schedule for all scrap. The Contractor may not dispose of scrap resulting from

production or testing under this contract without Government approval.

(2) *Predisposal requirements.*

(i) Once the Contractor determines that Contractor-acquired property is no longer needed for contract performance, the Contractor in the following order of priority—

(A) May contact the Contracting Officer if use of the property in the performance of other Government contracts is practical;

(B) May purchase the property at the acquisition cost; or

(C) Shall make reasonable efforts to return unused property to the appropriate supplier at fair market value (less, if applicable, a reasonable restocking fee that is consistent with the supplier's customary practices).

(ii) The Contractor shall list, on Standard Form 1428, Inventory Disposal Schedule, property that was not used in the performance of other Government contracts under paragraph (j)(2)(i)(A) of this clause, property that was not purchased under paragraph (j)(2)(i)(B) of this clause, and property that could not be returned to a supplier under paragraph (j)(2)(i)(C) of this clause.

(3) *Inventory disposal schedules.*

(i) The Contractor shall use Standard Form 1428, Inventory Disposal Schedule, to identify—

(A) Government-furnished property that is no longer required for performance of this contract, provided the terms of another Government contract do not require the Government to furnish that property for performance of this contract;

(B) Contractor-acquired property, to which the Government has obtained title under paragraph (e) of this clause, which is no longer required for performance of that contract; and

(C) Termination inventory.

(ii) The Contractor may annotate inventory disposal schedules to identify property the Contractor wishes to purchase from the Government.

(iii) Unless the Plant Clearance Officer has agreed otherwise, or the contract requires electronic submission of inventory disposal schedules, the Contractor shall prepare separate inventory disposal schedules for—

(A) Special test equipment with commercial components;

(B) Special test equipment without commercial components;

(C) Printing equipment;

(D) Information technology (*e.g.*, computers, computer components, peripheral equipment, and related equipment);

(E) Precious metals;

(F) Mononuclear hazardous materials or hazardous wastes;
or

(G) Nuclear materials or nuclear wastes.

(iv) The Contractor shall describe the property in sufficient detail to permit an understanding of its intended use. Property with the same description, condition code, and reporting location may be grouped in a single line item.

(4) *Submission requirements.* The Contractor shall submit inventory disposal schedules to the Plant Clearance Officer no later than—

(i) 30-days following the Contractor's determination that a Government property item is no longer required for performance of this contract;

(ii) 60 days, or such longer period as may be approved by the Plant Clearance Officer, following completion of contract deliveries or performance; or

(iii) 120 days, or such longer period as may be approved by the Termination Contracting Officer following contract termination in whole or in part.

(5) *Corrections*. The Plant Clearance Officer may—

- (i) Reject a schedule for cause (e.g., contains errors, determined to be inaccurate); and
- (ii) Require the Contractor to correct an inventory disposal schedule.

(6) *Postsubmission adjustments*. The Contractor shall notify the Plant Clearance Officer at least 10 working days in advance of its intent to remove an item from an approved inventory disposal schedule. Upon approval of the Plant Clearance Officer, or upon expiration of the notice period, the Contractor may make the necessary adjustments to the inventory schedule.

(7) *Storage*.

- (i) The Contractor shall store the property identified on an inventory disposal schedule pending receipt of disposal instructions. The Government's failure to furnish disposal instructions within 120 days following acceptance of an inventory disposal schedule may entitle the Contractor to an equitable adjustment for costs incurred to store such property on or after the 121st day.
- (ii) The Contractor shall obtain the Plant Clearance Officer's approval to remove Government property from the premises where the property is currently located prior to receipt of final disposition instructions. If approval is granted, any costs incurred by the Contractor to transport or store the property shall not increase the price or fee of any Government contract. The storage facility shall be appropriate for assuring the property's physical safety and suitability for use. Approval does not relieve the Contractor of any liability for such property under this contract.

(8) *Disposition instructions*.

- (i) If the Government does not furnish disposition instructions to the Contractor within 45 days following acceptance of a scrap list, the Contractor may dispose of the listed scrap in accordance with the Contractor's approved scrap procedures.
- (ii) The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of Contractor inventory as directed by the Plant Clearance Officer. If not returned to the Government, the

Contractor shall remove and destroy any markings identifying the property as U.S. Government-owned property prior to its disposal.

(iii) The Contracting Officer may require the Contractor to demilitarize the property prior to shipment or disposal. In such cases, the Contractor may be entitled to an equitable adjustment under paragraph (i) of this clause.

(9) *Disposal proceeds.* As directed by the Contracting Officer, the Contractor shall credit the net proceeds from the disposal of Contractor inventory to the contract, or to the Treasury of the United States as miscellaneous receipts.

(10) *Subcontractor inventory disposal schedules.* The Contractor shall require its Subcontractors to submit inventory disposal schedules to the Contractor in accordance with the requirements of paragraph (j)(4) of this clause.

(k) *Abandonment of Government property.*

(1) The Government shall not abandon sensitive Government property or termination inventory without the Contractor's written consent.

(2) The Government, upon notice to the Contractor, may abandon any nonsensitive Government property in place, at which time all obligations of the Government regarding such property shall cease.

(3) The Government has no obligation to restore or rehabilitate the Contractor's premises under any circumstances; however, if Government-furnished property is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (i) of this clause may properly include restoration or rehabilitation costs.

(l) *Communication.* All communications under this clause shall be in writing.

(m) *Contracts outside the United States.* If this contract is to be performed outside of the United States and its outlying areas, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government" and "United States Government-furnished," respectively.

(End of clause)

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3052.231-70 Precontract costs (DEC 2003)

The Contractor shall be entitled to reimbursement for pre-contract costs incurred on or after March 18, 2008 in an amount not to exceed \$16,271,179 that, if incurred after this contract had been entered into, would have been reimbursable under this contract.

(End of clause)