

**AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT**

2. AMENDMENT/MODIFICATION NO. R00002	3. EFF. DATE 18 Sept 08	4. REQUISITION/PURCHASE REQ. NO. 0020040098	1. CONTRACT ID CODE	PAGE OF PAGES 1 14
6. ISSUED BY Department of Homeland Security Customs and Border Protection 1300 Pennsylvania Ave NW Room 72C Washington DC 20229		7. ADMINISTERED BY (If other than Item 6) Dept of Homeland Security Customs and Border Protection SBI Acquisition Office Room 72C 1300 Pennsylvania Ave. NW Washington DC 20229		

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) THE BOEING COMPANY DBA/BOEING 1215 SOUTH CLARK ST STE 600 ARLINGTON VA 22202-3259	9A. AMENDMENT OF SOLICITATION NO.
CODE 607414318 FACILITY CODE	9B. DATED (SEE ITEM 11)
	10A. MODIFICATION OF CONTRACT/ORDER NO. / HSBP1208321892
	10B. DATED (SEE ITEM 13) 06/25/2008

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offers:  is extended,  is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 14, and returning \_\_\_\_\_ copies of the amendments; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA: (If required)

See Page 5.

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS; IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT: ORDER NO. IN ITEM 10A. FAR Clauses 52.243-2

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority).

E. IMPORTANT: Contractor  is not  is required to sign this document and return \_\_\_\_\_ copies to issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

See Following Pages

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

(b) (6)	15C. DATE SIGNED 18 Sep 2008	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Barbara A. Janitis Contracting Officer
		16B. DATE SIGNED 18 Sep 2008

NSN 7540-01-152-8070  
PREVIOUS EDITION UNUSABLE

14. (Continued)

A. The purpose of this modification is to:

1. Price CLIN 00050, Tower Payloads, CLIN 00060, Facilities; and CLIN 00070, Integration/Test.
2. Revise description of CLINs 00010, 00020, 00050, 00060, and 00070 to add travel.
3. Revise costs and target fee for CLIN 00010, Program Management/Administration in support of CLINs 00050, 00060, and 00070.
4. Revise cost and target fee for CLIN 00020, Tower Installation.
5. Revise obligation for CLIN 00060 to coincide with negotiated cost and fee.
6. Revise schedule incentive fee, CLIN 00040.
7. Revise funding from \$6,200,000 to \$4,226,803 on CLIN 00060 so that funding does not exceed the estimated cost and fee.
8. Delete line of accounting @ \$5,200,000 shown as an obligation for CLIN 00030.
9. Add CLIN 00080 as informational CLIN for purposes of obligating \$5,116,957 to fund CLIN 00030.

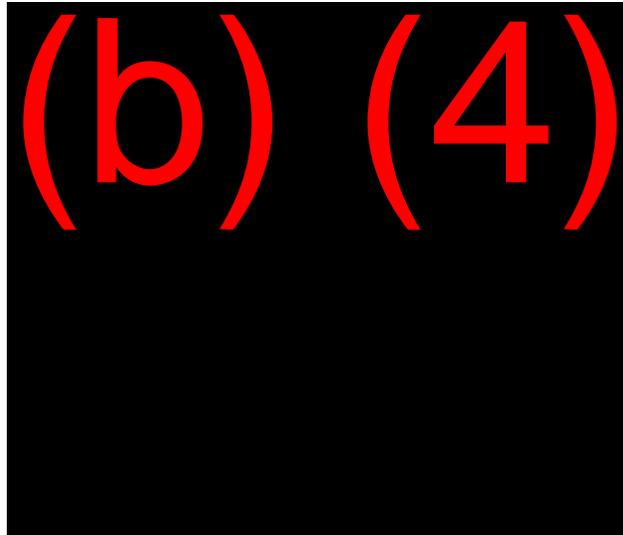
B. The task order total price and fee are changed as follows:

	<u>Estimated Cost</u>	<u>Fee</u>
CLIN 00010 Changed From: Changed By: Changed To:	(b)	(4)
CLIN 00020 Changed From: Changed By: Changed To:		
CLIN 00030 Changed From: Changed By: Changed To:		
CLIN 00040 Changed From: Changed By: Changed To:		
CLIN 00050 Changed From: Changed By: Changed To:		

CLIN 00060  
Changed From:  
Changed By:  
Changed To:

CLIN 00070  
Changed From:  
Changed By:  
Changed To:

Total  
Changed From:  
Changed By:  
Changed To:



C. The CLINs are funded as follows:

Estimated Cost

Fee

CLIN 00010  
Changed From:  
Changed By:  
Changed To:

CLIN 00020  
Changed From:  
Changed By:  
Changed To:

CLIN 00030  
Changed From:  
Changed By:  
Changed To:

CLIN 00040  
Changed From:  
Changed By:  
Changed To:

CLIN 00050  
Changed From:  
Changed By:  
Changed To:

CLIN 00060  
Changed From:  
Changed By:  
Changed To:



CLIN 00070  
Changed From:  
Changed By:  
Changed To:



Total  
Changed From:  
Changed By:  
Changed To:

D. As a result of this modification the total contract value of \$55,772,869 is increased by \$26,103,736 for a new task order amount of \$81,876,605.

E. CLIN 00030 funding is decreased by \$83,043 changed from \$27,202,027 to \$27,118,984. CLIN 00060 funding is decreased by \$2,181,569 changed from \$6,200,000 to \$4,226,803. As a result of this modification the total obligation of \$70,472,869 is decreased by \$2,056,240 for a total obligation of \$68,416,629.

F. Section B page 4 thru 11 of the Basic Task Order is hereby replaced with the attached Section B pages 4 thru 12 (8 pages). Changes are indicated by strikethroughs and underlines. Accounting and Appropriation Information shown on page 5 of this Modification P00002 supersedes all previous Accounting and Appropriation Information.

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**ACCOUNTING AND APPROPRIATION INFORMATION**

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<b>Item: 00010</b> <u>\$18,457,456.00</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00020</b> <u>\$11,447,083.00</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00030</b> <u>\$22,002,027.00</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00040</b> <u>\$3,866,303.000</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00050</b> <u>\$3,300,000.000</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00060</b> <u>\$4,226,803.000</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00070</b> <u>\$1.0000</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>
<b>Item: 00080</b> <u>\$5,116,957.000</u>	6999.3194USCSGLCS0900009000Z00008173SB03 SB3003194	<b>Amount</b>

### Section B – Supplies or Services and Prices/Costs

CLIN	Description	Estimated Costs	Target Fee
CLIN 00010	Professional services, <u>travel</u> , 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)	(4)
CLIN 00020	Professional Services, <u>travel</u> , 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)	(4)
CLIN 00030	Material, 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)	(4)
CLIN 00040	Schedule Incentive Fee TUS-1: (b) (4) AJO-1: (b) (4)	(b) (4)	(4)
CLIN 00050	Professional services, <u>travel</u> , and data For Tower Payloads 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)	(4)
CLIN 00060	Professional services, <u>travel</u> , and data For Facilities 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)	(4)
CLIN 00070	Professional services, <u>travel</u> , and data for Integration/Test 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)	(4)

CLIN 00080 This is an unpriced (informational)  
CLIN that provides \$5,116,957 to fund  
CLIN 00030

Totals

(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 SBInet 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 \$76,169,357. 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) of target cost less travel and travel related indirect costs, and facilities capital cost of money)

Maximum Fee: (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) plus the target cost fee @ (b) (4)

Minimum Fee: (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 \$68,416,629 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 for CLIN 00030 and CLIN 00060 @ \$27,118,984 and \$4,226,803; respectively. CLIN 00010 and CLIN 00020 are funded through December 2008 @ \$18,457,456 and \$11,447,083; respectively; CLIN 00050 is funded through November 2008 @ \$3,300,000; CLIN 00070 is unfunded. CLIN 00040 is funded at 67% or \$3,866,303 of the incentive fee that could be earned.

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 shall notify the contracting officer in writing with a detailed explanation of any change in the specific project's estimated cost. All

parties shall come to an agreement of the revised project cost within three (3) working days; and the contracting officer will notify the contractor of the acceptance of the revised cost within three (3) working days. The contracting officer will reallocate funds accordingly via modification to the task order. The contractor is authorized to invoice at the Contract Line Item (CLIN) level.