
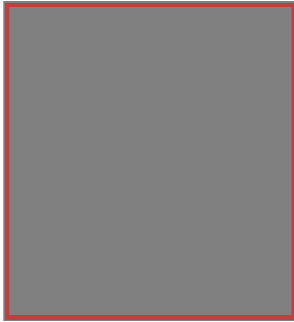


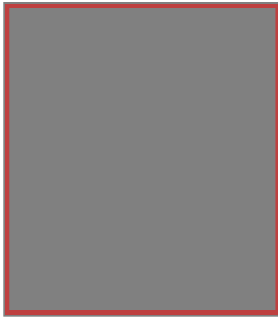


<b>AWARD/CONTRACT</b>		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (A5 CFR 350)		RATING DO-A3	PAGE OF PAGES 1   144		
2. CONTRACT (Proc. Inst. Ident.) NO. N00024-03-C-2200		3. EFFECTIVE DATE See Block 20C		4. REQUISITION/PURCHASE REQUEST/PROJECT NO. N00024-01-NR-93416			
5. ISSUED BY NAVAL SEA SYSTEMS COMMAND BUYER/SYMBOL: Mark R. Hunter/SEA 02224H 1333 ISAAC HULL AVE SE STOP 2020 WASHINGTON NAVY YARD, DC 20376-2020 PHONE: (Area Code) (202) 781-1281 E:MAIL: huntermr@navsea.navy.mil		CODE N00024	6. ADMINISTERED BY (If other than Item 5) CRITICALITY DESIGNATOR: "C" SUPERVISOR OF SHIPBUILDING CONVERSION AND REPAIR NAVAL SUPPORT ACTIVITY, BLDG 16 NEW ORLEANS, LA 70142-5700		CODE N63124		
7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, State and ZIP Code)  Textron Marine and Land Systems Division of Textron Inc. 19401 Chef Menteur Hwy. New Orleans, LA 70129  DUNS NO.: 03-904-4037 TIN: 05-0315468 CODE: 50079			8. DELIVERY [ ] FOB ORIGIN [X] OTHER (See below)				
			9. DISCOUNT FOR PROMPT PAYMENT NOT APPLICABLE				
			10. SUBMIT INVOICES ) (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN:  DCAA New Orleans				
11. SHIP TO/MARK FOR  SEE SECTION F		CODE	12. PAYMENT WILL BE MADE BY DFAS CHARLESTON OPERATING LOCATION VENDOR PAY & TRAVEL CODE FP P.O. BOX 118054 CHARLESTON, SC 29423-8054 EFT:T				
13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION [X] 10 U.S.C. 2304(c)(1) [ ] 41 U.S.C. 253(c)( )		14. ACCOUNTING AND APPROPRIATION DATA SEE ATTACHMENT J-18					
15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT		
SEE SECTION B							
15G. TOTAL AMOUNT OF CONTRACT )							
16. TABLE OF CONTENTS							
(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
X	A	SOLICITATION/CONTRACT FORM		X	I	CONTRACT CLAUSES	I-1-37
X	B	SUPPLIES OR SERVICES AND PRICES/COST	B-1-14	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.			
X	C	DESCRIPTION/SPECS./WORK STATEMENT	C-1-42	X	J	LIST OF ATTACHMENTS	J-1
X	D	PACKAGING AND MARKING	D-1	PART IV - REPRESENTATIONS AND INSTRUCTIONS			
X	E	INSPECTION AND ACCEPTANCE	E-1-4		K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	F	DELIVERIES OR PERFORMANCE	F-1-4		L	INSTRS., COND., AND NOTICES TO OFFERORS	
X	G	CONTRACT ADMINISTRATION DATA	G-1		M	EVALUATION FACTORS FOR AWARD	
X	H	SPECIAL CONTRACT REQUIREMENTS	H-1-39				
CONTRACTING OFFICER WILL COMPLETE ITEM 17 CR 18 AS APPLICABLE							
17. [X] CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 2 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)				18. [ ] AWARD (Contractor is not required to sign this document.) You offer on Solicitation Number _____, including the additions or changes made by you with additions or change are set forth in full above, is hereby accepted as to the items listed above and on any continuations sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.			
19A. NAME AND TITLE OF SIGNER (Type or Print) John N. Kraus, Jr. Director of Contracts				20A. NAME OF CONTRACTING OFFICER CHRISTOPHER E. SHERMAN CONTRACTING OFFICER			
19B. NAME OF CONTRACTOR BY <u>John N. Kraus Jr</u> (Signature of person authorized to sign)		19C. DATE SIGNED 19 Dec 02		20B. UNITED STATES OF AMERICA BY <u>Christopher E. Sherman</u> (Signature of Contracting Officer)		20C. DATE SIGNED 12-27-02	

**SECTION B — SUPPLIES OR SERVICES AND PRICES/COSTS**

Item	Description	Qty	Total Amount
0001	Construct and outfit Buoyancy box, reutilizing GFP components; procure C4N equipment; install upgraded C4N systems in buoyancy box and above deck modules; procure and install deep skirt; install ETF40B engines; test and deliver craft (SLEP Phase II) (See Note A)		
0001AA	Phase II Upgrade for Two (2) LCAC 01-24 Class Craft with ETF40B engines (FY02) (SCN)	1 Lot	
ITEM 0001AA: <div style="display: flex; justify-content: space-between; align-items: flex-start; padding: 10px;"> <div style="width: 60%;"> <p>Target Cost</p> <p>Target Profit</p> <p>Target Price</p> <p>Ceiling Price <span style="border: 1px solid red; display: inline-block; width: 50px; height: 15px; vertical-align: middle;"></span> of Target Cost)</p> <p>Sharing Ratio (Government/Contractor):</p> <div style="border: 2px solid red; width: 150px; height: 120px; margin: 10px auto;"></div> </div> <div style="width: 35%; text-align: center;"> <div style="border: 2px solid red; width: 100px; height: 100px; background-color: #cccccc; margin: 0 auto;"></div> </div> </div>			
0001AB	Phase II Upgrade for Two (2) LCAC 01-24 Class Craft with ETF40B engines and Phase II Upgrade for One (1) AGM Class Craft with ETF40B engines (FY03) (SCN)	1 Lot	

Item	Description	Qty	Total Amount
ITEM 0001AB:			
	Target Cost		
	Target Profit		
	Target Price		
	Ceiling Price (125 % of Target Cost)		
	Sharing Ratio (Government/Contractor):		
			
0001AC	DELETED		
0001AD (OPTION)	Phase II Upgrade for Three (3) LCAC 01-24 Class Craft with ETF40B engines and Phase II Upgrade for One (1) LCAC 25-60 Class Craft with ETF40B engines (FY04) (SCN) (See Note B)	1 Lot	
ITEM 0001AD:			
	Target Cost		
	Target Profit		
	Target Price		
	Ceiling Price (  of Target Cost)		
	Sharing Ratio (Government/Contractor):		
			

Item	Description	Qty	Total Amount
0002	DELETED		
0003	Installation of Title K Craftalts on SLEP Phase II Craft (OPN FMP) (See Note C)		
0004	Repair, and/or Refurbish GFP in support of Phase II SLEP (SCN) (See Note D and F)		
0005	DELETED		
0006	Installation of Title D CRAFTALTs/AERs on SLEP Phase II Craft (O&M,N) (See Note C)		
0007	Maintain Contractor Integrated Technical Information System (CITIS) (See Note A)		
0007AA	DELETED		
0007AB	Maintain CITIS in FY03 (SCN) (See Note F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0007AC (OPTION)	Maintain CITIS in FY04 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0007AD (OPTION)	Maintain CITIS in FY05 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008	Provide Support for Integrated Product Teams (IPTs) and Working Groups (WGs) for SLEP IPTs including Integrated Logistics Support (ILS), Program Management (PM), and System Engineering (SE)(SCN) (See Note A)		
0008AA	DELETED		
0008AB	DELETED		

Item	Description	Qty	Total Amount
0008AC	Provide ILS IPT Support in FY03 (SCN) (See Note F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008AD	Provide PM IPT Support, SE IPT Support, T&T WG Support, and R&M WG Support in FY03 (SCN) (See Note F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008AE (OPTION)	Provide ILS IPT Support in FY04 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008AF (OPTION)	Provide PM IPT Support, SE IPT Support, T&T WG Support, and R&M WG Support in FY04 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008AG (OPTION)	Provide ILS IPT Support in FY05 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0008AH (OPTION)	Provide PM IPT Support, SE IPT Support, T&T WG Support, and R&M WG Support in FY05 (SCN) (See Note B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0009	Provide Engineering Services for Special Studies, Analyses, and Reviews for SLEP (SCN) (See Note E)		
0009AA (OPTION)	Engineering Services in FY05 (SCN) (See Note B, E, and F)	2210 hrs	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$

Item	Description	Qty	Total Amount
0010	Provide Technical Manuals and Changes/Develop And Conduct Op/Familiarization Training For Phase II Craft / Interim Support Material/Depot Level Repair/Interim Support Technical Services/Supportability Data and Meetings/Reliability Development Growth Testing Support (SCN) (OPN) (See Note D and F)		
0011	Government Furnished Property (GFP) Management to Accomplish Assessment of Group 1 Material from Five (5) Disassembled LCAC; Receipt of Four (4) sets of LCAC Group 1 Above Deck Modules and Components, Preparation for Storage of All Specified Components; Assessment of Four (4) Sets of Group 1 LCAC Above Deck Modules and Components. Include IEM PMS and Module and Component Storage, As Necessary to Support the Construction Schedule (O&M,N)(See Note A)		
0011AA	Conduct Assessment of Group 1 Material from Five (5) Disassembled LCAC (FY03) (O&M,N) (See Note F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0011AB (OPTION)	Receive, Inventory, and Store Group 1 Above Deck Modules and Components from Four (4) Disassembled LCAC (FY04) (O&M,N) (See Notes B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0011AC (OPTION)	Conduct Assessment of Group 1 Above Deck Modules and Components from Four (4) Disassembled LCAC (FY04) (O&M,N) (See Notes B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0012 (OPTION)	Conduct Detail Design and Advance Construction Planning for Phase II Upgrade including ETF40B engines of AGM Class Craft at TM&LS (FY03) (SCN) (See Notes B and F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$
0013	Perform Detail Design for Phase II Upgrade of LCAC 01-24 Class Craft and LCAC 25-60 Class Craft (FY03)(SCN)(See Note F)	1 Lot	Estimated Cost: \$ Fixed Fee: \$ Estimated Cost Plus Fixed Fee: \$

Item	Description	Qty	Total Amount
0014	DELETED		
0015	Data For Items 0001 through 0013 and Item 0016 in accordance with DD Form 1423 Exhibits A, B, and C		NSP
0016	Spares, INCOs, Special Tooling, and Support and Test Equipment for Item 0001 (See Note G)	1 Lot	

**Note A** - CLIN options will be exercised in the order presented. The Government will exercise an option for SLEP Upgrade only if it has exercised all preceding options for SLEP Upgrades.

**Note B**- Option item to which the option clause in SECTION I-2 applies and which is to be supplied only if and to the extent said option is exercised. Prior to option exercise, the Contractor is not obligated to start work or incur cost. The Government will not be liable or responsible for any costs incurred by the Contractor in the event that the Contractor starts work or incurs cost prior to option exercise and the Government does not exercise the option.

**Note C** - To be in accordance with Clause H-13 ORDERS (FIXED-PRICE).

**Note D** - To be in accordance with Clause H-16 ORDERS (COST-PLUS-FIXED-FEE).

**Note E** - To be in accordance with Clause H-15 TECHNICAL INSTRUCTIONS.

**Note F** – The Clause entitled “LIMITATION OF COST” (FAR 52.232-20) or “LIMITATION OF FUNDS” (far 52.232-22), as appropriate shall apply separately and independently to each identified estimated cost.

**Note G** - If issued, orders for this item shall be in accordance with the General Requirement of SECTION C of this contract entitled “PROVISIONED ITEMS ORDER – ALTERNATE II.”

**SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS (CONTINUED)****B-1 CONTRACT TYPE SUMMARY FOR PAYMENT OFFICE (COST/FIXED PRICE)  
(NAVSEA) (FEB 1997)**

This contract includes the following mixture of cost reimbursement and fixed price line items:

<u>Item</u>	<u>Type*</u>
0001	FPI
0002	Deleted
0003	FP
0004	CPFF
0005	Deleted
0006	FP
0007	CPFF
0008	CPFF
0009	CPFF
0010	CPFF
0011	CPFF
0012	CPFF
0013	CPFF
0014	Deleted
0015	NSP
0016	CPFF

\*CR - Cost Reimbursement

FPI - Fixed Price Incentive

CPFF - Cost Plus Fixed Fee

FP – Fixed Price

NSP - Not Separately Priced

**B-2 COMPENSATION (FI) (NAVSEA) (JAN 1990) (MODIFIED)(Applicable only to ITEM 0001)**

The total compensation to be paid the Contractor shall be the sum of: (1) the total final price(s) established in accordance with the "INCENTIVE PRICE REVISION--FIRM TARGET" (FAR 52.216-16 clause, (2) the amounts payable to or due from the contractor pursuant to the contract provisions identified in paragraph (d)(1) of said clause, and (3) if applicable, any performance incentive received in accordance with the Special Contract Requirement of Section H of this contract entitled "PERFORMANCE INCENTIVE."

**B-3 EXPEDITING CONTRACT CLOSEOUT (NAVSEA) (DEC 1995)**

(a) As part of the negotiated fixed price or total estimated amount of this contract, both the Government and the Contractor have agreed to waive any entitlement that otherwise might accrue to either party in any residual dollar amount of \$500 or less at the time of final contract



closeout. The term "residual dollar amount" shall include all money that would otherwise be owed to either party at the end of the contract, except that, amounts connected in any way with taxation, allegations of fraud and/or antitrust violations shall be excluded. For purposes of determining residual dollar amounts, offsets of money owed by one party against money that would otherwise be paid by that party may be considered to the extent permitted by law.

(b) This agreement to waive entitlement to residual dollar amounts has been considered by both parties. It is agreed that the administrative costs for either party associated with collecting such small dollar amounts could exceed the amount to be recovered.

#### **B-4 PAYMENTS OF FEE(S) (LEVEL OF EFFORT) (NAVSEA) (MAY 1993)**

(Applicable to ITEM 0009)

(a) For purposes of this contract, "fee" means "target fee" in cost-plus-incentive-fee type contracts, "base fee" in cost-plus-award-fee type contracts, or "fixed fee" in cost-plus-fixed-fee type contracts for level of effort type contracts.

(b) The Government shall make payments to the Contractor, subject to and in accordance with the clause in this contract entitled "FIXED FEE" (FAR 52.216-8) or "INCENTIVE FEE", (FAR 52.216-10), as applicable. Such payments shall be equal to [REDACTED] of the allowable cost of each invoice submitted by and payable to the Contractor pursuant to the clause of this contract entitled "ALLOWABLE COST AND PAYMENT" (FAR 52.216-7), subject to the withholding terms and conditions of the "FIXED FEE" or "INCENTIVE FEE" clause, as applicable (percentage of fee is based on fee dollars divided by estimated cost dollars, including facilities capital cost of money). Total fee(s) paid to the Contractor shall not exceed the fee amount(s) set forth in this contract.

(c) The fee(s) specified in SECTION B. and payment thereof, is subject to adjustment pursuant to paragraph (g) of the special contract requirement entitled "LEVEL OF EFFORT." If the fee(s) is reduced and the reduced fee(s) is less than the sum of all fee payments made to the Contractor under this contract, the Contractor shall repay the excess amount to the Government. If the final adjusted fee exceeds all fee payments made to the contractor under this contract, the Contractor shall be paid the additional amount, subject to the availability of funds. In no event shall the Government be required to pay the Contractor any amount in excess of the funds obligated under this contract at the time of the discontinuance of work.

(d) Fee(s) withheld pursuant to the terms and conditions of this contract shall not be paid until the contract has been modified to reduce the fee(s) in accordance with the "LEVEL OF EFFORT" special contract requirement, or until the Procuring Contracting Officer has advised the paying office in writing that no fee adjustment is required.

**B-5 PAYMENTS OF FEE(S) (COMPLETION) (NAVSEA) (MAY 1993)**

(Applicable to ITEMS 0004, 0007, 0008, 0010, 0011, 0012, and 0013)

(a) For purposes of this contract, "fee" means "target fee" in cost-plus-incentive-fee type contracts, "base fee" in cost-plus-award-fee type contracts, "fixed fee" in cost-plus-fixed-fee type contracts for completion and phase type contracts.

(b) The Government shall make payments to the Contractor, subject to and in accordance with the clause in this contract entitled "FIXED FEE" (FAR 52.216-8) or "INCENTIVE FEE", (FAR 52.216-10), as applicable. Such payments shall be equal to percent \*See below ( \* %) of the allowable cost of each invoice submitted by and payable to the Contractor pursuant to the clause of this contract entitled "ALLOWABLE COST AND PAYMENT" (FAR 52.216-7), subject to the withholding terms and conditions of the "FIXED FEE" or "INCENTIVE FEE" clause, as applicable (percentage of fee is based on fee dollars divided by estimated cost dollars, including facilities capital cost of money). Total fee(s) paid to the Contractor shall not exceed the fee amount(s) set forth in this contract.

\*Item 0007AB

Item 0007AC

Item 0007AD

Item 0008AC

Item 0008AD

Item 0008AE

Item 0008AF

Item 0008AG

Item 0008AH

Item 0009AA

Item 0011AA

Item 0011AB

Item 0011AC

Item 0012

Item 0013

Amounts for Item 0004 and 0010 will be defined in the orders issued in accordance with H-16, ORDERS (COST PLUS FIXED FEE).

(c) In the event of discontinuance of the work under this contract, or any specified phase of the contract, in accordance with the clause of this contract entitled "LIMITATION OF FUNDS" (FAR 52.232-22) or "LIMITATION OF COST" (FAR 52.232-20), as applicable, the fee shall be equitably adjusted by mutual agreement to reflect the diminution of work. If the adjusted fee is less than the sum of all fee payments made to the Contractor under this contract, the Contractor shall repay the excess amount to the Government. If the adjusted fee exceeds all payments made to the Contractor under this contract, the Contractor shall be paid the additional amount, subject to the availability of funds. In no event shall the Government be required to pay the Contractor any amount in excess of the funds obligated under this contract at the time of the discontinuance of work.

(d) Fee(s) withheld pursuant to the terms and conditions of this contract shall not be paid until the contract has been modified to reduce the fee(s) in accordance with paragraph (c) above, or until the Procuring Contracting Officer has advised the paying office in writing that no fee adjustment is required.

**B-6 PAYMENT FOR ENGINEERING SERVICES AND SUPPORT (NAVSEA) (JUN 1992)**  
(Applicable to ITEM 0009)

(a) Invoices for engineering services and overtime shall contain the name(s) of engineer(s), date(s) and place(s) of performance, and a brief description of the services performed. Each invoice shall be accompanied by a copy of the authorization for services and the original certification of performance. A copy of each invoice shall be furnished to the applicable NAVSEA/DRPM/PEO code identified in Section C under Engineering Services.

(b) Invoices for subsistence and transportation shall be supported by a statement of actual costs incurred by the Contractor and claimed to be reimbursable and shall be in such form and reasonable detail as required by the cognizant Defense Contract Audit Agency (DCAA). The Government shall make provisional payment after submission of each invoice and statement of costs. At any time prior to final payment, DCAA may audit the invoice(s) and statement(s) of costs, as appropriate.

(c) Each provisional payment for subsistence and transportation costs shall be subject to reduction to the extent any amount included in the related invoice and statement of costs is found not to be reimbursable under the support item(s) and shall also be subject to reduction for overpayment or to increase for underpayment on preceding invoices. Any disputes under this requirement shall be determined in accordance with the clause of this contract entitled "DISPUTES" (FAR 52.233-1).

**B-7 DELETED**

**B-8 REFUNDS (SPARES AND SUPPORT EQUIPMENT) (NAVSEA) (SEP 1990)**

(a) In the event that the price of a spare part or item of support equipment delivered under this contract significantly exceeds its intrinsic value, the Contractor agrees to refund the difference. Refunds will only be made for the difference between the intrinsic value of the item at the time an agreement on price was reached and the contract price. Refunds will not be made to recoup the amount of cost decreases that occur over time due to productivity gains (beyond economic purchase quantity considerations) or changes in market conditions.

(b) For purposes of this requirement, the intrinsic value of an item is defined as follows:

(1) If the item is one which is sold or is substantially similar or functionally equivalent to one that is sold in substantial quantities to the general public, intrinsic value is the established catalog or market price, plus the value of any unique requirements, including delivery terms, inspection, packaging, or labeling.

(2) If there is no comparable item sold in substantial quantities to the general public, intrinsic value is defined as the price an individual would expect to pay for the item based upon an economic purchase quantity as defined in FAR 52.207-4, plus the value of any unique requirements, including delivery terms, inspection, packaging or labeling.

(c) At any time up to two years after delivery of a spare part or item of support equipment, the Contracting Officer may notify the Contractor that based on all information available at the time of the notice, the price of the part or item apparently exceeds its intrinsic value.

(d) If notified in accordance with paragraph (c) above, the Contractor agrees to enter into good faith negotiations with the Government to determine if, and in what amount, the Government is entitled to a refund.

(e) If agreement pursuant to paragraph (d) above cannot be reached, and the Navy's return of the new or unused item to the Contractor is practical, the Navy, subject to the Contractor's agreement, may elect to return the item to the Contractor. Upon return of the item to its original point of Government acceptance, the Contractor shall refund in full the price paid. If no agreement pursuant to paragraph (d) above is reached, and return of the item by the Navy is impractical, the Contracting Officer may, with the approval of the Head of the Contracting Activity, issue a Contracting Officer's final decision on the matter, subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1).

(f) The Contractor will make refunds, as required under this requirement, in accordance with instructions from the Contracting Officer.

(g) The Contractor shall not be liable for a refund if the Contractor advised the Contracting Officer in a timely manner that the price it would propose for a spare part or item of support equipment exceeded its intrinsic value, and with such advice, specified the estimated proposed price, the estimated intrinsic value and known alternative sources or item, if any, that can meet the requirement.

(h) This requirement does not apply to any spare parts or items of support equipment whose price is determined through adequate price competition. This requirement also does not apply to any spare part or item of support equipment with a unit price in excess of \$100,000; or in excess of \$25,000 if the Contractor submitted, and certified the currency, accuracy and completeness of, cost or pricing data applicable to the item.

#### **B-9 NAPS 5252.232-9000 SUBMISSION OF INVOICES (FIXED PRICE) (JUL 1992)**

(a) "Invoice" as used in this clause does not include Contractor's requests for progress payments.

(b) The Contractor shall submit original invoices with 4 copies to the address identified in the solicitation/contract award form (SF 26-Block 10; SF 33-Block 23; SF 1447-Block 14), unless delivery orders are applicable, in which case invoices will be segregated by individual order and submitted to the address specified in the order (DD 1155-Block 13 or SF 26-Block 10).

(c) The use of copies of the Material Inspection and Receiving Report (MIRR), DD Form 250, as an invoice is encouraged. DFARS Appendix F-306 provides instructions for such use. Copies of the MIRR used as an invoice are in addition to the standard distribution stated in DFARS F-401.

(d) In addition to the requirements of the Prompt Payment clause of this contract, the Contractor shall cite on each invoice the contract line item number (CLIN); the contract subline item number (SLIN), if applicable; the accounting classification reference number (ACRN) as identified on the financial accounting data sheets, and the payment terms.

(e) The Contractor shall prepare:

☒ a separate invoice for each activity designated to receive the supplies or services.

☐ a consolidated invoice covering all shipments delivered under an individual order.

☐ either of the above.

(f) If acceptance is at origin, the Contractor shall submit the MIRR or other acceptance verification directly to the designated payment office. If acceptance is at destination, the consignee will forward acceptance verification to the designated payment office.

**B-10 NAPS 5252.232-9001 SUBMISSION OF INVOICES (COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR, OR FIXED PRICE INCENTIVE) (JUL 1992)**

(Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, and 0013)

(a) "Invoice" as used in this clause includes contractor requests for interim payments using public vouchers (SF 1034) but does not include contractor requests for progress payments under fixed price incentive contracts.

(b) The Contractor shall submit invoices and any necessary supporting documentation, in an original and 4 copies, to the contract auditor at the following address: DCAA New Orleans, PO Box 29532 New Orleans, LA 70189 unless delivery orders are applicable, in which case invoices will be segregated by individual order and submitted to the address specified in the order. In addition, an information copy shall be submitted to Program Manager, Amphibious Warfare Program, PMS377J, 1333 Isaac Hull Avenue SE, Washington Navy Yard DC 20367-2101 for Sub-Item 0009AA. An information copy of the invoice is not required to be submitted to the Program Manager, Amphibious Warfare Program for Items 0004, 0007, 0008, and 0010. Following verification, the contract auditor will forward the invoice to the designated payment office for payment in the amount determined to be owing, in accordance with the applicable payment (and fee) clause(s) of this contract.

(c) Invoices requesting interim payments shall be submitted no more than once every two weeks, unless another time period is specified in the Payments clause of this contract. For indefinite delivery type contracts, interim payment invoices shall be submitted no more than

once every two weeks for each delivery order. There shall be a lapse of no more than 60 calendar days between performance and submission of an interim payment invoice.

(d) In addition to the information identified in the Prompt Payment clause herein, each invoice shall contain the following information, as applicable:

- (1) Contract line item number (CLIN)
- (2) Subline item number (SLIN)
- (3) Accounting Classification Reference Number (ACRN)
- (4) Payment terms
- (5) Procuring activity
- (6) Date supplies provided or services performed
- (7) Costs incurred and allowable under the contract
- (8) Vessel (e.g., ship, submarine or other craft) or system which supply/service is provided.

(e) A DD Form 250, "Material Inspection and Receiving Report",  
☐ is required with each invoice submittal.  
☐ is required only with final invoice.  
☒ is not required.

(f) A Certificate of Performance  
☐ shall be provided with each invoice submittal.  
☒ is not required.

(g) The Contractor's final invoice shall be identified as such, and shall list all other invoices (if any) previously tendered under this contract.

(g) Costs of performance shall be segregated, accumulated and invoiced to the appropriate ACRN categories to the extent possible. When such segregation of costs by ACRN is not possible for invoices submitted with CLINS/SLINS with more than one ACRN, an allocation ratio shall be established in the same ratio as the obligations cited in the accounting data so that costs are allocated on a proportional basis.

#### **B-11 TRAVEL COSTS - ALTERNATE I (NAVSEA) (MAY 2000)**

(a)(1) Except as otherwise provided herein, the Contractor shall be reimbursed for its reasonable actual travel costs in accordance with FAR 31.205-46. The costs to be reimbursed shall be those costs accepted by the cognizant DCAA.

(a)(2) In accordance with Class Deviation 2000-00005, DOD Contractors may choose to use either the FTR rates and definitions for travel, lodging and incidental expenses effective 31 December 1998 or the current FTR rates and definitions. The Contractor must choose either the 1998 definitions and rates or the current FTR definitions and rates and apply them consistently to all travel while this class deviation, or its successor, is in effect.

(b) Reimbursable travel costs include only that travel performed from the Contractor's facility to the worksite, in and around the worksite, and from the worksite to the Contractor's facility.

(c) Relocation costs and travel costs incident to relocation are allowable to the extent provided in FAR 31.205-35; however, Contracting Officer approval shall be required prior to incurring relocation expenses and travel costs incident to relocation.

(d) The Contractor shall not be reimbursed for the following daily local travel costs:

(i) travel at U.S. Military Installations where Government transportation is available,

(ii) travel performed for personal convenience/errands, including commuting to and from work, and

(iii) travel costs incurred in the replacement of personnel when such replacement is accomplished for the Contractor's or employee's convenience.

**SECTION C – DESCRIPTION / SPECS / WORK STATEMENT****PART 1 – CONTRACT LINE ITEM DESCRIPTION**

The LCAC SLEP consists of two Phases: Phase I consists of the replacement of existing craft electronics with upgraded equipment. Phase II consists of the Phase I electronics upgrade plus the replacement of the buoyancy box, utilizing equipment and above deck modules from an older LCAC inducted into SLEP. Phase II shall be accomplished at the Contractor's facility in New Orleans. No Phase I upgrades are included in this contract.

References to LCAC 01-24 Class craft and LCAC 25-60 Class craft in this contract refer solely to craft constructed by Textron Marine and Land Systems (TM&LS). Reference to AGM craft in this contract refer to craft constructed by Avondale Gulfport Marine, Inc.

The Government intends that the Contractor and Contractor designated vendors continue to participate with the Government in an Integrated Process and Product Development (IPPD) environment to execute this contract. This process will continue implementation by having Contractor personnel participate as members of Integrated Product Teams (IPTs) augmented by appropriate subject matter experts (SME) and by developing and maintaining an Integrated Data Environment (IDE).

**ITEM 0001 - CONSTRUCT AND OUTFIT BUOYANCY BOX, REUTILIZING GFP COMPONENTS; PROCURE C4N EQUIPMENT; INSTALL UPGRADED C4N SYSTEMS IN BUOYANCY BOX AND ABOVE DECK MODULES; PROCURE AND INSTALL DEEP SKIRT; INSTALL ETF40B ENGINES; TEST AND DELIVER CRAFT (SLEP PHASE II)**

**SUB-ITEM 0001AA – PHASE II UPGRADE FOR TWO (2) LCAC 01-24 CLASS CRAFT WITH ETF40B ENGINES (FY02) (SCN)**

**SUB-ITEM 0001AB - PHASE II UPGRADE FOR TWO (2) LCAC 01-24 CLASS CRAFT WITH ETF40B ENGINES AND PHASE II UPGRADE FOR ONE (1) AGM CLASS CRAFT WITH ETF40B ENGINES (FY03) (SCN)**

**SUB-ITEM 0001AC – NOT USED**

**IF EXERCISED, OPTION SUB-ITEM 0001AD - PHASE II UPGRADE FOR THREE (3) LCAC 01-24 CLASS CRAFT WITH ETF40B ENGINES AND PHASE II UPGRADE FOR ONE (1) LCAC 25-60 CLASS CRAFT WITH ETF40B ENGINES (FY04) (SCN),**

**1.0 DESCRIPTION**

a. The Contractor shall plan, construct, test, outfit and redeliver LCAC in accordance with the SLEP Specification (Attachment J-2) and Attachment J-14, including all improvements identified in Attachment J-3 and the specification changes listed in Attachment J-11.



b. The life extension from 20 to 30 years shall be accomplished by construction of a new buoyancy box and modernization of the command module by incorporating life extension modifications. These improvements will be documented by Contractor-prepared work instructions, shop sketches, product/process specifications and other drawings, diagrams, schedules, plans and data incidental to the service life extension effort.

c. The Contractor shall furnish all facilities, manpower, quality assurance, inspection and test facilities, and management organization and control in accordance with the requirements set forth in this contract.

d. The services, supplies, equipment and materials, described in this Section, shall be provided in accordance with the baseline for extending the service life of LCAC hereinafter called "SLEP baseline," as defined in the SLEP Specification, Attachment J-2 and Attachment J-14, including all improvements identified in Attachment J-3.

e. The Contractor shall utilize ready for issue (RFI) Government Furnished Property (GFP), both new and re-used as identified for SLEP Phase II in Attachments J-9 and J-20, to accomplish the SLEP Phase II upgrade. RFI GFP furnished for these purposes shall be used by the Contractor in the configuration that it is furnished by the Government. Installation/integration of RFI GFP shall be in accordance with Attachments J-2 and J-14 unless the RFI GFP configuration specifically precludes adherence to Attachment J-2 requirements. Inconsistencies with GFP described herein will be reported to the Government via CDRL A019. Upon notification the Government will provide direction on disposition.

Upon receipt of approval from the Government material received from disassembled craft but not specifically identified in Attachments J-9 or J-20 will be available to the Contractor to use as Contractor Furnished Equipment (CFE). The Contractor shall assume all risks that may result. Re-use of equipment not specifically identified in Attachments J-9 and J-20 must be done in accordance with all provisions of Attachments J-2 and J-14.

f. The Government will provide the ETF40B engines (including FADEC) for installation in LCAC Phase II craft in accordance with Attachment J-9.

g. The Government will provide LCAC SLEP software for installation in LCAC Phase II craft in accordance with Attachment J-9.

## 2.0 BASELINE WORK PACKAGE

The Contractor shall perform the following in accordance with the Baseline Configuration, as provided in Contract Requirement C-7 entitled "CONFIGURATION MANAGEMENT" and the SLEP specification (Attachment J-2) and Attachment J-14, including all improvements identified in Attachment J-3 and the specification changes listed in Attachment J-11.

- (1) Construction and outfitting of one LCAC Buoyancy Box
- (2) Installation of C4N equipment
- (3) NOT USED
- (4) Modification and reinstallation of above deck modules and components. The

Contractor shall accomplish the repair, reinstallation, and replacement of equipment or systems in accordance with Attachment J-7.

- (5) Installation of ETF40B engines
- (6) Procurement and installation of Deep Skirt system
- (7) Testing and delivery of the craft

### 3.0 QUALITY ASSURANCE (QA).

- a. The Contractor shall maintain a Quality Assurance Program and the associated Plan.
- b. NOT USED
- c. NOT USED
- d. The Contractor shall provide the data for System Deficiency Reports, including status.

### 4.0 TOTAL CRAFT TEST PROGRAM

a. The Contractor shall conduct a Total Craft Test Program in accordance with the applicable sections of the SLEP Specification and references therein. All tests and trials required by this contract shall be conducted at, or in the vicinity of, the Contractor's facility designated in Section E.

b. NOT USED

c. The Contractor shall provide any special test equipment and tools needed to meet construction and specification requirements. This effort is limited to SLIN 0001AA only.

### 5.0 DELIVERY/REDELIVERY OF LCAC

a. Fitting-Out Prior to Redelivery. The Government will provide loose equipment identified in Schedule A necessary for safety of flight operations to the Contractor prior to craft trials. The Contractor shall install such equipage prior to the commencement of trials.

b. Transport of LCAC for Redelivery. The Contractor may be required to prepare LCAC for transport and transport LCAC from Coastal Systems Station (CSS) to Assault Craft Unit, or other location designated by the Government. Transportation of LCAC shall be performed as authorized in accordance with Clause H-16, ORDERS (COST-PLUS-FIXED-FEE).

c. Transport of LCAC for Delivery. The Contractor may be required to prepare LCAC craft for transport, and transport LCAC from the Assault Craft Unit, or other location designated by the Government, to the Contractor's site to support SLEP Phase II. Transportation of LCAC shall be performed as authorized in accordance with Clause H-16, ORDERS (COST-PLUS-FIXED-FEE).

**ITEM 0002 - NOT USED**

## **ITEM 0003 - INSTALLATION OF TITLE K CRAFTALTS ON SLEP PHASE II CRAFT (OPN FMP)**

### **1.0 DESCRIPTION**

Work under this CLIN shall be performed as authorized in accordance with Clause H-13 ORDERS (FIXED-PRICE).

a. The Contractor may be requested to install Title “K” Craft Alterations on craft undergoing SLEP. Specific Title “K” Craft Alterations may be authorized for installation during SLEP Phase II depending on workload capacity, Fleet Modernization Program funding and designated LCAC configuration. For planning purposes, the anticipated skill mix of Class A Labor technicians to accomplish the work is as follows:



(i). Some material required to install Title “K” Craft Alterations may be furnished to the Contractor as Government Furnished Property (GFP), dependent upon availability. Other material required to install Title “K” Craft Alteration kits shall be furnished by the Contractor.

(ii). The Contractor shall submit a final report verifying the completion of Title “K” Craft Alterations.

### **2.0 QUALITY ASSURANCE (QA)**

- a. The Contractor shall maintain a Quality Assurance Program and the associated Plan.
- b. NOT USED
- c. NOT USED

### **3.0 CRAFTALT TEST PROGRAM**

- a. The Contractor shall include CRAFTALT testing in the Total Craft Test Program for CRAFTALTs installed in Phase II LCAC craft.
- b. NOT USED
- c. The Contractor shall provide any special test equipment and tools needed to meet construction and specification requirements.

## **ITEM 0004 - REPAIR, AND/OR REFURBISH GFP IN SUPPORT OF PHASE II SLEP (SCN)**

### **1.0 DESCRIPTION**

Work under this CLIN shall be performed as authorized in accordance with Clause H-16

**ORDERS (COST-PLUS-FIXED-FEE).**

The Contractor may be required to repair, refurbish, modify and /or handle/ship GFP in support of SLEP Phase II craft. The Contractor may also be required to remove modules and/or equipment from craft designated by the Government.

**ITEM 0005 - NOT USED****ITEM 0006 – INSTALLATION OF TITLE D CRAFTALTS/AERS ON SLEP PHASE II CRAFT (O&M,N)****1.0 DESCRIPTION**

a. Work under this CLIN shall be performed as authorized in accordance with Clause H-13 ORDERS (FIXED-PRICE).

b. The Contractor may be requested to install Title “D” Craft Alterations/AERs on craft under going SLEP Phase II. Specific Title D Craft Alterations/AERs may be authorized for installation during SLEP Phase II depending on workload capacity, Fleet Modernization Program funding and designated LCAC configuration. A request to install CRAFTALT kits/AERs will be submitted six months prior to the start of SLEP Phase II. For planning purposes, the anticipated skill mix of Class A Labor technicians to accomplish the work is as follows:



(i). Some material required to install Title “D” Craft Alterations/AERs may be furnished to the Contractor as Government Furnished Property (GFP), dependent upon availability.

Other material required to install Title “D” Craft Alteration kits/AERs shall be furnished by the Contractor.

(ii). The Contractor shall submit a final report verifying the completion of Title “D” Craft Alterations/AERs,

**2.0 QUALITY ASSURANCE (QA)**

- a. The Contractor shall maintain a Quality Assurance Program and the associated Plan.
- b. NOT USED
- c. NOT USED

**3.0 CRAFTALT TEST PROGRAM**

a. The Contractor shall include CRAFTALT testing in the Total Craft Test Program for CRAFTALTs installed in Phase II LCAC craft.

b. NOT USED

c. The Contractor shall provide any special test equipment and tools needed to meet construction and specification requirements.

## **ITEM 0007- MAINTAIN CONTRACTOR INTEGRATED TECHNICAL INFORMATION SYSTEM (CITIS)**

### **SUB-ITEM 0007AA - NOT USED**

### **SUB-ITEM 0007AB - MAINTAIN CITIS IN FY03 (SCN)**

### **IF EXERCISED, OPTION SUB-ITEM 0007AC – MAINTAIN CITIS IN FY04 (SCN)**

### **IF EXERCISED, OPTION SUB-ITEM 0007AD – MAINTAIN CITIS IN FY05 (SCN)**

## **1.0 INTRODUCTION**

SLEP program data shall continue to be managed using CITIS, which is an Integrated Data Environment (IDE). The Contractor shall maintain a digital Technical Information (TI) infrastructure to provide automation and integration of the generation, delivery, and uses of LCAC SLEP technical and associated financial information over the life cycle of the SLEP contract. Unless otherwise specified within the contract, all, or any portion of, the TI specified herein shall be developed in a digital form compatible with requirements stated herein. Unless specifically stated herein, the following requirements do not replace or amend requirements for delivery of TI in non-digital forms specified elsewhere in the contract.

The Contractor shall continue to maintain a Contractor Integrated Technical Information System (CITIS) which utilized NAVSEA's Corporate Document Management System (CDMS) that:

- (1) Allows INTERNET access to and delivery of programmatic and technical digital data for government and Contractor personnel;
- (2) Provides interactive communications linkages via the INTERNET among engineering, financial, logistic, and management personnel at remote locations;
- (3) Stores and displays technical information in military and industry standard digital forms.

In addition, the Contractor's System Administrator(s) shall provide help desk information to users that deal with LCAC project peculiar CITIS questions.

## **2.0 CITIS IMPLEMENTATION PLAN**

The Contractor shall continue to maintain and update the CITIS Implementation Plan (CITIS-IP) outlining the procedures to be used to implement the CITIS strategy. The CITIS-IP shall be updated and submitted semi-annually unless required by a prior contract. The updates shall define implementation plans for the upcoming period in greater detail, resolve outstanding strategy issues, and respond to strategic and technology changes.

**ITEM 0008 – PROVIDE SUPPORT FOR INTEGRATED PRODUCT TEAMS (IPTs) AND WORKING GROUPS (WGs) FOR SLEP IPTs INCLUDING INTEGRATED LOGISTICS SUPPORT (ILS), PROGRAM MANAGEMENT (PM), AND SYSTEM ENGINEERING (SE)**

**SUB-ITEM 0008AA - NOT USED**

**SUB-ITEM 0008AB - NOT USED**

**SUB-ITEM 0008AC - PROVIDE ILS IPT SUPPORT IN FY03 (SCN)**

**SUB-ITEM 0008AD – PROVIDE PM IPT SUPPORT, SE IPT SUPPORT, T&T WG SUPPORT AND R&M WG SUPPORT IN FY03 (SCN)**

**IF EXERCISED, OPTION SUB-ITEM 0008AE - PROVIDE ILS IPT SUPPORT IN FY04 (SCN)**

**IF EXERCISED, OPTION SUB-ITEM 0008AF - PROVIDE PM IPT SUPPORT, SE IPT SUPPORT, T&T WG SUPPORT AND R&M WG SUPPORT IN FY04 (SCN)**

**IF EXERCISED, OPTION SUB-ITEM 0008AG - PROVIDE ILS IPT SUPPORT IN FY05 (SCN)**

**IF EXERCISED, OPTION SUB-ITEM 0008AH - PROVIDE PM IPT SUPPORT, SE IPT SUPPORT, T&T WG SUPPORT AND R&M WG SUPPORT IN FY05 (SCN)**

## 1.0 INTRODUCTION

ILS shall be developed via multi-disciplinary Integrated Product Teams (IPTs) and tailored supportability analyses utilizing the system engineering process of the Department of Defense Acquisition Logistics Handbook, MIL-HDBK-502 dated 30 May 1997 as a guide. Contractor engineering and logistics personnel will participate with the government as IPT members in accordance with Section 4.0.

Certain SLEP items for reason of criticality or technical risk are designated as Key System Element (KSE) items. KSEs are defined as all equipments provided by first tier subcontractors that comprise the SLEP Navigation system, Communication system (including ICS), Universal Keyboard (UKB) system, Control and Alarm Monitoring system (CAMS) and Full Authority Digital Engine Controls (FADEC).

## 2.0 INTEGRATED LOGISTICS SUPPORT (ILS) INTEGRATED PRODUCT TEAM (IPT)

The government will charter and chair an ILS IPT to include a Supportability WG, a Training WG, and a Technical Manual WG to develop SLEP ILS. The WGs will conduct their routine business in a CITIS environment as described in CLIN 0007. Face to face meetings will be held at the Contractor's site or Government facilities in accordance with Section 4.0. The functions of the WGs will be as follows:

(1) The Supportability WG will conduct a Supportability Analysis (SA) to identify support requirements for each SLEP modification, and will take such action as necessary to create

or revise maintenance planning, supply support, S&TE, facilities and other ILS elements not covered by other WGs. SA results for technical manuals and training will be passed to the respective WGs for action. The Supportability WG will also oversee configuration control during SLEP as described in Attachment J-16, and interim support arrangements for newly installed equipment.

(2) The Training WG will determine the level of instruction and training requirements for both operational and maintenance training, assess the available equipment/system documentation, develop training plans, and coordinate curriculum turnover to the appropriate user activities.

(3) The Technical Manual WG will identify requirements for new technical manuals and revisions to existing manuals, and will coordinate development and delivery of new/revised manuals.

(4) NOT USED

3.0 NOT USED

#### 4.0 CONTRACTOR REQUIREMENTS FOR ILS IPT

The Contractor shall:

- (1) Participate in the LCAC SLEP ILS IPT for Supportability, Technical Manuals, and Training.
- (2) Provide Engineering Data for Provisioning (EDFP) and Manufacturer's Technical Documentation (MTD), as defined in Attachment J-8 and authorized under CLIN 0010. (A review of existing data will be conducted by the Supportability WG prior to ordering additional data.) Report on program progress in acquiring supportability data for each SLEP modification. If problems are encountered with data acquisition (proprietary issues, excessive cost, etc.) the IPT will evaluate the tradeoffs involved and provide guidance.
- (3) Provide accurate and timely change data for new or modified systems or equipment.
- (4) Provide configuration change data IAW Attachment J-16.
- (5) Participate in quarterly IPT meetings at a Government facility.
- (6) Participate in a supportability demonstration prior to delivery of each SLEP craft to evaluate the achievement of all ILS requirements.

#### 5.0 PROGRAM MANAGEMENT (PM) INTEGRATED PRODUCT TEAM (IPT) SUPPORT

In support of the Program Management (PM) Integrated Product Team (IPT) Charter, the

Contractor shall:

(1) Participate in the LCAC SLEP Program Management (PM) Integrated Product Team (IPT).

(2) Participate in weekly telephone/video conference calls with Government representatives.

#### 6.0 SYSTEM ENGINEERING (SE) INTEGRATED PRODUCT TEAM (IPT) SUPPORT

In support of the System Engineering (SE) Integrated Product Team (IPT) Charter, the Contractor shall:

(1) Participate in the LCAC SLEP System Engineering (SE) Integrated Product Team (IPT). The SE IPT will monitor craft design and construction to ensure that the engineering requirements of the LCAC Service Life Extension Program (SLEP) Specification, Attachment J-2, are satisfied. The SE IPT will review and comment on the Contractor's recommended craft configuration changes (Engineering Change Proposal, Request for Waiver, and Request for Deviation).

(2) Participate in estimated quarterly IPT meetings at the site determined by the Government, anticipated to be at Government site). Provide Subject Matter Experts (SME) as required for the quarterly SE IPT meetings.

#### 6.1 TESTING AND TRIALS (T&T) WORKING GROUP

In support of the Testing and Trials (T&T) Working Group Charter, the Contractor shall:

(1) Participate in the LCAC SLEP Testing and Trials Working Group. The T&T Working Group will monitor the T&T activities to ensure that the requirements of the LCAC Service Life Extension Program (SLEP) Specification, Attachment J-2, Sections 093, 094 and 095, are satisfied.

(2) Participate in estimated quarterly WG meetings at the site determined by the Government.

#### 6.2 RELIABILITY AND MAINTAINABILITY (R&M) WORKING GROUP

In support of the Reliability and Maintainability (R&M) Working Group Charter, the Contractor shall:

(1) Participate in the LCAC SLEP Reliability and Maintainability (R&M) Working Group. The R&M Working Group will monitor the R&M activities to ensure that the requirements of the LCAC Service Life Extension Program (SLEP) Specification, Attachment J-2 Section 076, are satisfied. The R&M Working Group will review the Contractor's candidate equipment for the Reliability Development Growth Program and recommend which equipment should be tested. The R&M Working Group will also



participate in review of R&M documents prepared in accordance with Section 076 of the SLEP Specification.

(2) Participate in estimated quarterly WG meetings at the site determined by the Government.

**ITEM 0009 - PROVIDE ENGINEERING SERVICES FOR SPECIAL STUDIES, ANALYSES, AND REVIEWS FOR SLEP (SCN)**

**IF EXERCISED, OPTION SUB-ITEM 0009AA (FY05) (SCN)**

a. The Contractor shall provide engineering services for special studies, analyses and reviews for LCAC SLEP. This work shall be performed in accordance with Clause H-16 ORDERS (COST-PLUS-FIXED-FEE) until similar requirements of prior contract are completed.

b. Option Sub-item 0009AA includes regular labor hours, incidental material cost, travel, subsistence and overtime.

c. The engineering services shall be performed within the limits as to places, if any, and period specified therefor, at specific places and times which shall be designated by Program Manager, Amphibious Warfare Program, PMS377 by technical instructions in accordance with the TECHNICAL INSTRUCTIONS clause, or the ORDERS clause as appropriate. The Contractor shall notify the Contracting Officer in writing via the Contract Administration Office of the actual date of delivery of the last unit under each Item with a copy thereof to Program Manager, Amphibious Warfare Program, PMS377.

d. Each engineer assigned hereunder shall provide engineering services in accordance with instructions provided to the Contractor by the Contracting Officer. Such instructions shall be consonant with the terms of this contract.

e. Travel shall be included in computing the man-hours of service, provided that the Contractor shall not be paid for more than eight man-hours of service for any one engineer for any one calendar day. The Contractor shall be paid the price per man-hour stipulated in Section B above for each man-hour of service rendered, which is agreed to be the service of one engineer for one day of eight hours, Monday through Friday (excluding holidays).

f. Invoices submitted for engineering services shall contain the name of engineer(s), date and place of performance, contract service authority identification, and brief description of services performed. The invoice shall be accompanied by the original certification by a responsible U.S. Government Official aboard the ship or at the activity where the services were performed. A copy of each such invoice shall be submitted to Program Manager, Amphibious Warfare Program, PMS377J, 1333 Isaac Hull Avenue SE, Washington Navy Yard DC 20367-2101.

**ITEM 0010 – PROVIDE TECHNICAL MANUALS AND CHANGES/DEVELOP AND CONDUCT OP/FAMILIARIZATION TRAINING FOR PHASE II CRAFT /INTERIM SUPPORT MATERIAL/DEPOT LEVEL REPAIR/INTERIM SUPPORT TECHNICAL SERVICES/SUPPORTABILITY DATA AND MEETINGS/RELIABILITY DEVELOPMENT GROWTH TESTING SUPPORT (SCN) (OPN)**

When ordered pursuant to Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE), the Contractor shall perform the following tasks:

The Contractor shall provide technical manuals, and changes to existing manuals for SLEP craft, in accordance with orders placed under Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE) and the requirements of Attachment J-6.

The Contractor shall prepare and submit a familiarization/training equipment plan/proposal, based upon the results of the supportability analyses, to the Navy for consideration. When requested by the Government, the Contractor shall develop curriculum and provide familiarization and/or operation/maintenance training for systems and/or equipments installed on craft under this contract.

The Contractor shall provide Supply Support consisting of depot level repair services and material services, including spare and repair parts procurement, processing and tracking of fleet requisitions, inventory management, maintenance of demand history, interface with the Navy/DOD supply system under the “zero cognizance” program, and transition planning and execution. Interim support services will be in support of nonstandard systems, equipment and components being introduced into the Navy inventory as a result of the LCAC SLEP procurement that cannot be supported by other methods. The Contractor shall provide such support, in accordance with the orders placed under Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE) until each system has been transitioned to organic Navy/DOD supply support.

The Contractor shall provide interim technical engineering services. These services will be in support of all nonstandard systems, equipment and components being introduced into the Navy inventory as a result of the LCAC SLEP procurement. The Contractor shall provide such support, in accordance with the orders placed under Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE).

The Contractor shall participate in and support ILS IPT meetings in addition to the meetings enumerated in CLIN 0008 Section 4.0(7), in accordance with orders placed under Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE).

Supportability data shall be provided in accordance with Attachment J-8.

The Contractor shall provide support for Reliability Development Growth Testing for specified equipment in accordance with orders placed under Special Contract Requirement H-16 ORDERS (COST-PLUS-FIXED-FEE).

**ITEM 0011 – GOVERNMENT FURNISHED PROPERTY (GFP) MANAGEMENT TO ACCOMPLISH ASSESSMENT OF GROUP 1 MATERIAL FROM FIVE (5) DISASSEMBLED LCAC; RECEIPT OF FOUR (4) SETS OF LCAC ABOVE DECK MODULES AND COMPONENTS, PREPARATION FOR STORAGE OF ALL SPECIFIED COMPONENTS; ASSESSMENT OF FOUR (4) SETS OF GROUP 1 LCAC ABOVE DECK MODULES AND COMPONENTS. INCLUDE IEM PMS AND MODULE AND COMPONENT STORAGE, AS NECESSARY TO SUPPORT THE CONSTRUCTION SCHEDULE (O&M,N)**

**SUB-ITEM 0011AA-CONDUCT ASSESSMENT AND STORAGE OF GROUP 1 MATERIAL FROM FIVE (5) DISASSEMBLED LCAC (FY03) (O&M,N)**

**IF EXERCISED, OPTION SUB-ITEM 0011AB-RECEIVE, INVENTORY, AND STORE GROUP 1 ABOVE DECK MODULES AND COMPONENTS FROM FOUR (4) DISASSEMBLED LCAC (FY04) (O&M,N)**

**IF EXERCISED, OPTION SUB-ITEM 0011AC-CONDUCT ASSESSMENT OF GROUP 1 ABOVE DECK MODULES AND COMPONENTS FROM FOUR (4) DISASSEMBLED LCAC (FY04) (O&M,N)**

#### **1.0 MATERIAL CONDITION ASSESSMENT FOR PREVIOUSLY DISASSEMBLED CRAFT**

a. Material from craft 04, 07, 08, 09, and 21. previously disassembled, shall be classified in the following categories:

(1) Group 1: Equipment and components that will be reinstalled as part of the SLEP Phase II configuration as identified in Attachment J-20.

(2) Group 2: Equipment and components that will not be reinstalled as part of SLEP Phase II.

b. The material shall be processed as described below. The Contractor shall:

(1) As directed by the Supervisor, schedule and participate with designated Government representatives, in a material condition assessment of Group 1 material from craft 04, 07, 08, 09, and 21. Material condition will be assessed as either Ready For Issue (RFI) or Not Ready For Issue (NRFI).

(2) Develop repair, refurbishment, or replacement recommendations for Group 1 material classified as NRFI, to include level or class of required repair.

(3) Record the material condition assessment results and recommendations in the Contractor's inventory database. The database should be in a format compatible with Microsoft Office.

(4) Segregate material designated as Group 1 RFI, Group 1 NRFI, and Group 2 to facilitate separation, packaging, and shipment.

(5) Compare the Group 1 items with the information for the items provided in Attachment J-20.

(6) Maintain an inventory database of all Group 1 and Group 2 material in Contractor format using the Contractor's database. The database for the Group 1 material shall provide a cross-reference to the items listed in Attachment J-20. Indication that a Group 1 item is identical to the item listed in Attachment J-20 shall be recorded in the Contractor's database. Any difference in a Group 1 item with respect to the information in Attachment J-20 shall be recorded in the Contractor's database.

(7) Clean and store, within a warehouse environment, all Group I material removed from disassembled craft and conduct periodic maintenance in accordance with applicable inactive equipment PMS cards.

(8) When directed by the Government, ship (by GBL) Group 1 NRFI components to designated Government or commercial activities for repair or replacement.

(9) Receive, store and maintain repaired or replacement Group 1 components as described in paragraph 1.0 b. (7). Prior to storage, conduct a receipt inspection of the returned items and record the results in the Contractor's database.

(10) Store, within a warehouse environment, all Group 2 material. When directed by the Government, but no later than 36 months after completion of material condition assessment, ship (by GBL) or dispose of Group 2 material excluding hull buoyancy boxes and installed components therein.

(11) Ship (by GBL) or dispose of hull buoyancy boxes and installed components as authorized by the Government in accordance with Clause H-16 ORDERS (COST-PLUS-FIXED-FEE).

c. The Contractor shall provide the following reports:

(1) An inventory listing in Contractor format using the Contractor's database that provides all the Group 1 items' material condition assessment results and repair recommendations, Attachment J-20 cross-reference information, items being repaired or refurbished or are in Ready For Issue (RFI) material condition. These reports shall be provided as specified in Attachment J-1

(2) Configuration management data updates as specified in Attachment J-16.

## 2.0 RECEIPT OF MODULES AND COMPONENTS, AND STORAGE OF FOUR (4) LCAC PREVIOUSLY DISASSEMBLED BY THE GOVERNMENT

Four sets of LCAC Group 1 modules and components will be delivered to the SLEP Contractor. This material is intended for use as Government Furnished Property (GFP) to support LCAC SLEP Phase II construction, or to support other Government needs as directed by the Supervisor. These craft modules and components shall be processed as described below.

Contractor responsibilities for GFP management under this Item are as follows:

a. Receive craft modules and components from the Government at the Contractor's site and process them as follows:

(1) Take custody of the craft modules and components through execution of DD Form 1149.

(2) Clean and store all craft modules and components within a warehouse environment and conduct periodic maintenance in accordance with applicable inactive equipment PMS cards.

(3) Compare the Group 1 items with the information for the items provided in Attachment J-20.

(4) Develop an inventory database by craft of the craft modules and components in Contractor format using the Contractor's database. The database should be in a format compatible with Microsoft Office. The database for the Group 1 material shall provide a cross-reference to the items listed in Attachment J-20. Indication that a Group 1 item is identical to the item listed in Attachment J-20 shall be recorded in the Contractor's database. Any difference in a Group 1 item with respect to the information in Attachment J-20 shall be recorded in the Contractor's database.

(5) Initialize the configuration management database for each craft and enter applicable data as described in Attachment J-16, Configuration Data Management Plan for GFP from Disassembled LCAC, of LCAC craft modules and components.

b. The Contractor shall provide an inventory listing for each craft's above deck modules and components, including Attachment J-20 cross-reference information, as specified in Attachment J-1.

### 3.0 MATERIAL CONDITION ASSESSMENT OF MATERIAL FROM FOUR (4) DISASSEMBLED CRAFT

a. The Group 1 material from the four (4) disassembled craft shall be processed as described below. The Contractor shall:

(1) As directed by the Supervisor, schedule and participate with designated Government representatives, in a material condition assessment of Group 1 material from each craft. Material condition will be assessed as either Ready For Issue (RFI) or Not Ready For Issue (NRFI).

(2) Develop repair, refurbishment, or replacement recommendations for the Group 1 material classified as NRFI, to include level or class of required repair.

(3) Record the material condition assessment results and recommendations for each craft's material in the Contractor's inventory database.

(4) Maintain the inventory database of the Group 1 material in Contractor format using the Contractor's database.

(5) Segregate material designated as Group 1 RFI and Group 1 NRFI to facilitate separation, packaging, and shipment.

(6) Clean and store, within a warehouse environment, all Group I material removed from disassembled craft and conduct periodic maintenance in accordance with applicable inactive equipment PMS cards.

(7) When directed by the Government, ship (by GBL) Group 1 NRFI components to designated Government or commercial activities for repair or replacement.

(8) Receive, store and maintain repaired or replacement Group 1 components as described in paragraph 3.0 a (6). Prior to storage, conduct a receipt inspection of the returned items and record the results in the Contractor's database.

b. The Contractor shall provide the following reports:

(1) An inventory listing in Contractor format using the Contractor's database that indicates all the Group 1 items' material condition assessment results and repair recommendations, Attachment J-20 cross-reference information, items being repaired or refurbished or are in Ready For Issue (RFI) material condition. These reports shall be provided as specified in Attachment J-1.

(2) Configuration management data updates as specified in Attachment J-16.

**IF EXERCISED, OPTION ITEM 0012 – CONDUCT DETAIL DESIGN AND ADVANCE CONSTRUCTION PLANNING FOR PHASE II UPGRADE INCLUDING ETF40B ENGINES OF AGM CLASS CRAFT AT TM&LS (FY03) (SCN)**

**1.0 DESCRIPTION**

The Contractor shall perform detail and advance construction planning to support the conduct of LCAC SLEP Phase II construction as described herein.

**1.1 DETAIL DESIGN**

The Contractor shall accomplish detail design tasks required for above deck modules of Avondale Gulfport Marine (AGM) constructed LCAC craft to interface with the new buoyancy box configuration in accordance with the Baseline Configuration, as provided in Contract Requirement C-7 entitled "CONFIGURATION MANAGEMENT", and the requirements contained in the LCAC Service Life Extension Program Specification,

The resulting craft configuration will be in accordance with previously delivered LCAC modules developed from TM&LS craft. Mechanical and electrical modifications shall be addressed. The design of required modifications shall ensure a fully functional craft.

Detail design shall include the development of drawings and specifications particular to the installation of new electronics on the AGM Class craft. A common software configuration

developed for TM&LS SLEP craft shall be utilized to operate the AGM Class craft.

## 1.2 ADVANCE CONSTRUCTION PLANNING

The Contractor shall perform advance non-recurring construction planning to support the conduct of the SLEP Phase II as described herein. This shall include Manufacturing and Quality Engineering review of drawings, preparing new and revised shop orders, cut sheets, plasma nests, quality and inspection planning. This planning shall include the new construction buoyancy box, the above deck module modifications required, and the C4N electronics installation.

## 2.0 DOCUMENTATION

To document the SLEP design, the Contractor shall prepare revised contract drawing(s), diagrams, calculations, stress drawings, and construction drawings to document the changes identified in 1.1 Detail Design. Drawings shall be prepared in accordance with Attachment J-4.

### **ITEM 0013 – PERFORM DETAIL DESIGN FOR PHASE II UPGRADE OF LCAC 01-24 CLASS CRAFT AND LCAC 25-60 CLASS CRAFT (FY03)(SCN)**

#### 1.0 DESCRIPTION

The Contractor shall perform detail design and advance construction planning to support the conduct of LCAC SLEP Phase II construction as described herein.

#### 1.1 DETAIL DESIGN

The configuration of craft constructed under this contract shall be based on the Baseline Configuration, as provided in Contract Requirement C-7 entitled “CONFIGURATION MANAGEMENT”, with the upgrades specified herein. The Contractor shall accomplish detail design tasks in accordance with the LCAC SLEP Specification, [REDACTED]

[REDACTED] Upgrades and changes are as follows:



#### 2.0 DOCUMENTATION

Whenever possible, the Contractor shall document the design changes in 1.1 Detail Design by revising existing SLEP and legacy drawings developed under previous contracts. New drawings shall be developed, as required, to document remaining changes in accordance with Attachment J-4.

### **ITEM 0014 – NOT USED**

**ITEM 0015 – DATA REQUIREMENTS (NAVSEA) (SEP 1992) (FOR ITEMS 0001 THROUGH 0013 AND ITEM 0016)**

The data to be furnished hereunder shall be prepared in accordance with the Contract Data Requirements List, DD Form 1423, Exhibit(s) A, B, and C attached hereto.

**AS ORDERED, ITEM 0016 - SPARES, INCOS, SPECIAL TOOLING, AND SUPPORT AND TEST EQUIPMENT FOR ITEM 0001**

a. The Contractor shall procure all INCO spares, special and common tools, test equipment, ancillary items, loose hardware, and major shore based spares, identified by the Government, in accordance with the General Requirement in SECTION C of this contract entitled "PROVISIONED ITEMS ORDER – ALTERNATE II." Where items have a limited shelf life or useful life, they shall be procured to maximize the service life to the Government after ship delivery.

b. The Contractor shall provide a recommended installation and checkout (INCO) parts listing in support of CLIN 0001. The Contractor shall evaluate the existing stores of INCO parts and new hardware configurations in determining the parts required. INCO parts shall be included with the basic order for craft hardware in order to achieve economic order quantities with favorable craft pricing.

**CONTRACT WORK BREAKDOWN STRUCTURE (CWBS)**

The Contractor shall develop and maintain the Contract Work Breakdown Structure (CWBS) and CWBS dictionary. The first three levels of the CWBS shall be in accordance with Attachment J-12.

**COST PERFORMANCE REPORTS (CPRs)**

The Contractor shall prepare and submit Cost Performance Reports (CPRs) following the requirements of Attachment J-1. The Contractor shall use an earned value management system to comply with DFARS 252.234-7001, EARNED VALUE MANAGEMENT SYSTEM (MAR 1998).

**CONTRACTOR INTEGRATED PERFORMANCE MANAGEMENT, DFARS 252.234-7001 APPLIES.**

The Contractor shall establish, maintain, and use in the performance of this contract, an integrated management system meeting the intent of the Industry Guidelines for Earned Value Management Systems (EVMS) ANSI/EIA-748-98 as determined by the contracting officer. The application of these concepts shall provide for early indications of contract cost and schedule problems. Earned value assessments shall correlate with technical achievement. A Compliance Review of the Contractor's EVMS will not be performed unless the government program manager determines that it is necessary from IBR results, surveillance, or cost and schedule data quality assessments.



## **INTEGRATED BASELINE REVIEW (IBR)**

The Contractor shall present its performance measurement baseline plan to the government within six months after contract award. The government will verify during the IBR that the Contractor has established and maintains a reliable performance measurement baseline. The Contractor shall ensure that the baseline includes the entire contract technical scope of work consistent with contract schedule requirements, and has adequate resources assigned. The Contractor shall assure the government that effective earned value methods are used to accurately status contract cost, schedule, and technical performance. The Contractor shall perform a self-assessment of the cost and schedule risk for the IBR. The IBR shall be used to achieve a mutual understanding of the baseline plan, cost and schedule risk, and the underlying management processes used for planning and controlling the project.

## **INTEGRATED MASTER SCHEDULE (IMS)**

In the context of this IMS section, the term “activity” is used to mean the lowest level of cost & schedule data typically collected by the Contractor. Within each individual area, “activity” is therefore synonymous with the Contractor’s terms “work order”, “cost code”, and “shop order” (e.g., activity is synonymous with Production shop orders and Engineering work orders). In the context of this IMS section, the term “cost” is used to mean man-hour data for Engineering, Manufacturing Engineering, and Production and dollar data for Material.

The Contractor shall provide Engineering, Manufacturing Engineering, Production, and Material cost and schedule performance data in electronic (digital) format using a standard field delimiter within a given file on a reoccurring basis. The data shall be to the lowest level activity typically used by the Contractor for each individual area. The data shall address LCAC SLEP activities for the Contractor from contract award to contract completion.

The Contractor shall include the following cost and schedule data for each activity:

- a) Activity Identification Code
- b) Activity Description
- c) Basic Cost of Work Schedule (BCWS)
- d) Basic Cost of Work Performed (BCWP)
- e) Actual Cost of Work Performed (ACWP)
- f) IMS Product Work Breakdown Structure

The Contractor shall include the following cost and schedule data for Production only:

- g) Physical Progress (percent complete)
- h) Actual Start Date
- i) Actual Finish Date
- j) Scheduled (Baseline) Start Date
- k) Scheduled (Baseline) Finish Date
- l) Early Start Date
- m) Early Finish Date
- n) Late Start Date
- o) Late Finish Date
- p) Target Start Date
- q) Target Finish Date

- r) Resource Requirement – Construction Touch Labor only
- s) Progress Type
- t) Activity Type
- u) Activity Status
- v) Predecessor activity and Relationship
- w) Successor activity and Relationship
- x) IMS Manufacturing Work Breakdown Structure
- y) LRE/ETC

**IMS Frequency of Reporting.** The Contractor shall provide the Production cost and schedule performance data on a twice-monthly basis. The Contractor shall provide the Engineering, Manufacturing Engineering and Material cost and schedule performance data on a monthly basis. The cut-off date for the end of month or monthly data shall coincide with the cut-off date used for the Earned Value Management Contract Performance Report (CPR). The mid-month cut-off date for Production “A” labor cost and schedule performance data shall be determined by the contractor, but shall not occur later than the 18<sup>th</sup> calendar day of the month. The format shall be consistent from report to report.

**IMS Work Breakdown Structure.** The Contractor shall provide a corresponding manufacturing work breakdown structure (e.g. Hal1, HAL2, CAS1, etc.) for Production “A” labor schedule data and a product work breakdown structure (e.g. Hull Module, Command Module, etc.) for each activity.

**Work Calendar.** The Contractor shall provide a list of planned workdays and holidays during the duration of the contract.

**IMS Resource Availability.** The Contractor shall provide a resource (manning) availability report in electronic (digital) format. This report shall be updated and provided prior to each QPR. The report shall indicate resource requirements by disciplines within Production. This labor will be broken down to four disciplines (Welder, Electrician, Ship Fitter, Outfitter). For each discipline, the report shall document the equivalent manning level (based on actual hours charged/SLEP projected). The electronic data shall be provided in Contractor format. The format shall be consistent from report to report.

**IMS Risk Management.** On a monthly basis, the Contractor shall provide the Government with an IMS Risk Management report that:

- Identifies the highest cost and schedule risk areas
- Summarizes the corrective Plan-of Action taken to mitigate the risks identified
- Provides status of ongoing mitigation efforts

**IMS Support.** The Contractor shall provide support (.5 man –years over the life of the contract) to answer questions and address additional data requests.

**IMS Phase-in Schedule.** Incorporation of the Integrated Master Schedule will be accomplished as follows:

120 days after contract award –

210 days after contract award –

300 days after contract award –

360 days after contract award –



### **CONTRACT FUND STATUS REPORTS (CFSRs)**

The Contractor shall prepare and submit Contract Fund Status Reports (CFSRs) following the requirements of Attachment J-1.

**PART 2 - GENERAL REQUIREMENTS**

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### **C-1 ACCESS TO THE VESSEL(S) (AT) (NAVSEA) (JAN 1983)**

Officers, employees and associates of other prime Contractors with the Government and their subcontractors, shall, as authorized by the Supervisor, have, at all reasonable times, admission to the plant, access to the vessel(s) where and as required, and be permitted, within the plant and on the vessel(s) required, and be permitted, within the plant and on the vessel(s) to perform and fulfill their respective obligations to the Government. The Contractor shall make reasonable arrangements with the Government or Contractors of the Government, as shall have been identified and authorized by the Supervisor to be given admission to the plant and access to the vessel(s) for office space, work areas, storage or shop areas, or other facilities and services, necessary for the performance of the respective responsibilities involved, and reasonable to their performance.

### **C-2 ACCESS TO VESSELS BY NON-U.S. CITIZENS (NAVSEA) (JUN 1999)**

(a) No person not known to be a U.S. citizen shall be eligible for access to naval vessels, work sites and adjacent areas when said vessels are under construction, conversion, overhaul, or repair, except upon a finding by COMNAVSEA or his designated representative that such access should be permitted in the best interest of the United States. The Contractor shall establish procedures to comply with this requirement and NAVSEAINST 5500.3 (series) in effect on the date of this contract or agreement.

(b) If the Contractor desires to employ non-U.S. citizens in the performance of work under this contract or agreement that requires access as specified in paragraph (a) of this requirement, approval must be obtained prior to access for each contract or agreement where such access is required. To request such approval for non-U.S. citizens of friendly countries, the Contractor shall submit to the cognizant Contract Administration Office (CAO), an Access Control Plan (ACP) which shall contain as a minimum, the following information:

(1) Badge or Pass oriented identification, access, and movement control system for non-U.S. citizen employees with the badge or pass to be worn or displayed on outer garments at all times while on the Contractor's facilities and when performing work aboard ship.

(i) Badges must be of such design and appearance that permits easy recognition to facilitate quick and positive identification.

(ii) Access authorization and limitations for the bearer must be clearly established and in accordance with applicable security regulations and instructions.

(iii) A control system, which provides rigid accountability procedures for handling lost, damaged, forgotten or no longer required badges, must be established.

(iv) A badge or pass check must be performed at all points of entry to the Contractor's facilities or by a site supervisor for work performed on vessels outside the Contractor's plant.

(2) Contractor's plan for ascertaining citizenship and for screening employees for security risk.

(3) Data reflecting the number, nationality, and positions held by non-U.S. citizen employees, including procedures to update data as non-U.S. citizen employee data changes, and pass to cognizant CAO.

(4) Contractor's plan for ensuring subcontractor compliance with the provisions of the Contractor's ACP.

(5) These conditions and controls are intended to serve as guidelines representing the minimum requirements of an acceptable ACP. They are not meant to restrict the Contractor in any way from imposing additional controls necessary to tailor these requirements to a specific facility.

(c) To request approval for non-U.S. citizens of hostile and/or communist-controlled countries (listed in Department of Defense Industrial Security Manual, DOD 5220.22-M or available from cognizant CAO). Contractor shall include in the ACP the following employee data: name, place of birth, citizenship (if different from place of birth), date of entry to U.S., extenuating circumstances (if any) concerning immigration to U.S., number of years employed by Contractor, position, and stated intent concerning U.S. citizenship. COMNAVSEA or his designated representative will make individual determinations for desirability of access for above group. Approval of ACP's for access of non-U.S. citizens of friendly countries will not be delayed for approval of non-U.S. citizens of hostile communist-controlled countries. Until approval is received, Contractor must deny access to vessels for employees who are non-U.S. citizens of hostile and/or communist-controlled countries.

(d) An ACP which has been approved for specific Master Ship Repair Agreement (MSRA) or

Agreement for Boat Repair (ABR) or Basic Ordering Agreement (BOA), is valid and applicable to all job orders awarded under that agreement.

(e) The Contractor shall fully comply with approved ACPs. Noncompliance by the Contractor or subcontractor serves to cancel any authorization previously granted, in which case the Contractor shall be precluded from the continued use of non-U.S. citizens on this contract or agreement until such time as the compliance with an approved ACP is demonstrated and upon a determination by the CAO that the Government's interests are protected. Further, the Government reserves the right to cancel previously granted authority when such cancellation is determined to be in the Government's best interest. Use of non-U.S. citizens, without an approved ACP or when a previous authorization has been canceled, will be considered a violation of security regulations. Upon confirmation by the CAO of such violation, this contract, agreement or any job order issued under this agreement may be terminated or default in accordance with the clause entitled "DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)" (FAR 52.249-8), "DEFAULT (FIXED-PRICE RESEARCH AND DEVELOPMENT)" (FAR 52.249-9) or "TERMINATION (COST REIMBURSEMENT)" (FAR 52.249-6), as applicable.

(f) Prime Contractors have full responsibility for the proper administration of the approved ACP for all work performed under this contract or agreement, regardless of the location of the vessel, and must ensure compliance by all subcontractors, technical representatives and other persons granted access to U.S. Navy vessels, adjacent areas, and work sites.

(g) In the event the Contractor does not intend to employ non-U.S. citizens in the performance of the work under this contract, but has non-U.S. citizen employees, such employees must be precluded from access to the vessel and its work site and those shops where work on the vessel's equipment is being performed. The ACP must spell out how non-U.S. citizens are excluded from access to contract work areas.

(h) The same restriction as in paragraph (g) above applies to other than non-U.S. citizens who have access to the Contractor's facilities (e.g., for accomplishing facility improvements, from foreign crewed vessels within its facility, etc.).

### **C-3 ADDITIONAL PROVISIONS RELATING TO GOVERNMENT PROPERTY (NAVSEA) (OCT 1990)**

(a) For purposes of paragraph (g) of the clause entitled "GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS)" (FAR 52.245-5) in addition to those items of property defined in that clause as Government Property, the following shall also be included within the definition of Government Property:

- (1) the vessel;
- (2) the equipment on the vessel;
- (3) movable stores;
- (4) cargo; and
- (5) other material on the vessel

(b) For purposes of paragraph (e) of the clause entitled "GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS)", notwithstanding any other requirement of this contract, the following shall not be considered Government Property:

- (1) the vessel;
- (2) the equipment on the vessel;
- (3) movable stores; and
- (4) other material on the vessel

#### **C-4 APPROVAL BY THE GOVERNMENT (AT) (NAVSEA) (JAN 1983)**

Approval by the Government as required under this contract and applicable specifications shall not relieve the Contractor of its obligation to comply with the specifications and with all other requirements of the contract, nor shall it impose upon the Government any liability it would not have had in the absence of such approval.

#### **C-5 ASSIGNMENT AND USE OF NATIONAL STOCK NUMBERS (NAVSEA) (MAY 1993)**

To the extent that National Stock Numbers (NSNs) or preliminary NSNs are assigned by the Government for the identification of parts, pieces, items, subassemblies or assemblies to be furnished under this contract, the Contractor shall use such NSNs or preliminary NSNs in the preparation of provisioning lists, package labels, packing lists, shipping containers and shipping documents as required by applicable specifications, standards or Data item Descriptions of the contract or as required by orders for spare and repair parts. The cognizant Government Contract Administration Office shall be responsible for providing the Contractor such NSNs or preliminary NSNs which may be assigned and which are not already in possession of the Contractor.

#### **C-6 COMPUTER SOFTWARE AND/OR COMPUTER DATABASE(S) DELIVERED TO AND/OR RECEIVED FROM THE GOVERNMENT (NAVSEA)(NOV 1996)**

(a) The Contractor agrees to test for viruses all computer software and/or computer databases, as defined in the clause entitled "RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION" (DFARS 252.227-7014), before delivery of that computer software or computer database in whatever media and on whatever system the software is delivered. The Contractor warrants that any such computer software and/or computer database will be free of viruses when delivered.

(b) The Contractor agrees to test any computer software and/or computer database(s) received from the Government for viruses prior to use under this contract.

(c) Unless otherwise agreed in writing, any license agreement governing the use of any computer



software to be delivered as a result of this contract must be paid-up and perpetual, or so nearly perpetual as to allow the use of the computer software or computer data base with the equipment for which it is obtained, or any replacement equipment, for so long as such equipment is used. Otherwise the computer software or computer data base does not meet the minimum functional requirements of this contract. In the event there is any routine to disable the computer software or computer data base in the future, that date certain shall not be less than 25 years after the delivery date of the computer software or computer database.

(d) No copy protection devices or systems shall be used in any computer software or computer database delivered under this contract to restrict or limit the Government from making copies. This does not prohibit license agreements from specifying the maximum amount of copies that can be made.

(e) Delivery by the Contractor to the Government of certain technical data and other data is now frequently required in digital form rather than as hard copy. Such delivery may cause confusion between data rights and computer software rights. It is agreed that, to the extent that any such data is computer software by virtue of its delivery in digital form, the Government will be licensed to use that digital-form data with exactly the same rights and limitations as if the data had been delivered as hard copy.

(f) Any limited rights legends or other allowed legends placed by a Contractor on technical data or other data delivered in digital form shall be digitally included on the same media as the digital-form data and must be associated with the corresponding digital-form technical data to which the legends apply to the extent possible. Such legends shall also be placed in human-readable form on a visible surface of the media carrying the digital-form data as delivered, to the extent possible.

## **C-7 CONFIGURATION MANAGEMENT**

(a) Baseline Definition - For configuration control purposes, all contractual documentation in effect at the time of contract award shall constitute the Contract Baseline which shall be considered incorporated in the baseline documentation.

(b) General Requirement - (1) The Contractor shall maintain a Configuration Control Program to assure that all detail level work being performed under this contract is in compliance with appropriate baseline documentation. The Contractor shall prepare a Configuration Management Plan for approval by the Government.

(2) Whenever a situation arises wherein the Contractor cannot comply with a baseline document, or whenever intent of such documentation is significantly changed by detail level documentation, the Contractor shall submit change documents to modify baseline documents to resolve the conflict or to allow non-compliance. Whenever the cost of implementing a proposed change is less than the threshold requiring certified cost and pricing data, the Contractor shall provide documentation explaining the nature of related costs as shown on the change document. Whenever the contract cost changes by an amount more than the threshold requiring certified

cost and pricing data, the Contractor shall complete such cost and pricing data as the Contracting Officer shall require detailing all related costs, and attach it to the change document. Class I change documentation shall be submitted to the Supervisor in accordance with the Contract Data Requirements List (CDRL), and as described in paragraphs (c) through (f) below. Class II change documentation shall be submitted to the Supervisor for classification concurrence and any additional action required under CDRL A013.

(c) Engineering Change Proposals (Short Form, DD Form 1693) - MIL-STD-973 shall be used as general guidance for completing this standard form. This form shall be used whenever the detail level physical configuration, material quality, operational or functional performance of equipment or installed systems will not be in compliance with baseline design-related documents (Ship Specifications, Contract Drawings, Product Baseline Drawings, etc.), and a change to the baseline document is considered an appropriate means of resolving a design-related issue. Documentation shall be developed in sufficient detail to enable Government review and evaluation of the merits of the proposed change, including cost and scheduling impact, ship class impact, and consequences if disapproved. Due to space limitations of the Standard DD Form 1693, the Contractor may use form continuation sheets to assure that sufficient detailed information, including appropriate illustrations, is provided. All existing drawings and technical manuals impacted by the change shall be listed along with a brief narrative explanation of needed changes to incorporate the Engineering Change Proposal (ECP) if approved. Weight and moment data incidental to the change shall be provided in Block 15 of the form. The Contractor shall also prepare applicable baseline document insert sheets, with specific word changes or proposed re-write, to facilitate baseline documentation changes.

(d) Non-Engineering Change Proposals (NAVSEA Form 4130) - This form shall be used to document administrative, procedural, scheduling, or documentation changes that do not directly impact the physical configuration of the ship. The completed Form 4130 should explain the nature of the problem, identify the applicable baseline document (i.e., Contract Data Requirement List (CDRL), Contract Clause, etc.) and provide a detailed explanation justifying the proposed course of action desired to resolve the problem. Due to the space limitation on the form, continuation sheets may be used. Insert sheets for applicable documents shall also be attached to facilitate change action in the event the Non-Engineering Change Proposal (NECP) is approved.

(e) Deviations and Waivers (DD Form 1694) - In the event that a baseline design-related document requirement cannot be met, and a change to the baseline document is considered inappropriate, the Contractor shall submit a request for deviation or waiver, as applicable. The explanation of "need for deviation" of Block 24 should provide detailed justification and consequences of approval, to include technical details explaining the degree of non-compliance or effect on ship equipment or system operation constraints. In a similar manner, a waiver shall document an "as built" configuration that departs from baseline documentation, and should include any proposed corrections or modifications to better meet the intent of the baseline document. MIL-STD-973 provides guidance in completing DD Form 1694.

(f) Equitable Adjustments for Change Documentation Preparations - For its effort expended in

preparing ECPs, NECPs, Deviations and Waivers, the Contractor shall receive equitable adjustment under the following circumstances.

(1) In the event the Contractor, on its own initiative, and without written request from the Government, develops a change document that is later disapproved by the Government, the Contractor shall bear the cost of this effort.

(2) To avoid such loss, and at its option, the Contractor may submit a "preliminary" document that outlines intent, but without detailed supporting documentation and request the Supervisor's approval for expenditure of effort to complete the detailed supporting documentation. In the event the Supervisor denies this request, the Contractor will bear the cost of development of the "preliminary" document, and shall make no further effort to complete detailed supporting documentation.

(3) In the event the Supervisor approves the Contractor's request to develop supporting documentation, the Contractor shall be equitably compensated for its effort for both the "preliminary" and "final" documentation, regardless of whether or not the change document is later approved.

(4) In the event the Government requests in writing that the Contractor develop change documentation, the effort expended by the Contractor in developing such documentation shall be subject to equitable adjustment, regardless of whether or not the change document is later approved.

(5) In the event the Contractor, on its own initiative, and without written request from the Government, develops a change document that is later approved by the Government, the cost of developing such documentation shall be incorporated in the contract modification that implements the change.

(6) Failure to agree to such equitable adjustment in contract price shall constitute a dispute, and shall be adjudicated in accordance with the requirements of the clause entitled "DISPUTES" (FAR 52.233-1).

(g) The Contractor shall verify (by physical inspection of the vessel) to the Government, that all Field Modification Requests (FMRs) and Headquarters Modification Requests (HMRs) (including Government responsible trial items) have been incorporated into the vessel. Verification shall include:

(1) List of all HMRs and FMRs authorized to date.

(2) List of those HMRs and FMRs verified to be complete.

(3) List of those HMRs and FMRs which are partially complete or not started with scheduled date for their completion.

(h) Any cost reduction proposal submitted pursuant to the clause entitled "VALUE ENGINEERING" (FAR 52.248-1) shall be submitted as a Code V Engineering Change Proposal (VECP) on the DD Form 1693 series and shall be supplemented by the information required by the "VALUE ENGINEERING" clause.

(i) SLEP Configuration. The basis of the LCAC Service Life Extension Program (SLEP) configuration is the LCAC configuration developed during execution of Contract N00024-01-C-2209 for

- a. SLEP Design Phase I (LCAC 37-60 Class Craft),
- b. SLEP Design Phase II (LCAC 1-24 Class Craft, and LCAC 25-60 Class Craft),
- c. SLEP Buoyancy Box Design for Phase II craft as defined in the LCAC Specification, Attachment J-2.

(j) Product Baseline. For the purposes of Configuration Management the Product Baseline for this contract is defined as the following list of drawings, based on the drawing revision applicable to the craft under construction:

DWG	TITLE
101-5749137	FLOTATION COMPT ASSY
119-5749650	DEEP SKIRT INSTALLATION
151-7325560	SLEP MOD - MACH MODULE DK PENTRA
201-5749584	PROPULSION PLANT GENERAL ARRANGEMENT
234-5750025	WATER WASH INSTL-ENGINE SYS
234-7325552	SLEP MOD - ENGINE INSTL-MAIN
234-7325604	SLEP MOD - ENGINE WATER WASH MOD
241-5750320	POWER TRANSMISSION INSTALLATION
245-5750286	PROPELLER INSTALLATION
246-5749946	PROP DUCT INSTALLATION
248-5749539	LIFT FAN INSTL
261-6386377	APU FUEL FEED & STRIP INSTL
261-6386473	MAIN FUEL FEED CROSSOVER INSTL
262-7325606	SLEP MOD - LUBE OIL
313-7325603	SLEP MOD - BATTERY INSTALLATION
321-5750371	TEST/RESET PNL,FUEL TANK HTR
321-6386251	DECK PLAN, LUBE OIL SYS
321-6386263	DECK PLAN,CLIMATE CONT SYS
321-6386283	DECK PLAN,CABLE WAYS
321-6386352	DECK PLAN, WINDSHIELD SYS
324-6386300	INSTL,ELECTRICAL PANELS
324-6386460	DECK PLAN, AC PWR DISTR
324-6386462	DECK PLAN, DC PWR DISTR
324-6386514	ELEC ONE LINE DIAGRAM
324-7325565	SLEP MOD - POWER SYS DIAGRAM
324-7325605	SLEP MOD BATTERY SWITCHBOARD Phase I Only

DWG	TITLE
342-7325607	SLEP MOD - ABOVE DK ELEC PNL INSTL
343-6386257	DECK PLAN, ENG CONT SYS
343-6386457	DECK PLAN,COLD WEATHER SYS
343-6386464	DECK PLAN FUEL OIL SYSTEM
343-7325559	SLEP MOD - APU FUEL SYSTEM MOD
426-6386259	DECK PLAN CRAFT CONT SYS
426-6386475	DECK PLAN, NAVIGATION SYS
426-6386512	BLOCK DIAGRAM, NAVIGATION SYS
426-7325563	SLEP MOD - CRAFT COMMAND & CONTROL
426-7325567	SLEP MOD - NAVIGATION SYSTEM
436-7325570	SLEP MOD - EGI INSTL Phase I Only
428-7325568	SLEP MOD - OVERHEAD CONSOLE INSTL
433-6386477	DECK PLAN, INTL/EXT COMMUNICATION
433-6386513	BLOCK DIAG, INTERNAL/EXTERNAL COMM.
433-7325584	SLEP MOD - INT/EXT COMM SYSTEM
433-7325597	SLEP MOD - INT/EXT COMM SYS INTFC
436-6386466	DECK PLAN, ALARM & MON SYS
436-6386511	BLOCK DIAGRAM, ALARM,MONITOR SYS
426-7325574	SLEP MOD SIU INSTL
438-7325573	SLEP MOD - MAIN INSTRMT PANEL INSTL
438-7325580	SLEP MOD - NAV CONSOLE EQUIP INSTL
438-7325581	SLEP MOD - OPERATOR CONSOLE EQUIP
441-7325564	SLEP MOD - MAGNETIC COMPASS INSTL
441-7325572	SLEP MOD - HF ANT COUPLER INSTL
441-7325575	SLEP MOD - PORT LGHTWGT GPS (PLGR)
441-7325576	SLEP MOD - COMM EQUIPMENT INSTL
441-7325579	SLEP MOD - CAM/NAV EQUIP INSTL
451-7325562	SLEP MOD - RADAR ANT INSTL
501-5749549	AUXILIARY SYSTEM GENERAL ARRANGEMENT
625-5749102	WINDSHIELD WASH INSTL
631-6800343	MARKING & PAINTING
631-7325555	SLEP MOD - PROTECTIVE COATINGS
634-5749104	COATING,DECK INSTL
802-5748970	HYDRAULIC SYSTEMS SCHEMATIC

Notwithstanding the fact that these drawings are considered Tier Zero references under contract clause C-22, any proposed modifications to these drawings that do not affect form, fit or function, shall be treated as Class II changes in accordance with paragraph (b) (2) of this clause. The Configuration Management Plan procedures and requirements approved under the N00024-01-C-2209 contract are considered to be in effect for this contract until modifications to those procedures and requirements are approved via CDRL A013.

#### **C-8 CONTRACTOR PROBLEM IDENTIFICATION REPORTS (NAVSEA) (MAY 1993)**

(a) Contract Problem Identification Reports (CPIRs) shall be used by the Contractor for the purpose of alerting the Government to actual or potential contract problems and of establishing

an early dialogue between the Contractor and the Government with regard thereto.

(b) A "contract problem" is a fact or circumstance of which the Contractor is aware that does, will or reasonably is anticipated to (1) have a significant or substantial impact on the delivery schedule or completion of contract performance or the cost of performance of the contract (increase or decrease) or (2) requires modification to the contract or specification(s). The terms "significant" and "substantial" shall be interpreted in the same manner as they would be interpreted by a reasonably prudent business person under the relevant circumstances.

(c) The Contractor shall report each contract problem promptly and in no event later than ten (10) calendar days, after the Contractor identifies such contract problem. A written CPIR shall be transmitted via the Adminstrating Contracting Officer (ACO) to the Procuring Contracting Officer and to the cognizant technical code. Each CPIR shall be entitled "Contract Problem Identification Report", shall be dated, numbered sequentially and shall set forth the following based on the best and most complete information then known or available to the Contractor:

(1) The nature of the contract problem;

(2) The date on which the contract problem arose and the date on which the contract problem was identified as such;

(3) The anticipated direct and consequential effects of the contract problem upon the delivery schedule or completion of contract performance or the cost of performance of the contract;

(4) Identification of the supplies and/or services which are or may be affected; and

(5) The Contractor's recommended solution to the reported contract problem.

(d) Follow-up status reports of each contract problem, identified by the original CPIR number, shall be furnished monthly or more frequently as required by the Contracting Officer. A final follow-up report shall be furnished immediately following resolution of each contract problem.

(e) CPIRs shall not be submitted when notice of the same contract problem is required to be furnished to the Government pursuant to any other requirement of this contract. The submission of a CPIR, however, does not relieve the Contractor of its obligations to provide notice required under any other requirement of this contract.

#### **C-9 DEPARTMENT OF LABOR OCCUPATIONAL SAFETY AND HEALTH STANDARDS FOR SHIP REPAIR (NAVSEA) (SEP 1990)**

Attention of the Contractor is directed to the Occupational Safety and Health Act of 1970 (29 USC 651-678), and to the Safety and Health Regulations for Ship Repairing (29 CFR 1915), promulgated under Public Law 85-742, amending Section 41 of the Longshoremen's and Harbor Workers' Compensation Act (33 USC 941), and adopted by the Department of Labor as occupational safety or health standards under Section 6(a) of the Occupational Safety and Health

Act of 1970 (See 29 CFR 1910.13). These regulations apply to all ship repair and related work, as defined in the regulations performed under this contract on the navigable waters of the United States including any dry dock and marine railway. Nothing contained in this contract shall be construed as relieving the Contractor from any obligations which it may have for compliance with the aforesaid regulations.

#### **C-10 DEPARTMENT OF LABOR SAFETY AND HEALTH STANDARDS FOR SHIPBUILDING (AT) (NAVSEA) (JAN 1990)**

Attention of the Contractor is directed to Public Law 91-596, approved December 29, 1970 (84 Stat. 1590, 29 USC 655) known as the "OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970" and to the "OCCUPATIONAL SAFETY AND HEALTH STANDARDS FOR SHIPYARD EMPLOYMENT" promulgated thereunder by the Secretary of Labor (29 CFR. 1910 and 1915). These regulations apply to all shipbuilding and related work, as defined in the regulations. Nothing contained in this contract shall be construed as relieving the Contractor from any obligations which it may have for compliance with the aforesaid regulations.

#### **C-11 DISPOSAL OF SCRAP (NAVSEA) (OCT 1990)**

(a) All Government scrap resulting from accomplishment of any job order is the property of the Contractor to be disposed as it sees fit. Scrap is defined as property that has no reasonable prospect of being sold except for the recovery value of its basic material content. The determination as to which materials are scrap and which materials are salvage, will be made, or concurred in, by the duly appointed Property Administrator for the cognizant SUPSHIP Office.

(b) As consideration for retaining the Government's scrap, the Contractor's price for the performance of the work required herein shall be a net price reflecting the value of the Government scrap.

(c) This requirement is not intended to conflict in any way with the clauses of this contract entitled "PERFORMANCE" (DFARS 252.217-7010) Government Property (Cost-Reimbursement, Time and Material, or Labor-Hour Contracts) (FAR 52.245-5) under the Master Contract in effect at the time of job order award, nor does it relieve the Contractor of any other requirement under such clauses.

#### **C-12 EXTENSION OF COMMERCIAL WARRANTY (NAVSEA) (NOV 1996)**

The Contractor shall extend to the Government the full coverage of any standard commercial warranty normally offered in a similar commercial sale, provided that such warranty is available at no additional cost to the Government. The Contractor shall provide a copy of the standard commercial warranty with the item. The standard commercial warranty period shall begin upon the final acceptance of the applicable material or software. Acceptance of the standard commercial warranty does not waive the Government's rights under the "Inspection" clause, nor does it limit the Government's rights with regard to other terms and conditions of the contract. In the event of a conflict, the terms and conditions of the contract shall take precedence over the

standard commercial warranty.

### **C-13 GOVERNMENT SURPLUS PROPERTY (NAVSEA) (SEP 1990)**

No former Government surplus property or residual inventory resulting from terminated Government contracts shall be furnished under this contract unless (i) such property is identified in the Special Contract Requirements or (ii) is approved in writing by the Contracting Officer. Notwithstanding any such identification in the Special Contract Requirements or approval by the Contracting Officer, the Contractor agrees all items or components described in this requirement shall comply in all respects with the specifications contained herein.

### **C-14 HEAVY WEATHER PLAN (NAVSEA) (JUN 1999)**

In order to ensure that Naval vessels and material are protected during gales, storms, hurricanes and destructive weather, the Contractor is required to have a written Heavy Weather Plan (HWP) which assigns responsibilities and prescribes actions to be taken on the approach of and during heavy weather conditions as delineated in NAVSEA Standard Item (SI) 009-69. In accordance with SI 009-69, the Contractor shall furnish to the cognizant Shipbuilding, Conversion and Repair, U.S. Navy, a copy of such HWP, and shall make such changes in the Plan as the Supervisor considers necessary and reasonable to protect and care for vessels and machinery and equipment to be installed therein.

In the event the Supervisor directs the Contractor to implement the HWP pursuant to SI 009-69 the Contractor may submit to the Contracting Officer a request for reimbursement for costs resulting from such actions together with any documentation that the Contracting Officer may reasonably require. The Government shall reimburse the Contractor for all reasonable, allowable and allocable costs resulting from the Contractor's implementation of the HWP based on such Government direction.

### **C-15 INFORMATION AND DATA FURNISHED BY THE GOVERNMENT (FIXED-PRICE) (NAVSEA) (MAY 1993)**

(a) Contract Specifications. The Government will furnish, if not included as an attachment to the contract, any unique contract specifications set forth in Section C.

(b) Contract Drawings and Data. The Government will furnish contract drawings, design agent drawings, ship construction drawings, and/or other design or alteration data cited or referenced in Section C or in the contract specification as mandatory for use or for contract performance.

(c) Government Furnished Information (GFI). GFI is defined as that information essential for the installation, test, operation, and interface support of all Government Furnished Material enumerated on NAVSEA Form 4205/19 or Schedule A, as applicable, attached to the contract. The Government shall furnish only the GFI identified on the NAVSEA Form 4340/2 or Schedule C, as applicable, attached to the contract. The GFI furnished to the Contractor need not be in any particular format. Further, the Government reserves the right to revise the listing of GFI on the



NAVSEA Form 4340/2 or Schedule C, as applicable, as follows:

(1) The Contracting Officer may at any time by written order:

(i) delete, supersede, or revise, in whole or in part, data listed or specifically referenced in NAVSEA Form 4340/2 or Schedule C, as applicable; or

(ii) add items of data or information to NAVSEA Form 4340/2 or Schedule C, as applicable; or

(iii) establish or revise due dates for items of data or information in NAVSEA Form 4340/2 or Schedule C, as applicable.

(2) If any action taken by the Contracting Officer pursuant to subparagraph (1) immediately above causes an increase or decrease in the costs of, or the time required for, performance of any part of the work under this contract, an equitable adjustment shall be made in the contract price and delivery schedule in accordance with the procedures provided for in the clause of this contract entitled "CHANGES—FIXED-PRICE" (FAR 52.243-1).

(d) Except for the Government information and data specified by paragraphs (a), (b), and (c) above, the Government will not be obligated to furnish the Contractor any specification, standard, drawing, technical documentation, or other publication, notwithstanding anything to the contrary in the contract specifications, the GFI listed on the NAVSEA Form 4340/2 or Schedule C, as applicable, the clause of this contract entitled "GOVERNMENT PROPERTY (FIXED-PRICE)" (FAR 52.245-2), or any other term or condition of this contract.

(e) Referenced Documentation. The Government will not be obligated to furnish Government specifications and standards, including Navy standard and type drawings and other technical documentation, which are referenced directly or indirectly in the contract specifications set forth in Section C and which are applicable to this contract as specifications. Such referenced documentation may be obtained from:

Standardization Document  
Order Desk, Building 4, Section D  
700 Robbins Avenue  
Philadelphia, Pennsylvania 19111-5094

Commercial specifications and standards, which may be referenced in the contract specification or any sub-tier specification or standard, are not available from Government sources and should be obtained from the publishers.

#### **C-16 PLANS AND OTHER DATA (FT) (NAVSEA) (JAN 1983)**

Whenever the Department shall so require, the Contractor shall, at the cost of reproduction, furnish to whomsoever may be designated by the Department (including other shipbuilding

Contractors), copies of working plans (including reproduces), selected record plans, indices, material schedules, plan schedules, purchase specifications and other data relating to the construction of the vessel. The furnishing of such data shall not constitute any guaranty or warranty, either express or implied, by the Contractor other than that they are correct copies of such data.

#### **C-17 PLANT PROTECTION (NAVSEA) (SEP 1990)**

(a) The Contractor shall provide for its plant and the work in process under this contract such safeguards, including personnel, devices, and equipment, as would constitute reasonable protection under peacetime conditions (in the light of the size of the plant and the scope of its operations) against all hazards, including unauthorized entry, malicious mischief, theft, vandalism and fire.

(b) In addition to the foregoing precautions, the Contractor shall provide such additional safeguards as may be required or approved by the Contracting Officer for the protection of its plant and the work in process under this contract against espionage, sabotage, and enemy action. The cost to the Contractor of all safeguards so required or approved shall, to the extent allocable to this contract, be reimbursed to the Contractor in the same manner as if the Contractor has furnished such safeguards pursuant to a change order issued under the clause of this contract entitled "CHANGES--FIXED-PRICE" (FAR 52.243-1) or "CHANGES--COST-REIMBURSEMENT" (FAR 52.243-2), as applicable. Such cost shall not include any allowance on account of overhead expense, except shop overhead charges incident to the construction or installation of such devices or equipment.

(c) Upon payment by the Government of the cost to the Contractor of any device or equipment required or approved under paragraph (b) above, title thereto shall vest in the Government, and the Contractor shall comply with the instructions of the Contracting Officer respecting the identification and disposition thereof. No part or item of any such devices or equipment shall be or become a fixture by reason of affixation to any realty not owned by the Government.

#### **C-18 NOT USED**

#### **C-19 PROTECTION OF THE VESSEL (NAVSEA) (SEP 1990)**

(a) The Contractor shall exercise reasonable care, as agreed upon with the Supervisor, to protect the vessel from fire, and shall maintain a system of inspection over the activities of its welders, burners, riveters, painters, pipe fitters, and similar workers, and of its subcontractors, particularly where such activities are undertaken in the vicinity of the vessel's magazines, fuel oil tanks, or store rooms containing inflammable materials. All ammunition, fuel oil, motor fuels, and cleaning fluids shall have been off-loaded and the tanks cleaned, except as may be mutually agreed upon between the Contractor and the Supervisor prior to work on the vessel by the Contractor. Fire hose lines shall be maintained by the Contractor ready for immediate use on the vessel at all times while the vessel is berthed alongside the Contractor's pier or in dry dock. All tanks under alteration or repair shall be cleaned, washed, and steamed out or otherwise made safe

to the extent necessary, and the Contractor shall furnish the vessel's Gas Free Officer and the Supervisor with a "Gas Chemists' Certificate" before any hot work is done. The Contractor shall maintain a fire watch aboard the vessel in areas where the Contractor is working. All other fire watches aboard the vessel shall be the responsibility of the Government.

(b) Except as otherwise provided in contractually invoked technical specifications or NAVSEA furnished directives, while the vessel is at the Contractor's plant and when the temperature becomes as low as thirty-five degrees Fahrenheit, the Contractor shall assist the Government when requested in keeping all pipe-lines, fixtures, traps, tanks, and other receptacles on the vessel drained to avoid damage from freezing, or if this is not practicable, the vessel shall be kept heated to prevent such damage. The vessel's stern tube and propeller hubs shall be protected by the Contractor from frost damage by applied heat through the use of a salamander or other proper means.

(c) The work shall, whenever practicable, be performed in such manner as not to interfere with the work performed by military personnel attached to the vessel, and provisions shall be made so that personnel assigned shall have access to the vessel at all times, it being understood that such personnel will not unduly interfere with the work of the Contractor's workmen.

(d) The Contractor shall at all times keep the site of the work on the vessel free from accumulation of waste material or rubbish caused by its employees, or the work performed by the Contractor in accordance with this contract, and at the completion of such work shall remove all rubbish from and about the site of the work, and shall leave the work in its immediate vicinity "broom clean", unless more exactly specified by the Supervisor.

## **C-20 QUALIFICATION OF CONTRACTOR NONDESTRUCTIVE TESTING (NDT) PERSONNEL (NAVSEA) (APR 2001)**

(a) The Contractor and any Nondestructive Testing (NDT) subcontractor shall utilize, for the performance of required NDT, only personnel who are currently certified in accordance with NAVSEA Technical Publication T9074-AS-GIB-010/271 dated 30 April 1997 and Recommended Practice No. ASNT SNT-TC-1A. An NDT subcontractor is defined as a first tier subcontractor performing NDT in conjunction with the production of materials, components, or equipments for the vessel(s). NDT includes radiography, magnetic particle, liquid penetrant, eddy current, ultrasonic inspections and visual inspections.

(b) Certification of Level III (NDT Examiner) personnel shall be based on (1) successful completion of appropriate American Society for Nondestructive Testing Level III Examinations, and (2) successful completion of specific and practical examinations based on NAVSEA Technical Publication T9074-AS-GIB-010/271 and associated fabrication documents. Examinations may be developed and administered by the Contractor or by an outside agent designated in the Contractor's written practice. Documentation pertaining to the qualification and certification of NDT personnel shall be available to the Contracting Officer for review upon request.

(c) These requirements do not apply with respect to nuclear propulsion plant systems and other matters under the technical cognizance of SEA 08. Because of health and safety considerations, such matters will continue to be handled as directed by SEA 08.

#### **C-21 SHIPBUILDING PRODUCTION PROGRESS CONFERENCES (SPPC) (AT) (JAN 1983)**

(a) The Contractor agrees to attend quarterly progress meetings to be held at NAVSEA or if the Government so elects the Contractor's plant, beginning three (3) months after the effective date of this contract. The purpose of the meetings is to report progress, anticipated delays, cost experience in relation to budget and projected end costs, manning, schedules, receipt of Government-furnished property/Contractor-furnished material, production problems, and other related matters.

(b) It is agreed and understood that the reports to be made by the Contractor pursuant to this requirement are additional to, and not in substitution for, reports and notices required to be made or given by the Contractor pursuant to other requirements of this contract, including, but not limited to, the "NOTIFICATION OF CHANGES" requirement.

#### **C-22 SPECIFICATIONS AND STANDARDS (NAVSEA) (AUG 1994)**

(a) Definitions.

(i) A "zero-tier reference" is a specification, standard, or drawing that is cited in the contract (including its attachments).

(ii) A "first-tier reference" is either: (1) a specification, standard, or drawing cited in a zero-tier reference. or (2) a specification cited in a first-tier drawing.

(b) Requirements.

All zero-tier and first-tier references, as defined above, are mandatory for use. All lower tier references shall be used for guidance only.

#### **C-23 TARGET PRICE NOTIFICATION REQUIREMENT (NAVSEA) (SEP 1995)** (Applicable to ITEM 0001)

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

(1) the costs the Contractor expects to incur within the next 60 days (including amounts payable to subcontractors), when added to all costs previously incurred, will exceed 75 percent of the target cost specified in the Schedule, or

(2) the projected cost for the performance of this contract, exclusive of target profit, will be greater than the target cost specified in Section B of the contract.

(b) As part of the notification the Contractor shall provide the Contracting Officer the date when it is estimated that costs incurred will equal or exceed target cost and a revised estimate of the total cost of performing the contract. In the event that the revised estimated cost plus any adjustment for profit or loss exceeds the ceiling price specified in the Schedule, the Government's liability is limited to the ceiling price specified in the Schedule.

(c) This notification requirement shall apply to each separately identified target price specified in Section B of the contract.

#### **C-24 UPDATING SPECIFICATIONS AND STANDARDS (NAVSEA) (AUG 1994)**

If, during the performance of this or any other contract, the Contractor believes that any contract contains outdated or different versions of any specifications or standards, the Contractor may request that all of its contracts be updated to include the current version of the applicable specification or standard. Updating shall not affect the form, fit or function of any deliverable item or increase the cost/price of the item to the Government. The Contractor should submit update requests to the Procuring Contracting Officer with copies to the Administrative Contracting Officer and cognizant program office representative for approval. The Contractor shall perform the contract in accordance with the existing specifications and standards until notified of approval/disapproval by the Procuring Contracting Officer. Any approved alternate specifications or standards will be incorporated into the contract.

#### **C-25 EXCLUSION OF MERCURY (NAVSEA) (MAR 1998)**

Mercury or mercury containing compounds shall not be intentionally added or come in direct contact with hardware or supplies furnished under this contract.

#### **C-26 FURNISHING OF ADDITIONAL COPIES OF TECHNICAL DATA**

The total price of the contract includes an amount of \$5,000 for the purpose of furnishing to the Navy or to whomsoever shall be designated by the Government data items in accordance with the paragraph titled, Plans and Other Data, in excess of the number specified in the Contract Data Requirements List (CDRL) of the contract including any and all items on the Data Accession List or included within the Contractor's Management Information System or Data Bank. The Contractor shall furnish copies of such data items upon written request by the Supervisor or the Navy Program Manager. The Contractor shall maintain records of the cost of reproduction for furnishing such data and upon ninety percent (90%) depletion of the data account funds, the Contractor shall notify the Contracting Officer in writing and the amount available for such data items may be adjusted in accordance with the procedures of the clause of this contract entitled "CHANGES--COST REIMBURSEMENT (AUG 1987) AND ALTERNATE II (APR 1984)". For the purpose of this clause, the furnishing of such data shall not, either expressly or implicitly be a guaranty or warranty by the Contractor other than that they are current and complete copies

of such data. For the purposes of this clause, the phrase "cost of reproduction" includes all costs associated with locating, retrieving, reproducing and distributing the data.

## **C-27 MATERIAL REVIEW BOARD**

The Contractor shall establish a Material Review Board (MRB). The MRB shall be composed of Contractor members and a Government member as established in the Contractor's Configuration Management Plan. The MRB shall have the authority set forth by instructions provided for in the Quality Assurance Program Plan (QPP) approved under CDRL A011. Recommended dispositions of "use as is" and "repair" (other than by standard repair procedures) of Material, Items, Systems, and Units shall be submitted to the Government MRB member for approval. Material, Items, Systems, and Units to which the Standard Repair Procedures have been satisfactorily applied are subject to Government inspection as specified in the Standard Repair Procedures. The Standard Repair Procedures require approval by the Government MRB member.

## **C-28 NOT USED**

## **C-29 FACILITIES NOT TO BE GOVERNMENT-FURNISHED (CT) (NAVSEA)(JAN 1990)**

The Contractor's obligation to perform this contract is in no way conditioned upon the providing by the Government of any facilities, except as may be otherwise expressly provided herein. Accordingly, no such facilities shall be either acquired by the Contractor for the account of the Government or furnished to the Contractor by Government hereunder. For the purpose of this requirement, facilities means industrial property (other than material, special tooling, military property, and special test equipment) for production, maintenance, research, development or test, equipment as defined in FAR 45.101 and 45.301 and DFARS 245.301.

## **C-30 TESTS AND TRIALS – ALTERNATE I (NAVSEA) (MAY 1993)**

During the conduct of required tests and trials, the vessel shall be under the control of the Contractor and the Contractor's crew with representatives of the Contractor and the Government on board to determine whether or not the work done by the Contractor has been satisfactorily performed. The Contractor shall provide and install all fittings and appliances which may be necessary for dock and sea trials to enable the representatives of the Government to determine whether the requirements of the contract have been met, and the Contractor shall install and remove instruments and apparatus furnished by the Government for such trials, as required by the specifications.

## **C-31 PROVISIONED ITEMS ORDER - ALTERNATE II (NAVSEA) (APR 1999)**

(As ordered, Applicable to Item 0016)

(a) General. The Contractor agrees that it will furnish the supplies or services ordered by the Government in accordance with the procedures specified herein. Orders may be placed by the Contracting Officer, Provisioning Activity or Administrative Contracting Officer as unilateral or

bilateral modifications to this contract on SF 30, Amendment of Solicitation/Modification of Contract. Any amounts shown in Section B at time of award of the initial contract for each provisioned line item are estimated amounts only and are subject to upward or downward adjustment by the issuing activity. If no amounts are shown, funding will be obligated before or at time of order issuance. It is understood and agreed that the Government has no obligation under this contract to issue any orders hereunder.

(b) Priced Orders. For each proposed order, the Contractor agrees that it will submit such cost or pricing data as the Contracting Officer may require. Promptly thereafter, the Contractor and the Contracting Officer shall negotiate the price and delivery schedule for the proposed order. Upon execution and receipt of the priced order, the Contractor shall promptly commence the work specified in the order.

(c) Undefinitized Orders. Whenever the Contracting Officer determines that urgent demands or requirements prevent the issuance of a priced order, he/she may issue an unpriced order. Such order may be unilateral or bilateral and shall establish a limitation on Government liability, a maximum ceiling amount, and a schedule for definitization, as described in subparagraph (e)(2) below. Upon request the Contractor shall submit a maximum ceiling amount proposal before the undefinitized order is issued. The maximum ceiling amount is the maximum price at which the order may be definitized. The Contractor shall begin performing the undefinitized order upon receipt, except as provided in paragraph (d) below. The clause entitled "CONTRACT DEFINITIZATION" (DFARS 252.217-7027) shall be included in any undefinitized order.

(d) Unilateral Undefinitized Orders. (1) For a unilateral undefinitized order, the Contractor shall within ten calendar days of receipt of the order notify the Contracting Officer in writing if it takes exception to the ceiling amount and/or the delivery schedule and shall propose a revised ceiling amount and/or a revised delivery schedule at that time. For unilateral undefinitized orders to which the Contractor takes no exception, the Contractor is obligated to perform just as if it were a fully definitized order.

(2) After receipt of the Contractor's Proposal to establish the revised ceiling amount and/or the revised delivery schedule, the Contracting Officer shall: (1) adjust the ceiling amount and/or revise the delivery schedule; (2) advise the Contractor that the order will be adjusted in a different amount than proposed by the Contractor; or (3) advise the Contractor that no adjustment will be made. In the event the Contractor has taken exception to the ceiling amount and/or the delivery schedule and has submitted a timely proposal in accordance with the preceding requirement and the Contracting Officer has not accepted the Contractor's proposal, the Contractor shall not be obligated to perform the order beyond the point at which it would be entitled to be compensated in an amount in excess of the Government's limitation of liability contained in the unilateral order.

(e) Definitization of Undefinitized Orders. (1) The Contractor agrees that following the issuance of an undefinitized order, it will promptly begin negotiating with the Contracting Officer the price and terms of a definitive order that will include: (A) all clauses required by regulation on the date of the order; (B) all clauses required by law on the date of execution of the definitive

order; and, (C) any other mutually agreeable clauses, terms and conditions. No later than sixty (60) days after the undefinitized order is issued, the Contractor agrees to submit a cost proposal with sufficient data to support the accuracy and derivation of its price; and, when required by FAR, cost or pricing data. If additional cost information is available prior to the conclusion of negotiations, the Contractor shall provide that information to the Contracting Officer. The price agreed upon shall be set forth in a bilateral modification to the order. In no event shall the price exceed the maximum ceiling amount specified in the undefinitized order.

(2) Each undefinitized order shall contain a schedule for definitization which shall include a target date for definitization and dates for submission of a qualifying proposal, beginning of negotiations and, if appropriate, submission of make-or-buy and subcontracting plans and cost or pricing data. Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the order. The schedule shall provide for definitization of the order by the earlier of:

(i) a specified target date which is not more than 180 days after the issuance of the undefinitized order. However, that target date may be extended by the Contracting Officer for up to 180 days after the Contractor submits a qualifying proposal as defined in DFARS 217.7401; or

(ii) the date on which the amount of funds obligated by the Government under the undefinitized order exceed fifty percent (50%) of the order's maximum ceiling amount, except as provided in subparagraph (f)(3) below.

(3) If agreement on a definitive order is not reached within the time provided pursuant to subparagraph (e)(2) above, the Contracting Officer may, with the approval of the Head of the Contracting Activity, determine a reasonable price in accordance with Subpart 15.8 and Part 31 of the FAR, and issue a unilateral order subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1). In any event, the Contractor shall proceed with completion of the order, subject to the "LIMITATION OF GOVERNMENT LIABILITY" clause (FAR 52.216-24).

(f) Limitation of Government Liability. (1) Each undefinitized order shall set forth the limitation of Government liability, which shall be the maximum amount that the Government will be obligated to pay the Contractor for performance of the order until the order is definitized. The Contractor is not authorized to make expenditures or incur obligations exceeding the limitation of Government liability set forth in the order. If such expenditures are made, or if such obligations are incurred, they will be at the Contractor's sole risk and expense. Further, the limitation of liability shall be the maximum Government liability if the order is terminated. The "LIMITATION OF GOVERNMENT LIABILITY" clause shall be included in any undefinitized order.

(2) Except for undefinitized orders for Foreign Military Sales; purchases of less than \$25,000; special access programs; and Congressionally-mandated long-lead procurements; and except as otherwise provided in subparagraph (f)(3) below, the limitation of Government liability shall not exceed fifty percent (50%) of the ceiling amount of an undefinitized order. In the case



of orders within these excepted categories, however, the procedures set forth herein shall be followed to the maximum extent practical.

(3) If the Contractor submits a qualifying proposal (as defined in DFARS 217.7401) to definitize an order before the Government obligated fifty percent (50%) of the ceiling amount, the Contracting Officer may increase the limitation of Government liability to up to seventy-five percent (75%) of the maximum ceiling amount or up to seventy-five percent (75%) of the price proposed by the Contractor, whichever is less.

(4) If at any time the Contractor believes that its expenditure under an undefinitized order will exceed the limitation of Government liability, the Contractor shall so notify the Contracting Officer, in writing, and propose an appropriate increase in the limitation of Government liability of such order. Within thirty (30) days of such notice, the Contracting Officer will either (i) notify the Contractor in writing of such appropriate increase, or (ii) instruct the Contractor how and to what extent the work shall be continued; provided, however, that in no event shall the Contractor be obligated to proceed with work on an undefinitized order beyond the point where its costs incurred plus reasonable profit thereon exceed the limitation of Government liability, and provided also that in no event shall the Government be obligated to pay the Contractor any amount in excess of the limitation of Government liability specified in any such order prior to establishment of firm prices.

(g) Initial Spares. The limitations set forth in paragraph (c) and subparagraphs (e)(2), (f)(2) and (f)(3) do not apply to undefinitized orders for the purchase of initial spares.

(h) Terminal Date for Placement of Orders. The Contractor shall not be obligated to accept any orders placed hereunder beyond the guaranty period set forth in the clause entitled "GUARANTY PERIOD" for the last article under the applicable item called for in Section B hereof for which the supplies or services are being acquired, provided, however, that deliveries or performance of such supplies or services shall be completed not later than the expiration of said guaranty period.

(i) Segregation of Costs. The Contractor shall segregate the costs of performance of each undefinitized order from the cost of performance of any other work performed by the Contractor.

(j) Ordering. The cognizant ordering activities are designated below:

COMMANDER, NAVAL SEA SYSTEMS COMMAND  
SUPERVISOR OF SHIPBUILDING, CONVERSION AND REPAIR, NEW ORLEANS

**C-32 NOT USED**

**SECTION D - PACKAGING AND MARKING**

The supplies furnished hereunder shall be packaged in accordance with best commercial practice.

All unclassified data shall be prepared for shipment in accordance with best commercial practice.

Classified reports, data, and documentation shall be prepared for shipment in accordance with National Industrial Security Program Operating Manual (NISPOM), DOD 5220.22-M dated January 1995.

**MARKING OF REPORTS (NAVSEA) (SEP 1990)**

All reports delivered by the Contractor to the Government under this contract shall prominently show on the cover of the report:

- (1) name and business address of the Contractor
- (2) contract number
- (3) contract dollar amount
- (4) whether the contract was competitively or non-competitively awarded
- (5) sponsor:

\_\_\_\_\_  
(Name of Individual Sponsor)

\_\_\_\_\_  
(Name of Requiring Activity)

\_\_\_\_\_  
(City and State)

**IDENTIFICATION MARKING OF PARTS (NAVSEA) (NOV 1996)**

Identification marking of individual parts within the systems, equipments, assemblies, subassemblies, components, groups, sets or kits, and of spare and repair parts shall be done in accordance with applicable specifications and drawings. To the extent identification marking of such parts is not specified in applicable specifications or drawings, such marking shall be accomplished in accordance with the following:

- (1) Parts shall be marked in accordance with generally accepted commercial practice.
- (2) In cases where parts are so small as not to permit identification marking as provided above, such parts shall be appropriately coded so as to permit ready identification.

**AS ORDERED, ITEM 0016**

Supplies shall be cleaned, preserved, packaged, packed and marked in accordance with the instructions provided by the Contracting Officer, Provisioning Activity, or ACO. When not otherwise specified, supplies shall be packaged to ensure protection against corrosion, deterioration, physical, and electrical damage during shipment from the Contractor to the point of delivery.

## **SECTION E - INSPECTION AND ACCEPTANCE**

Inspection and acceptance will be made by a representative of the Government.

(a) Items 0001AA, 0001AB, and 0001AD -- Shall be inspected throughout the period of SLEP, testing, outfitting and applicable trial requirements. Inspection of the craft for purposes of preliminary acceptance will be accomplished at the Coastal Systems Station upon delivery of the craft as specified in Section F for Phase II LCAC.

(b) Item 0002 – NOT USED

(c) Item 0003 -- Shall be inspected and accepted in accordance with orders issued pursuant to Clause H-13 ORDERS of this contract.

(d) Item 0004 -- Shall be inspected and accepted in accordance with orders issued pursuant to Clause H-16 ORDERS of this contract.

(e) Item 0005 – NOT USED

(f) Item 0006 -- Shall be inspected and accepted in accordance with orders issued pursuant to Clause H-13 ORDERS of this contract.

(g) Item 0007 -- Inspection and acceptance shall be performed by the Supervisor of Shipbuilding, New Orleans.

(h) Item 0008 – Inspection and acceptance shall be performed by the Supervisor of Shipbuilding, New Orleans.

(i) Item 0009 -- Shall be inspected and accepted in accordance with orders issued pursuant to Clause H-16 ORDERS of this contract or Technical Instructions issued by the Contracting Officer pursuant to Section C of this contract, as appropriate.

(j) Item 0010 -- Shall be inspected and accepted in accordance with orders issued pursuant to Clause H-16 ORDERS of this contract.

(k) Item 0011 – Inspection and acceptance shall be performed by the Supervisor of Shipbuilding, New Orleans.

(l) Item 0012 – Shall be inspected and accepted in accordance with CDRL A007, A008, A009, A010, and A045.

(m) Item 0013 - Shall be inspected and accepted in accordance with CDRL A007, A008, A009, A010, and A045.

(n) Item 0014 – NOT USED.

(o) Item 0015 -- Inspection and acceptance of all data shall be as specified on the attached Contract Data Requirements List(s), DD Form 1423.

(p) As ordered, Item 0016 -- Inspection and acceptance of supplies shall be as established in each PIO. Unless otherwise stated in the PIO, supplies shall be inspected and accepted at the Contractor's facility by an authorized representative of the Government.

(q) The Contractor's warehouse(s) is/are at the following location(s):

19401 Chef Menteur Highway

New Orleans, LA 70129

**CLAUSES INCORPORATED BY REFERENCE**

SOURCE

TITLE AND DATE

(Following apply to ITEMS 0001, 0003, and 0006)

52.246-2 and Alt I	INSPECTION OF SUPPLIES--FIXED PRICE (AUG 1996) AND ALTERNATE I (JUL 1985)
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52.246-4	INSPECTION OF SERVICES--FIXED PRICE (AUG 1996)
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52.246-16	RESPONSIBILITY FOR SUPPLIES (APR 1984)
-----------	--

(Following apply to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)

52.246-3	INSPECTION OF SUPPLIES--COST-REIMBURSEMENT (APR 1984)
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52.246-5	INSPECTION OF SERVICES--COST-REIMBURSEMENT (APR 1984)
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#### **E-1 PRELIMINARY ACCEPTANCE (AT) (NAVSEA) (JAN 1983)**

Upon satisfactory completion of the applicable trial requirements and upon delivery as provided in Section F of this contract, each vessel shall be preliminarily accepted.

#### **E-2 FINAL ACCEPTANCE (AT) (NAVSEA) (JAN 1983)**

Each vessel shall be finally accepted upon the expiration of its guaranty period.

#### **E-3 GUARANTY PERIOD (FT) (NAVSEA) (JAN 1990) (MODIFIED)**

(a) As used in this contract, the term "defects" includes any and all defects, deficiencies, deteriorations, and failure in the vessel(s). For Contractor Furnished Equipment and new construction, there shall be a guaranty period for each vessel beginning at the time of preliminary acceptance and ending nine (9) months after preliminary acceptance of the vessel, unless extended as provided in paragraph (b) below.

(b) The guaranty period for each vessel shall be extended by the time during which such vessel is not available for unrestricted service by reason of any defects for which the Contracting Officer shall determine the Contractor to be responsible. During said period the vessel, after being fully equipped and armed and in all respects complete and ready for service, may be finally tried by and at the expense of the Government under conditions prescribed by the Secretary of the Navy. The Contractor may, with approval of the Contracting Officer, have an engineer on board such vessel during such period. Such engineer shall have every reasonable opportunity to inspect the working of such vessel in all its parts but shall have no power to direct or control its operation.

#### **E-4 LIMITATION OF CONTRACTOR'S LIABILITY FOR CORRECTION OF DEFECTS (FT) (NAVSEA) (JAN 1990)**

The liability of the Contractor as to any vessel for the correction of defects, as determined pursuant to the "INSPECTION" and "GUARANTY PERIOD" requirements of this contract, discovered during the guaranty period (other than defects resulting from fraud or such gross mistakes as amount to fraud) shall be limited to [REDACTED] per craft for SLEP Phase II (CLIN 0001).

#### **E-5 NOT USED**

#### **E-6 QUALITY SYSTEM REQUIREMENTS (NAVSEA) (MAY 1995) (MODIFIED) (JAN 2002)**

Quality System Requirements. The Contractor shall provide and maintain a quality system that, as a minimum, adheres to the requirements of ANSI/ASQC 9001-1994 or ANSI/ASQ Q9001-2000 and supplemental requirements imposed by this contract. The quality system procedures, planning, and all other documentation and data that comprise the quality system shall be made available to the Government for review. Existing quality documents that meet the requirements of

this contract may continue to be used. The Government may perform any necessary inspections, verifications, and evaluations to ascertain conformance to requirements and the adequacy of the implementing procedures. The Contractor shall require of subcontractors a quality system achieving control of the quality of the services and/or supplies provided. The Government reserves the right to disapprove the quality system or portions thereof when it fails to meet the contractual requirements.

**SECTION F - DELIVERIES OR PERFORMANCE**

All supplies hereunder shall be delivered with all transportation charges prepaid, in accordance with the clause hereof entitled "F.O.B DESTINATION" (FAR 52.247-34) in accordance with the Shipping Instruction Data, NAVSEA 4336/1, attached hereto.

The Contractor shall not ship directly to a military air or water port terminal without authorization by the cognizant Contract Administration Office.

Except when the Material Inspection and Receiving Report (MIRR) (DD250) is used as an invoice, the Contractor shall enter unit prices on all MIRR copies. Contract line items shall be priced using actual prices, or if not available, estimated prices. When the price is estimated, an "E" shall be entered after the price.

**ITEM 0001** - Craft outfitted with a new buoyancy box, C4N upgrade, deep skirt and ETF40B engines shall be delivered to the Government at CSS in accordance with the terms and conditions of this contract as follows:

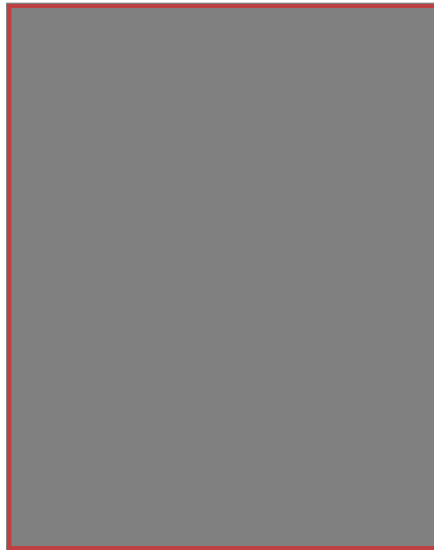
SLIN

0001AA (1<sup>st</sup> Craft)  
(2<sup>nd</sup> Craft)

0001AB (1<sup>st</sup> Craft)  
(2<sup>nd</sup> Craft)  
(3<sup>rd</sup> Craft-AGM)

0001AC

0001AD (OPTION) (1<sup>st</sup> Craft)  
(2<sup>nd</sup> Craft)  
(3<sup>rd</sup> Craft)  
(4<sup>th</sup> Craft)



**ITEM 0001AA** - INCO spares not used to support craft testing will be returned to the Government at the completion of the guaranty period for the last craft to be redelivered.

**ITEM 0002 - NOT USED**

**ITEM 0003** – Installation of Title K Craftalts shall support Phase II LCAC craft to be redelivered under CLIN 0001.

**ITEM 0004** - Repair and/or refurbishment of GFP shall support Phase II LCAC craft to be redelivered under CLIN 0001.

**ITEM 0005 – NOT USED**

**ITEM 0006** – Installation of Title D CRAFTALTs/AERs shall support Phase II LCAC craft to be redelivered under CLIN 0001.

**SUB-ITEMS 0007AA (NOT USED), 0007AB, 0007AC and 0007AD** - Maintain Contractor Integrated Technical Information System (CITIS) shall have Periods of Performance and be delivered in accordance with Section C of this contract as follows:

<u>SLIN</u>	<u>Period of Performance</u>
0007AA	NOT USED
0007AB	Contract Award to 30 Sep 03
0007AC (OPTION)	1 Oct 03 to 30 Sep 04
0007AD (OPTION)	1 Oct 04 to expiration of Guaranty Period for the last Phase II LCAC redelivered under this contract

**SUB-ITEMS 0008AA (NOT USED), 0008AB (NOT USED), 0008AC, 0008AD, 0008AE, 0008AF, 0008AG, and 0008AH** - Integrated Product Team (IPT) and Working Group (WG) Support shall have Periods of Performance and be delivered in accordance with Section C of this contract as follows:

<u>SLIN</u>	<u>Period of Performance</u>
0008AA	NOT USED
0008AB	NOT USED
0008AC	Contract Award to 30 Sep 03
0008AD	Contract Award to 30 Sep 03
0008AE (OPTION)	1 Oct 03 to 30 Sep 04
0008AF (OPTION)	1 Oct 03 to 30 Sep 04
0008AG (OPTION)	1 Oct 04 to expiration of Guaranty Period for the last Phase II LCAC redelivered under this contract
0008AH (OPTION)	1 Oct 04 to expiration of Guaranty Period for the last Phase II LCAC redelivered under this contract

**OPTION SUB-ITEM 0009AA** - Engineering services for SLEP shall be delivered or performed in accordance with Section C of this contract. The period of performance is from Option exercise through expiration of the guaranty period of the last craft redelivered under this contract.



**ITEM 0010** - Technical Manuals and Changes/Develop and Conduct Op/Familiarization Training for Phase II Craft and Interim Support Material/Depot Level Repair/Interim Support Technical Services/Supportability Data and Meetings/Reliability Development Growth Testing Support shall be delivered in accordance with orders issued pursuant to clause H-16 ORDERS (COST-PLUS-FIXED-FEE)

**SUB-ITEMS 0011AA, 0011AB, 0011AC** – Government Furnished Property (GFP) management to accomplish assessment of group 1 material from five (5) disassembled LCAC; receipt of four (4) sets of LCAC above deck modules and components, preparation for storage of all specified components; assessment of four (4) sets of group 1 LCAC above deck modules and components. Include IEM PMS and module and component storage, as necessary to support the construction schedule (O&M,N). Periods of performance are as follows:

<u>SLIN</u>	<u>Period of Performance</u>
0011AA	Contract Award to 15 #MAC

0011AB (OPTION) Option Exercise Date to 8 \*MAMAD

0011AC (OPTION) Option Exercise Date to 15 \*MAMAD

#MAC – Months After Contract Award

\*MAMAD – Months After Modification Award Date

**OPTION ITEM 0012** – Detail design and advance construction planning for Phase II upgrade including ETF40B engines of AGM Class Craft at the shipyard. Period of performance is 12 months after option is exercised.

**ITEM 0013** – Detail design for Phase II upgrade of LCAC 01-24 Class Craft and LCAC 25-60 Class craft shall be completed to support the Phase II production schedule. Period of Performance is from contract award to expiration of the Guaranty Period for the last Phase II LCAC redelivered under this contract.

**ITEM 0014 – NOT USED**

**ITEM 0015** - All data to be furnished under this contract shall be delivered prepaid to the destination(s) and at the time(s) specified on the Contract Data Requirements Lists, DD Form 1423.

**AS ORDERED, ITEM 0016** - Supplies shall be delivered in accordance with the delivery schedule and requirements established in each PIO.

**CLAUSES INCORPORATED BY REFERENCE**

<u>FAR</u> <u>SOURCE</u>	<u>TITLE AND DATE</u>
52.242-15	STOP-WORK ORDER (AUG 1989)
52.242-17	GOVERNMENT DELAY OF WORK (APR 1984)
52.247-34	F.O.B. DESTINATION (NOV 1991)
52.247-48	F.O.B. DESITINATION – EVIDENCE OF SHIPMENT (FEB 1999)
52.247-52	CLEARANCE AND DOCUMENTATION REQUIREMENTS-- SHIPMENTS TO DOD AIR OR WATER TERMINAL TRANSSHIPMENT POINTS (APR 1984)
52.247-55	F.O.B. POINT FOR DELIVERY OF GOVERNMENT-FURNISHED PROPERTY (APR 1984)
52.247-58	LOADING, BLOCKING AND BRACING OF FREIGHT CAR SHIPMENTS (APR 1984)

**CLAUSES INCORPORATED IN FULL TEXT**

None

**SECTION G - CONTRACT ADMINISTRATION DATA**

Enter below the address (street and number, city, county, state and zip code) of the Contractor's facility which will administer the contract if such address is different from the address shown on the SF 26 or SF 33, as applicable.

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**PURCHASING OFFICE REPRESENTATIVE:** COMMANDER  
NAVAL SEA SYSTEMS COMMAND  
ATTN 02224 (C SHERMAN)  
1333 ISAAC HULL AVENUE SE STOP 2020  
WASHINGTON NAVY YARD DC 20376-2020  
Telephone No. 202 781-3934  
Email: ShermanCE@navsea.navy.mil

**CONTRACTING OFFICER'S REPRESENTATIVE:**

COMMANDER  
ATTN: Mr. Tom M. Rivers, PMS377J  
NAVAL SEA SYSTEMS COMMAND  
1333 ISAAC HULL AVENUE SE STOP 3101  
WASHINGTON NAVY YARD DC 20376-3101  
Telephone No. 202/781-3216  
Fax No. (202) 781-4597  
Email Address: RiversTM@navsea.navy.mil

The Contractor shall forward a copy of all invoices to the Contracting Officer's Representative

## SECTION H - SPECIAL CONTRACT REQUIREMENTS

CLAUSE	NUMBER	TITLE	PAGE
H-1	NAVSEA 5252.202-9101	ADDITIONAL DEFINITIONS (FT) - ALTERNATE II (MAY 1993)	H-3
H-2	NAVSEA 5252.228-9104	ADDITIONAL INSURANCE PROVISIONS (FT) (JAN 1990)	H-4
H-3	NAVSEA 5252.245-9127	ADDITIONAL PROVISIONS RELATING TO GOVERNMENT PROPERTY (FT) (JAN 1990)	H-6
H-4	NAVSEA 5252.233-9103	DOCUMENTATION OF REQUESTS FOR EQUITABLE ADJUSTMENT (AT) - ALTERNATE I (APR 1999)	H-8
H-5	NAVSEA 5252.232-9108	FINAL SETTLEMENT (FT) (JAN 1983)	H-9
H-6	NOT USED		H-10
H-7	NAVSEA 5252.245-9109	GOVERNMENT-FURNISHED PROPERTY (INCORPORATION) (SEP 1990)	H-10
H-8	NAVSEA 5252.227-9113	GOVERNMENT-INDUSTRY DATA EXCHANGE PROGRAM (AUG 1997)	H-10
H-9	NAVSEA 5252.217-9121	INDEMNIFICATION FOR ACCESS TO VESSEL (MAY 1989)	H-10
H-10	NAVSEA 5252.228-9105	INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS (FT) (JAN 1990)	H-11
H-11	NAVSEA 5252.245-9124	LIENS AND TITLE (FP) – ALTERNATE I (MAY 1998)	H-13
H-12	NAVSEA 5252.243-9105	NOTIFICATION OF CHANGES (FT) – ALTERNATE (JAN 1983)	H-15
H-13	NAVSEA 5252.216-9110	ORDERS (FIXED-PRICE) (JUN 2000)	H-18
H-14	NAVSEA 5252.232-9105	PAYMENTS (FI) (JAN 1990)	H-22
H-15	NAVSEA 5252.242-9115	TECHNICAL INSTRUCTIONS (APR 1999)	H-26
H-16	NAVSEA 5252.216-9112	ORDERS (COST-PLUS-FIXED-FEE) (JUN 2000)	H-27
H-17	NAVSEA 5252.233-9107	EQUITABLE ADJUSTMENTS: WAIVER AND RELEASE OF CLAIMS (AT) (JAN 1983)	H-31
H-18	NAVSEA 5252.225-9100	FOREIGN SHIPYARD CONSTRUCTION PROHIBITION (AT) (JAN 1983)	H-31
H-19	NAVSEA 5252.216-9122	LEVEL OF EFFORT (DEC 2000)	H-32
H-20	NAVSEA 5252.246-9124	SHIPBUILDING SUPPORT OFFICE SCHEDULES (AT) (JAN 1983)	H-34

CLAUSE	NUMBER	TITLE	PAGE
H-21	NOT USED		H-34
H-22	NAVSEA 5252.246-9128	DELIVERY OF COMPLETED VESSEL (FT) (JAN 1983)	H-34
H-23	NOT USED		H-36
H-27	NAVSEA 5252.231-9109	PRECONTRACT COSTS (SEP 1990)	H-36
H-28	NAVSEA 5252.215-9106	PRICE ADJUSTMENT FOR CHANGES IN FEDERAL LAW (FT) (NOV 1996)	H-36
H-29	NAVSEA 5252.245-9115	RENT-FREE USE OF GOVERNMENT PROPERTY (SEP 1990)	H-38
H-30	NAVSEA 5252.232-9104	ALLOTMENT OF FUNDS (MAY 1993)	H-38
H-31		SPECIAL UNDERSTANDING CONCERNING THE SLEP OF AGM CRAFT	H-39

**H-1 NAVSEA 5252.202-9101 ADDITIONAL DEFINITIONS (FT) - ALTERNATE II (MAY 1993)**

As used throughout this contract, the following terms shall have the meanings set forth below:

- (a) DEPARTMENT - means the Department of the Navy.
- (b) COMMANDER, NAVAL SEA SYSTEMS COMMAND - means the Commander of the Naval Sea Systems Command of the Department of the Navy or his duly appointed successor or duly authorized representative.
- (c) NAVSEA 08 - means the Deputy Commander, Nuclear Propulsion Directorate, Naval Sea Systems Command of the Department of the Navy.
- (d) SUPERVISOR - means the cognizant Supervisor of Shipbuilding, Conversion and Repair, Department of the Navy.
- (e) PROJECT MANAGER (SHAPM)(PMS) - means the PMS377 Program Manager, or his duly appointed successor or duly authorized representative, of the Naval Sea Systems Command of the Department of the Navy.
- (f) LEAD SHIPBUILDER, LEAD YARD OR LEAD SHIPYARD - means TM&LS in its capacity as Contractor under Contract No. N00024-03-C-2200 for the Service Life Extension of the LCAC.
- (g) FOLLOW SHIPBUILDER, FOLLOW YARD OR FOLLOW SHIPYARD - means a prime contractor performing a contract for the construction of follow ships of the N/A Class.
- (h) LEAD SHIP OR FIRST SHIP OF THE CLASS - means the N/A.
- (i) FOLLOW SHIP - means any ship of the N/A Class other than the first ship.
- (j) ADJUSTMENT IN CONTRACT PRICE - means adjustment in target cost, target profit, target price and ceiling price or fixed price, as appropriate under the circumstances and except as otherwise provided in the contract.
- (k) DESIGN AGENT - means N/A in its capacity as Design Agent, not in its capacity as shipbuilding contractor.
- (l) NATIONAL STOCK NUMBERS - Whenever the term Federal Item Identification Number and its acronym FIIN or the term Federal Stock Number and its acronym FSN appear in the contract, order or their cited specifications and standards, the terms and acronyms shall be interpreted as National Item Identification Number (NIIN) and National Stock Number (NSN) respectively which shall be defined as follows:

1. National Item Identification Number (NIIN). The number assigned to each approved Item Identification under the Federal Cataloging Program. It consists of nine numeric characters, the first two of which are the National Codification Bureau (NCB) Code. The remaining positions consist of a seven digit non-significant number.
2. National Stock Number (NSN). The National Stock Number (NSN) for an item of supply consists of the applicable four position Federal Supply Class (FSC) plus the applicable nine position National Item Identification Number (NIIN) assigned to the item of supply.

(m) NAVY REORGANIZATION - Pursuant to the reorganization within the Department of the Navy, effective 1 July 1974, the Naval Sea Systems Command has become the successor to the Naval Ship Systems Command and the Naval Ordnance Systems Command. The Naval Ship Systems Command was the successor to the Bureau of Ships. The Naval Ordnance Systems Command and the Naval Air Systems Command were the successors to the Bureau of Naval Weapons, which was the successor to the Bureau of Ordnance and the Bureau of Aeronautics. Accordingly, as appropriate in view of the foregoing, reference in the contract and in the documents referenced therein to the Naval Ship Systems Command, the Bureau of Ships, the Naval Ordnance Systems Command, the Naval Air Systems Command, the Bureau of Naval Weapons, the Bureau of Ordnance or the Bureau of Aeronautics shall be deemed to refer to the Naval Sea Systems Command.

(n) REFERENCES TO ARMED SERVICES PROCUREMENT REGULATION OR DEFENSE ACQUISITION REGULATION - All references in this document to either the Armed Services Procurement Regulation (ASPR) or the Defense Acquisition Regulation (DAR) shall be deemed to be references to the appropriate sections of the Federal Acquisition Regulation (FAR) and the Defense FAR Supplement (DFARS).

(o) REFERENCES TO THE FEDERAL ACQUISITION REGULATION (FAR) - All references to the FAR in this contract shall be deemed also to include the Defense FAR Supplement (DFARS), unless clearly indicated otherwise.

(p) CONSTRUCTION OF THE VESSEL - means conversion of the vessel (except where it is used in paragraph (f) of this requirement).

## **H-2 NAVSEA 5252.228-9104 ADDITIONAL INSURANCE PROVISIONS (FT) (JAN 1990)**

(a) The provisions contained in the standard form of Marine Builder's Risk (Navy Form - Syndicate) policy referred to in paragraph (a) of the requirement of this contract entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS"... "with leave to fire guns and torpedoes, but no claim to attach thereto for loss of or damage to the vessel or machinery unless the accident results in a total loss of a vessel." shall not include, or be construed as including, any operation conducted under the "General Scope of Work" and "Specifications" paragraphs of Section C of this contract; and further, the operations referred to in these aforesaid paragraphs shall not be deemed to be "warlike operation" as used in the Collision Liability and Protection and Indemnity

Liabilities (Government Syndicate Form) policy referred to in paragraph (b) of the requirement of this contract entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS". Further, the Contractor shall not carry Collision Liability and Protection and Indemnity Liabilities insurance (Government Syndicate Form) referred to in the first sentence of paragraph (b) of the requirement of this contract entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS" during the period of the performance of the underway trials required by this contract, and the Government will indemnify the Contractor against liability (including expenses incidental thereto) to third persons which would have been covered by the aforesaid insurance if the Contractor had carried such insurance during the period stated above; provided, however, that the Contractor shall not be relieved of any other obligations required by the aforesaid paragraph (b) of the "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS" requirement.

(b) Notwithstanding any provisions to the contrary in paragraph (a) of the requirement entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS", the assumption by the Government of the risk of loss of or damage to the vessels and the materials and equipment therefor provided for by the aforesaid paragraph (a) of the requirement entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS", shall continue until the expiration of the guaranty periods of the vessels, or until completion of all work under this contract, whichever is later. The Government does not, however, assume the risk of loss of or damage to any equipment which results from a defect in a part thereof for which the Contractor is responsible pursuant to the "PRELIMINARY ACCEPTANCE", "GUARANTY PERIOD", or "INSPECTION OF SUPPLIES--FIXED-PRICE (FT) (JUL 1985) - ALTERNATE I (JUL 1985) (DEVIATION 89-915 - 29 JUN 1989)" (FAR 52.246-2) requirements of this contract. The term "equipment" as used in the preceding sentence means the largest integrated unit (e.g., component, subassembly, or individual system, as the case may be) furnished by the same supplier who furnished the part causing the loss or damage.

(c) Any material furnished by the Government under this contract shall be deemed to be materials or equipment for the vessels within the meaning of the "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS" requirement hereof.

(d) It is understood that the operation of firing explosive charges to eject missiles is an operation conducted under the "General Scope of Work" and "Specifications" paragraphs of Section C of this contract, and accordingly, this requirement applies to such operations.

(e) The Government's liability under the last sentence of paragraph (a) of this requirement, paragraph (b) of the requirement of this contract entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS," and the Collision Liability and Protection and Indemnity Liabilities Insurance forms set forth in the pamphlet entitled "Standard Forms of Marine Builders Risk (Navy Form Syndicate) and War Damage Insurance Policies, Referred to in Vessel Contracts of the Bureau of Ships" dated 23 November 1942, is subject to the availability of appropriated funds at the time a contingency



occurs. Nothing in this contract shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

### **H-3 NAVSEA 5252.245-9127 ADDITIONAL PROVISIONS RELATING TO GOVERNMENT PROPERTY (FT) (JAN 1990)**

(a) The Contracting Officer may increase the amount of property to be furnished under this contract and the contract shall be equitably adjusted to reflect such increase in accordance with procedures of the "CHANGES" clause of the contract.

(b)(1) As to all equipments listed in NAVSEA Form 4205/19 or Schedule A, as applicable, which will be permanently installed or otherwise will be built into the vessel(s), the AN nomenclature or other model designations given therein are to indicate only the basic description of equipments to be furnished and do not indicate the specific model or manufacturer's equipment that will be furnished. The Government may furnish, without issuing a change under the "CHANGES" clause of the contract, other equipments bearing nomenclature and model designations which further define the specific equipment to be furnished and to further substitute other equipments with different nomenclature or model designations as long as they are geometrically congruent dimensionally, and mechanically and electrically interchangeable with the equipment identified in NAVSEA Form 4205/19 or Schedule A, as applicable.

(2) As to all equipments listed in NAVSEA Form 4205/19 or Schedule A, as applicable, which are portable in nature and require only means for stowage in the vessel(s), the AN nomenclature or other model designations given therein are to indicate only the basic description of the equipments to be furnished. The Government may furnish, without issuing any change under the "CHANGES" clause of the contract, other equipments bearing different AN nomenclature or other model designations as long as the equipments furnished are functionally interchangeable with the equipments specified in NAVSEA Form 4205/19 or Schedule A, as applicable, and no changes in ship stowage provisions are required.

(c) Unless otherwise specifically directed by the Supervisor, nonreusable crates and other nonreusable packaging in which Government Property is delivered to the Contractor shall become the property of the Contractor upon removal of the packaged or crated material, in which event such crates and other packaging shall not be subject to the provisions of the clause of this contract entitled "GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (FT) (DEC 1989) (DEVIATION 89-915 - 29 JUN 1989)" (FAR 52.245-2).

(d) Any packaging or preparation for delivery or for other disposal of Government Property by the Contractor at the direction or authorization of the Contracting Officer pursuant to paragraph (i) of the clause of this contract entitled "GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS)" shall be provided for by change order and an appropriate adjustment shall be made in the contract price in accordance with the clause of the contract entitled "CHANGES".

(e)(1) In addition to the equipments listed on NAVSEA Form 4205/19 or Schedule A, as applicable, the Government may provide installation and checkout (I&C) spares. The Contractor shall provide segregated stowage and inventory management for Government

furnished I&C spares. These I&C spares will be pre-positioned by the Government at the shipyard for use by Contractor or Government personnel for the installation and checkout of Government Furnished Equipment (GFE). The Contractor shall maintain these spares in a suitable warehouse accessible 24 hours per day during GFE installation and checkout, in accordance with the ship construction test program. I&C spares do not include parts to support installation and checkout of reactor plant equipment. Requirements governing such reactor plant repair parts, known as Shipyard Load List (SLL) parts, are defined in the ship specification.

(2) The Contractor shall provide proposed I&C storage, inventory management and issue procedures for Government review and approval. These procedures shall address the Contractor's methods for receipt inspection, identification of damage, control of sensitive material, special environmental capabilities, security and availability of timely status information. The procedures must take into consideration any special requirements associated with electronic components such as electrostatic discharge precautions. The procedures should reference applicable military or commercial standards used in management of I&C spares. A list of planned I&C spares, estimated volume, and special requirements will be provided by the Government to allow for warehouse planning.

(f) The Contractor is required to maintain control of Government property in accordance with Federal Acquisition Regulation (FAR) Subpart 45.5 and Defense FAR Supplement (DFARS) Subpart 245.5. In addition to the specific requirements of FAR 45.5 and DFARS 245.5, the Contractor shall have an automated system for controlling Government property and the automated records shall constitute the official Government property control records. The automated system shall be sufficient to identify the location, quantity and hull assignment of all items of Government property from the time of receipt through issue for installation or disposition of the property from the Contractor's facility. The automated system shall be equivalent, as a minimum, to the automated systems the Contractor uses to control Contractor-owned property and material. The Contractor may include Government property in the same computer used to control Contractor-owned property provided that separate records are kept for Government-owned and Contractor-owned property. The Contractor shall provide the Government a list of all items and quantities of Government property accountable to this contract in the Contractor's possession. The list shall be provided annually, or upon request, in automated format suitable for comparing Contractor records of Government property with similar Government records. The list shall be sorted in material categories defined by the Government and shall include data elements specified by the Government.

(g) The Contractor shall have an automated system for I&C allowances. The system shall accept replacement or new requisition document numbers. The system shall include allowance requirements, on hand, on order, inventory status, identification of assets excess to allowance, on line, real time, processing, inventory posting records, inventory usage statistics and available prices.

(h) SUPSHIP shall have the ability to retrieve information from the Contractor's data base using Contractor terminals already in place or by using Government owned terminals.

**H-4 NAVSEA 5252.233-9103 DOCUMENTATION OF REQUESTS FOR  
EQUITABLE ADJUSTMENT (AT) - ALTERNATE I  
(APR 1999)**

(a) For the purposes of this requirement, the term "change" includes not only a change that is made pursuant to a written order designated as a "change order" but also (i) an engineering change proposed by the Government or the Contractor pursuant to the "Other Change Proposals" or other requirements of this contract and (ii) any act or omission to act on the part of the Government in respect of which a request is made for equitable adjustment under the "CHANGES" clause or any other article or requirement of this contract.

(b) Whenever the Contractor requests or proposes an equitable adjustment of \$100,000 or more per vessel in respect of a change made pursuant to a written order designated as a "change order" or in respect of a proposed engineering change and whenever the Contractor requests an equitable adjustment in any amount in respect of any other act or omission to act on the part of the Government, the proposal supporting such request shall include the following information for each individual item or element of the request:

(1) A description (i) of the work required by the contract before the change, which has been NOT USED by the change, and (ii) of the work NOT USED by the change which already has been completed. The description is to include a list of identifiable components, equipment, and other identifiable property involved. Also, the status of manufacture, procurement, or installation of such property is to be indicated. Separate description is to be furnished for design and production work. Items of identifiable raw material, purchased parts, components and other identifiable hardware, which are made excess by the change and which are not to be retained by the Contractor, are to be listed for later disposition;

(2) Description of work necessary to undo work already completed which has been NOT USED by the change;

(3) Description of work which is substituted or added by the change. A list of identifiable components and equipment (not bulk materials or items) involved, should be included. Separate descriptions are to be furnished for design work and production work;

(4) Description of interference and inefficiencies in performing the change;

(5) Description of disruption attributable solely to the change; which description shall include the following information:

(i) Description of each identifiable element of disruption and how work has been, or may be, disrupted;

(ii) The calendar period of time during which disruption occurred, or may occur;

(iii) Area(s) of the Contractor's operations where disruption occurred, or may occur;

(iv) Trade(s) or functions disrupted, with a breakdown of manhours and material for each trade or function;

(v) Scheduling of trades before, during, and after period of disruption insofar as such scheduling may relate to or be affected by the estimated disruption;

(vi) Description of any measures taken to lessen the disruptive effect of the change;

(6) Delay in delivery attributable solely to the change;

(7) Other work or increased costs attributable to the change;

(8) Supplementing the foregoing, a narrative statement of the nature of the alleged Government act or omission, when the alleged Government act or omission occurred, and the "casual" relationship between the alleged Government act or omission and the claimed consequences thereof, cross-referenced to the detailed information provided as required above.

(c) Each proposal submitted in accordance with this requirement shall include a copy of the Contractor's ship's labor budget at the cost level in effect as of the date the event began, the cost incurred at the cost level as of the same date, and the proposed effect of the change at the cost class level.

(d) It is recognized that individual claims for equitable adjustment may not include all of the factors listed in subparagraphs (b)(1) through (b)(8) above, or that the Contractor may not reasonably be able to furnish complete information on all of the factors listed in subparagraph (b)(1) through (b)(8) above. Accordingly, the Contractor is only required to set forth in its request for equitable adjustment information with respect to those factors which are relevant to the individual request for equitable adjustment, or in the level of detail which is reasonably available to the Contractor.

(e) In addition to any information required under paragraph (b) above, each proposal submitted in support of a claim for equitable adjustment, under any requirement of this contract, in an amount which requires certified cost or pricing data, shall contain such cost or pricing data as the Contracting Officer shall require with respect to each individual claim item, and shall be in sufficient detail to permit the Contracting Officer to cross-reference the claimed increased costs, or delay in delivery, or both, as appropriate, with the information submitted pursuant to subparagraphs (b)(1) through (b)(8) hereof.

#### **H-5 NAVSEA 5252.232-9108 FINAL SETTLEMENT (FT) (JAN 1983)**

Upon final acceptance of the vessel(s), or in the event of the termination of this contract on such terms that none of the vessel(s) is to be completed, then upon such termination, the Contractor shall be entitled to receive the balance owing to it under this contract, such payment to be made promptly after the amount of such balance shall have been determined. The Contractor and each assignee under an assignment in effect at the time of final settlement shall execute and deliver at the time of and as a condition precedent to final

payment, a release in form and substance satisfactory to and containing such exemptions as may be found appropriate by the Contracting Officer, discharging the Government, its officers, agents and employees of and from liabilities, obligations and claims arising under this contract. The Contracting Officer may authorize partial payments on account of any such balance to be made in advance of final settlement. If this contract shall have been terminated in whole or in part, any such release shall also contain a release of all claims against the Government arising out of or by virtue of such termination.

#### **H-6 NOT USED**

#### **H-7 NAVSEA 5252.245-9109 GOVERNMENT-FURNISHED PROPERTY (INCORPORATION) (SEP 1990)**

The Government will provide only that property set forth below, notwithstanding any term or condition of this contract to the contrary. Upon Contractor's written request to the cognizant Technical Program Manager, via the cognizant Contract Administration Office, the Government will furnish the following for incorporation in the equipment to be delivered under Items 0001 of this contract:

See Schedule A (Attachment J-9)

See GFP to be Reused (Attachment J-20)

#### **H-8 NAVSEA 5252.227-9113 GOVERNMENT-INDUSTRY DATA EXCHANGE PROGRAM (AUG 1997)**

(a) The Contractor shall participate in the appropriate interchange of the Government-Industry Data Exchange Program (GIDEP) in accordance with NAVSEA S0300-BU-GYD-010 dated November 1994. Data entered is retained by the program and provided to qualified participants. Compliance with this requirement shall not relieve the Contractor from complying with any other requirement of the contract.

(b) The Contractor agrees to insert paragraph (a) of this requirement in any subcontract hereunder exceeding \$500,000.00. When so inserted, the word "Contractor" shall be changed to "Subcontractor".

(c) GIDEP materials, software and information are available without charge from:

GIDEP Operations Center  
P.O. Box 8000  
Corona, CA 91718-8000  
Phone: (909) 273-4677 or DSN 933-4677  
FAX: (909) 273-5200  
Internet: <http://www.gidep.corona.navy.mil>

#### **H-9 NAVSEA 5252.217-9121 INDEMNIFICATION FOR ACCESS TO VESSEL (MAY 1989)**

Notwithstanding any provision in the "ACCESS TO VESSEL" clause (DFARS 252.217-7011), or any other clause of the contract, the Contractor agrees to allow officers,

employees, and associates of the Government, or other prime contractors with the Government and their subcontractors, and officers, employees, and associates of offerors on other contemplated work, admission to the Contractor's facilities and access to the vessel without any further request for indemnification from any party, which has not been previously included in the contract price.

**H-10 NAVSEA 5252.228-9105 INSURANCE-PROPERTY LOSS OR  
DAMAGE-LIABILITY TO THIRD PERSONS (FT)  
(JAN 1990)**

(a) The Contractor shall not, unless otherwise directed or approved in writing by the Department, carry or incur the expense of any insurance against any form of loss of or damage to the vessels or to the materials or equipment therefor to which the Government has acquired title or which have been furnished by the Government for installation by the Contractor. The Government assumes the risks of loss of and damage to the vessels and such materials and equipment which would have been assumed by the underwriters if the Contractor had procured and maintained throughout the term of this contract, on behalf of itself and the Government, insurance with respect to the vessels and such materials and equipment for full value against pre-keel and post-keel laying risks (i) under the forms of Marine Builders Risk (Navy Form-Syndicate) policy, including the rider attached to the "Free of Capture and Seizure" clause thereof, and War Damage policy, both as set forth in the pamphlet entitled "Standard Forms of Marine Builders Risk (Navy Form-Syndicate) and War Damage Insurance Policies referred to in Vessel Contracts to the Bureau of Ships," dated 23 November 1942, or (ii) under any other policy forms which the Assistant Secretary of the Navy (R,D&A), Insurance Office shall determine were customarily carried or would have been customarily carried by the Contractor in the absence of the foregoing requirement that the Contractor not carry or incur the expense of insurance, provided, that the Government does not assume any risk with respect to loss or damage compensated for by insurance or otherwise or resulting from risks with respect to which the Contractor has failed to procure or maintain insurance, if available, as required or approved by the Department; provided, further, that under the above identified policies or under this requirement the Government does not assume any risk with respect to, and will not pay for any costs of the Contractor for the inspection, repair, replacement, or renewal of any defects themselves in the vessel(s) or such materials and equipment due to (A) defective workmanship, or defective materials or equipment performed by or furnished by the Contractor or its subcontractors or, (B) workmanship, or materials or equipment performed by or furnished by the Contractor or its subcontractors which do(es) not conform to the requirements of the contract, whether or not any such defect is latent or whether or not any such non-conformance is the result of negligence: provided, further, that under the above identified policies or under this requirement the Government does not assume the risk of and will not pay for the costs of any loss, damage, liability or expense caused by, resulting from, or incurred as a consequence of delay or disruption of any type whatsoever. No requirement of this contract shall operate to subject the Contractor to a liability for which the Government has assumed the risk hereunder. Notwithstanding the foregoing, the Contractor shall bear the first \$10,000 of loss or damage from each occurrence or incident the risk of which the Government otherwise would have assumed under the requirements of this paragraph.

(b) Unless otherwise directed by the Department, the Contractor shall procure and thereafter maintain with respect to each of the vessels Collision Liability and Protection and Indemnity Liabilities Insurance (Government-Syndicate Form), as set forth in the aforesaid 23 November 1942 pamphlet, if available, in an amount equal to (i) eighty percent (80%) of the sum of the target price of the vessel and an amount estimated by the Department to represent the value of materials and equipment furnished by the Government for installation by the Contractor, or (ii) Two Million Dollars (\$2,000,000), whichever shall be less. The Government will indemnify the Contractor against liabilities (including expenses incidental thereto) to third persons which, but for the limitation on amount specified in this paragraph, would have been covered by such Collision Liability and Protection and Indemnity Liabilities Insurance, and which are not compensated for by insurance or otherwise, provided such liabilities are represented by final judgments or by settlements approved in writing by the Department. The Contractor shall not, however, be so indemnified against liabilities with respect to which the Contractor has failed to procure or maintain insurance, if available, as required or approved by the Department. The Contractor shall promptly notify the Department of each suit or action filed and each claim made against which the Contractor may be entitled to indemnification under this paragraph. The Contractor shall furnish the Department with copies of all papers received with respect to each suit, action or claim and, if requested by the Department, shall authorize representatives of the Government to settle, or direct or take charge of the defense of, such suit, action or claim. In the absence of such request, the Contractor shall diligently proceed with such defense. The Government's liability under this paragraph(b) and the Collision Liability and Protection and Indemnity Liabilities Insurance forms set forth in the pamphlet entitled "Standard Forms of Marine Builders Risk (Navy Form Syndicate) and War Damage Insurance Policies, referred to in Vessel Contracts of the Bureau of Ships, dated 23 November 1942, is subject to the availability of appropriated funds at the time a contingency occurs. Nothing in this contract shall be construed as implying that the Congress will, at a later date, appropriate funds sufficient to meet deficiencies.

(c) The cost of the insurance required by paragraph (b) of this requirement is included in the target price and the cost of all other insurance which may be required or approved pursuant to this clause will be considered allowable costs under this contract. If the Department should require or approve the cancellation of any such insurance, the Contractor will promptly pay to the Government the amount of all unearned premiums refunded to the Contractor, but only to the extent that such premiums shall have been reimbursed to the Contractor by the Government or included in the pricing structure of the contract (firm fixed price or incentive type arrangement, as applicable).

(d) All insurance which is or may be required or approved pursuant to this requirement shall be in such form, in such amounts, for such periods of time, and with such insurers as the Department may from time to time require or approve, provided the Contractor shall be named as an insured and shall be entitled to payment of any loss or damage as its interests may appear. The policies or certificates of insurance shall be deposited with the Assistant Secretary of the Navy (R,D&A), Insurance Office, or as the Department may otherwise direct.

(e) In the event of loss of or damage to any of the vessels or any of the materials or equipment therefor which may result in a claim against the Government under the insurance requirements of this contract, the Contractor promptly shall notify the Contracting Officer of such loss or damages, and the Contracting Officer may, without prejudice to any other right of the Government, either:

(i) Order the Contractor to proceed with replacement or repair in which event the Contractor shall effect such replacement or repair. The Contractor shall submit to the Contracting Officer a request for reimbursement of the cost of such replacement or repair together with such supporting documentation as the Contracting Officer may reasonably require, and shall identify such request as being submitted under this insurance requirement. If the Government determines that the risk of such loss or damages is within the scope of the risks assumed by the Government under this requirement, the Government will reimburse the Contractor for the reasonable, allowable cost of such replacement or repair, plus a reasonable profit, less the deductible amount specified in paragraph (a) of this requirement. Payments by the Government to the Contractor under this insurance requirement are outside the scope of and shall not affect the pricing structure of the contract (firm fixed price or incentive type arrangement, as applicable), and are additional to the compensation otherwise payable to the Contractor under this contract; or

(ii) In the event the Contracting Officer decides that the loss or damage shall not be replaced or repaired,

(A) Modify the contract appropriately consistent with the reduced requirements reflected by the unreplaced or unrepaired loss or damage, or

(B) Terminate the construction of any part or all of the vessel(s) under the clause of this contract entitled "TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE)" (FAR 52.249-2).

(f) The coverage provided by this requirement is extended geographically to include material or equipment to which the Government has acquired title or which has been furnished by the Government and is located in the following contractor facilities or in transit between facilities:

(List facilities)

The Contractor may request the Contracting Officer to extend the geographical coverage of this requirement to newly acquired or leased facilities which are to be used in the performance of this contract.

#### **H-11 NAVSEA 5252.245-9124 LIENS AND TITLE (FP) - ALTERNATE I (JAN 1983) (MAY 1998)**

(a) Any and all partial and progress payments made hereunder on account of the vessels and the materials and equipment therefor shall be secured, when made, by a lien in favor of the Government upon such material and equipment on account of all payments so made, except to the extent that the Government, by virtue of any other requirement of this contract,



or otherwise, shall have valid title to such material and equipment as against other creditors of the Contractor. If such property is not identified by marking or segregating, the Government shall be deemed to have a lien upon a proportionate part of any mass of property with which such property is commingled. Any lien provided for by virtue of this requirement is paramount to all other liens under the provisions of 10 U.S.C. Sec 2307. Upon completion and delivery of the vessels, said lien shall be discharged as to any materials and equipment which have not been included in the vessels and which are no longer required therefor.

(b) The Contractor shall immediately discharge or cause to be discharged any lien or rights in rem of any kind, other than in favor of the Government, which at any time exists or rises with respect to the machinery, fittings, equipment or materials for the vessels. If any such lien or right in rem is not immediately discharged, the Government may discharge or cause to be discharged said lien or right in rem at the expense of the Contractor.

(c) Title to the vessels under construction shall be in the Government and title to all materials and equipment acquired for each vessel shall vest in the Government upon delivery thereof to the plant of the Contractor or other place of storage selected by the Contractor, whichever of said events shall first occur; provided, that the Supervisor may, by written direction, require that title shall vest in the Government upon delivery of such materials and equipment to the carrier for transportation to the plant of the Contractor or other place of storage selected by the Contractor. The amount of any freight charges, transportation, taxes or other costs which would have been paid by the Contractor, either directly or as an element of any subcontract cost, and which the Contractor shall not be required to pay as a result of such earlier vesting of title and any use of Government bills of lading, shall be determined and treated as though resulting from a change order and the contract price reduced accordingly. Upon completion of the vessels, or with the approval of the Supervisor at any time during the construction of the vessels, all such materials and equipment which have not been included therein and which are agreed between the Contractor and the Supervisor to be no longer required therefor, except materials and equipment which were furnished by the Government or the cost of which has been reimbursed by the Government to the Contractor, shall become the property of the Contractor; provided, however, that models, mockups, plans and other items which the Contractor is expressly required to construct, prepare, or furnish shall remain the property of the Government. Upon completion of the contract, or at such earlier date as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of property not consumed in the performance of this contract (including any resulting scrap) or not theretofore delivered to the Government, the cost of which has been reimbursed by the Government to the Contractor apart from the fixed price. The Contractor shall deliver or make such other disposal of such property as may be directed or authorized by the Contracting Officer. Recoverable scrap from such property shall be reported in accordance with such procedure and in such form as the Contracting Officer may direct. The net proceeds of any such disposal shall be credited to the Government and shall be paid in such manner as the Contracting Officer may direct. For the purpose of this requirement, "net proceeds" means actual amount collected from such sale of disposal less sales, collection fees and other reasonable related expenses.

**H-12 NAVSEA 5252.243-9105 NOTIFICATION OF CHANGES (FT) -  
ALTERNATE I (JAN 1983)**

(a) Definitions. As used in this requirement, the term "Contracting Officer" does not include any representative of the Contracting Officer whether or not such representative is acting within the scope of his authority nor does it include any other individuals or activities that in any way communicate with the Contractor. As used in this requirement, the term "conduct" includes both actions and failures to act, and includes the furnishing of, or the failure to furnish, any item under any provision of this contract.

(b) Notice. The primary purpose of this requirement is to obtain prompt reporting of any conduct which the Contractor considers would constitute or would require a change to this contract. The parties acknowledge that proper administration of this contract requires that potential changes be identified and resolved as they arise. Therefore, except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Contracting Officer of any conduct which the Contractor considers would constitute or would require a change to this contract. Such notice shall be provided promptly, and in any event within thirty (30) calendar days from the date the Contractor identifies any such conduct. The Notice shall be written and shall state, on the basis of the most accurate information available to the Contractor:

- (i) The date, nature, and circumstances of the conduct regarded as a change;
- (ii) The name, function, and activity of the individuals directly involved in or knowledgeable about such conduct;
- (iii) The identification of any documents and the substance of any oral communication involved in such conduct;
- (iv) The particular elements of contract performance for which the Contractor might seek an equitable adjustment under this requirement, including:
  - (1) What ship(s) have been or might be affected by the potential change;
  - (2) To the extent practicable, labor or materials or both which have been or might be added, NOT USED, or wasted by the potential change;
  - (3) To the extent practicable, the Contractor's preliminary order of magnitude estimate of cost and schedule effect of the potential change; and
  - (4) What and in what manner are the particular technical requirements or contract requirements regarded as changed.

(c) Continued Performance. Except as provided in paragraph (f) below, following submission of notice, the Contractor shall take no action to implement a potential change until advised by the Contracting Officer in writing as provided in (d) below, unless the potential change was previously directed by the Contracting Officer, in which case the

Contractor shall conform therewith. Nothing in this paragraph (c) shall excuse the Contractor from proceeding with contract work other than implementation of the potential change or from proceeding in accordance with directions issued by the Contracting Officer.

(d) Government Response. The Contracting Officer shall promptly, and in any event within twenty-one (21) calendar days after receipt of Notice, respond thereto in writing. In such response, the Contracting Officer shall either:

(i) Confirm that the conduct of which the Contractor gave notice would constitute a change, and when necessary, direct the mode of further performance, or;

(ii) Countermand any conduct regarded by the Contractor as a change, or;

(iii) Deny that the conduct of which the Contractor gave notice would constitute a change and, when necessary, direct the mode of further performance, or;

(iv) In the event the Contractor's notice information is inadequate to make a decision under (i), (ii) or (iii) above, advise the Contractor what additional information is required. Failure of the Government to respond within the time required above shall be deemed a countermand under (d)(ii).

(e) Equitable Adjustments. Equitable adjustments for changes confirmed or countermanded by the Contracting Officer shall be made in accordance with the clause of this contract entitled "CHANGES", or any other requirement of this contract which provides for an equitable adjustment.

(f) Special Procedures. Paragraph (c) provides that the Contractor is to take no action to implement a potential change pending the Contracting Officer's response to the Contractor's notice of the potential change, except where specifically directed by the Contracting Officer. In special situations, however, where

(1) The circumstances do not allow sufficient time to notify the Contracting Officer of the facts prior to the need to proceed with the work, and;

(2) The work must proceed to avoid hazards to personnel or property or to avoid additional cost to the Government, the Contractor may proceed with work in accordance with the potential change. In such special situations, the Contractor shall advise the Contracting Officer in writing within ten (10) days of the conduct giving rise to the potential change that the Contractor has proceeded and shall describe the nature of the special situation which required proceeding prior to notification. Within thirty (30) calendar days of the conduct giving rise to the potential change, the Contractor shall provide notice as required in (b) above. The Contracting Officer shall respond as set forth in (d) above. If the Contracting Officer determines that the conduct constitutes a change and countermands it, the Contractor shall be entitled to an equitable adjustment for performance in accordance with that change prior to the countermand including performance resulting from the countermand.

(g) When the Contractor identifies any conduct which may result in delay to delivery of the ship(s), the Contractor shall promptly so inform the Contracting Officer thereof prior to providing the notice required by paragraph (b) above.

(h) Despite good faith best efforts, occasions may arise in which the Contractor does not provide notice within the time periods specified in paragraphs (b) and (f) above. Accordingly, prior to the end of the first and third quarters of each calendar year through the period of performance of this contract, beginning with the third quarter of Calendar Year 2003, the Contractor shall deliver to the Government an executed bilateral contract modification, in the format set forth in Exhibit "A" to this requirement, covering the six month period of time ending with the second and fourth quarters, respectively, of the preceding year, with such specific exceptions, if any, as are identified by the Contractor. If the Contractor cites specific exceptions to the release, the Contractor shall concurrently provide the Contracting Officer with notice, containing the information set forth in paragraph (b) of this requirement, for each item excepted from the release. However, the release required by this requirement shall not make unallowable any costs which are otherwise allowable under any other requirement of this contract.

Within sixty (60) days of receipt of the release, the Contracting Officer shall sign and return a copy of the release to the Contractor. If the Contracting Officer fails to execute and return the release within the required time, then the release shall be deemed to be void and of no effect for the period involved.

(i) If the release in accordance with paragraph (h) above is not provided to the Government by the Contractor in the time required, the Contracting Officer may execute the release as set forth in Exhibit "A" and send it to the Contractor. If the Contractor fails to execute the release and return it to the Government (with any specific exceptions) within sixty (60) days of receipt thereof, the required release shall then be deemed effective as if signed by the Contractor.

#### Exhibit A to the Requirement entitled "NOTIFICATION OF CHANGES"

This modification reflects the agreement of the parties to the mutual full and final releases for the consequences of that conduct (as conduct is defined in the requirement entitled "NOTIFICATION OF CHANGES"), described below, except the conduct identified in Attachment A hereto is excluded and not covered by the terms of this release.

1. Except for the conduct listed in Attachment A by either party, neither the Contractor nor the Government shall be entitled to any equitable adjustment or to money damages and/or other relief for any conduct, as specified below.

2. In consideration of the foregoing the parties hereby agree to the following release:

a. The Government, for itself, its assigns, vendors, suppliers, and contractors, hereby remises, releases, and forever discharges the Contractor, its officers, agents and employees from any and all entitlement of the Government to equitable adjustment of the contract price and delivery schedule due to conduct under this contract, which occurred on or before \_\_\_\_.

b. The Contractor, for itself, its successors, assigns, vendors, suppliers, and subcontractors, hereby remises, releases and forever discharges the Government, its officers, agents and employees from (i) any and all entitlement of the Contractor to equitable adjustment of the contract cost and fee and/or delivery schedule of this contract or of any other Government contract (with this or any other Contractor) or any contract between the Contractor and any third party by reason of any conduct which increases the Contractor's cost or time of performance of work under this contract and meets the following conditions (1) known to the Contractor, (2) occurred on or before \_\_\_\_ and (3) the Contractor failed to give notice prior to date of this release, and (ii) any and all liabilities to the Contractor for money damages and/or other relief for the impact of any such conduct, upon this contract or any other Government contract (with this or any other Contractor) or any contract between the Contractor and any third party.

### **H-13 NAVSEA 5252.216-9110 ORDERS (FIXED-PRICE) (JUN 2000)**

(a) General. Orders for supplies or services specified in Section B of the Schedule may be issued by the Contracting Officer at any time during the effective period of this agreement. Except as otherwise provided in paragraph (e) below, the Contractor agrees to accept and perform orders issued by the Contracting Officer within the scope of this agreement. It is understood and agreed that the Government has no obligation under the terms of this agreement to issue any orders. Except as otherwise provided in any order, the Contractor shall furnish all materials and services necessary to accomplish the work specified in each order issued hereunder: provided, however, that this agreement shall not be used for the furnishing of supplies or services which are covered by any "guaranty" or "warranty" clause(s) of the contract(s) under which the supplies were manufactured. In the event of any inconsistency between any order and this agreement, this agreement shall control. All requirements of this agreement shall be applicable to all orders issued hereunder. Wherever the word "contract" appears in this agreement, it shall be deemed to include within its meaning the word "order", and each order shall be considered a separate binding contract as

of its effective date. The Contractor shall segregate the costs incurred in the performance of any order issued hereunder from the costs of all other orders issued under this agreement.

(b) Ordering. Orders and revisions thereto shall be made in writing and be signed by any authorized Contracting Officer cited in paragraph (i). Each order shall:

- (1) set forth detailed specifications or requirements for the supplies or services being ordered, (or reference applicable specifications or requirements in Section C of this agreement), and, shall refer to the appropriate item under Section B of this agreement;
- (2) set forth quantities being ordered;
- (3) set forth preservation, packaging and packing instructions, if any;
- (4) set forth delivery or performance dates;

- (5) designate the place(s) where inspection and acceptance will be made by the Government;
- (6) set forth either the firm contract price or, in the case of an undefinitized order, the definitization schedule and both the monetary limitation on Government liability for the undefinitized order and the maximum ceiling amount at which the order may be definitized;
- (7) set forth appropriation and accounting data for the work being ordered;
- (8) set forth any discount offered for prompt payment;
- (9) be dated;
- (10) be identified by number in accordance with DFARS 204.7004;
- (11) set forth the property, if any, to be furnished by the Government and the date(s) such property is to be delivered to the Contractor;
- (12) set forth the disbursing office where payment is to be made and other applicable contract administration data;
- (13) cite the applicable circumstance or exception and the justification control number. Orders for items not identified in the class justification, or an individual justification, and the basic ordering agreement are unauthorized;
- (14) be issued on an SF 26 or a DD Form 1155; and
- (15) set forth any other pertinent information.

(c) Firm Priced Orders. Except as otherwise provided in paragraph (d) below, the Contractor shall not begin any work on an order until a firm priced order is issued by the Contracting Officer. Upon receipt of a proposed order, the Contractor shall promptly submit to the Contracting Officer a price proposal for the work specified in the order. The Contractor agrees that it will submit such cost or pricing data as the Contracting Officer may require. Promptly after receipt of the Contractor's proposal and supporting cost or pricing data, the Contractor and the Contracting Officer shall negotiate and agree upon a price and delivery schedule for the work being ordered. The price and delivery schedule, as agreed upon, shall be set forth in the priced order and the order shall be signed by both the Contracting Officer and the Contractor. Upon receipt of the priced order, the Contractor shall promptly commence work and shall diligently complete it.

(d) Undefinitized Orders. Whenever the Contracting Officer determines that urgent demands or requirements prevent the issuance of a firm priced order, the Contracting Officer may issue an unpriced order. Such order may be unilateral or bilateral and shall establish a limitation on Government liability, a maximum ceiling amount and a schedule for definitization, as described in subparagraph (f)(2) below. Upon request, the Contractor shall submit a maximum ceiling amount proposal before the undefinitized order is issued.

The maximum ceiling amount is the maximum price at which the order may be definitized. Except as provided in paragraph (e) below, the Contractor shall commence performance of the order upon receipt. The clause entitled "CONTRACT DEFINITIZATION" (DFARS 252.217-7027) shall be included in any undefinitized order.

(e) Rejection of Unilateral Orders. The Contractor may reject any unilateral order if the Contractor determines it cannot feasibly perform the order, or if it does not concur with the maximum ceiling amount. However, each unilateral order shall be deemed to have been accepted by the Contractor unless within fifteen (15) days of issuance of the order the Contractor notifies the Contracting Officer in writing of its rejection of the order.

(f) Definitization of Undefinitized Orders. (1) The Contractor agrees that following the issuance of an undefinitized order, it will promptly begin negotiating with the Contracting Officer the price and terms of a definitive order that will include: (A) all clauses required by regulation on the date of the order; (B) all clauses required by law on the date of execution of the definitive order; and, (C) other mutually agreeable clauses, terms and/or conditions. No later than sixty (60) days after the undefinitized order is issued, the Contractor shall submit a cost proposal with sufficient data to support the accuracy and derivation of its price; and, when required by FAR or the Contracting Officer, cost or pricing data. If additional cost information is available prior to the conclusion of negotiations, the Contractor shall provide that information to the Contracting Officer. The price agreed upon shall be set forth in a bilateral modification to the order. In no event shall the price exceed the maximum ceiling amount specified in the undefinitized order.

(2) Each undefinitized order shall contain a schedule for definitization which shall include a target date for definitization and dates for submission of a qualifying proposal, beginning of negotiations and, if appropriate, submission of make-or-buy and subcontracting plans and cost or pricing data. Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the order. The schedule shall provide for definitization of the order by the earlier of:

- (i) specified target date which is not more than 180 days after the issuance of the undefinitized order. However, that target date may be extended by the Contracting Officer for up to 180 days after the Contractor submits a qualifying proposal as defined in DFARS 217.7401; or
- (ii) the date on which the amount of funds obligated by the Government under the undefinitized order exceeds fifty percent (50%) of the order's maximum ceiling amount, except as provided in subparagraph (f)(3) below.

(3) If agreement on a definitive order is not reached within the time provided pursuant to subparagraph (f)(2) above, the Contracting Officer may, with the approval of the Head of the Contracting Activity, determine a reasonable price in accordance with Subpart 15.4 and Part 31 of the FAR, and issue a unilateral order subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1). In any event, the Contractor shall proceed with completion of the order, subject to the "LIMITATION OF GOVERNMENT LIABILITY" clause (FAR 52.216-24).

(g) Limitation of Government Liability. (l) Each undefinitized order shall set forth the limitation of Government liability, which shall be the maximum amount that the Government will be obligated to pay the Contractor for performance of the order until the order is definitized. The Contractor is not authorized to make expenditures or incur obligations exceeding the limitation of Government liability set forth in the order. If such expenditures are made, or if such obligations are incurred, those expenditures and obligations will be at the Contractor's sole risk and expense. Further, the limitation of liability shall be the maximum Government liability if the order is terminated. The clause at FAR 52.216-24 shall be included in any undefinitized order.

(2) Except for undefinitized orders for Foreign Military Sales; purchases of less than \$25,000; special access programs; and Congressionally-mandated long lead procurements; and except as otherwise provided in subparagraph (g)(3) below, the limitation of Government liability shall not exceed fifty percent (50%) of the maximum ceiling amount of an undefinitized order. In the case of orders within these excepted categories, however, the procedures set forth herein shall be followed to the maximum extent practical.

(3) If the Contractor submits a qualifying proposal, as defined in DFARS 217.7401, to definitize an order before the Government obligated fifty percent (50%) of the maximum ceiling amount, the Contracting Officer may increase the limitation of Government liability up to no more than seventy-five percent (75%) of the maximum ceiling amount or up to seventy-five percent (75%) of the price proposed by the Contractor, whichever is less.

(4) If at any time the Contractor believes that its expenditures under an order will exceed the limitation of Government liability, the Contractor shall so notify the Contracting Officer, in writing, and propose an appropriate increase in the limitation of Government liability of such order. Within thirty (30) days of such notice, the Contracting Officer will either (i) notify the Contractor in writing of such appropriate increase, or (ii) instruct the Contractor how and to what extent the work shall be continued; provided, however, that in no event shall the Contractor be obligated to proceed with work on an undefinitized order beyond the point where its costs incurred plus a reasonable profit exceed the limitation of Government liability. and provided also that in no event shall the Government be obligated to pay the Contractor any amount in excess of the limitation of Government liability specified in any such order prior to definitization.

(h) Initial Spares. The limitations set forth in paragraph (d) and subparagraphs (f)(2), (g)(2) and (g)(3), do not apply to undefinitized orders for the purchase of initial spares.

(i) Ordering Activities. The following activities are authorized to issue orders hereunder: Commander, Naval Sea Systems Command (SEA02224)  
Supervisor of Shipbuilding, Conversion and Repair (Code 400)

The Contracting Officer of the Ordering Activity shall forward a copy of each executed order marked "DD-350", to the Commander, Naval Sea Systems Command, ATTN: SEA 0272.

(j) Funds in the following amount are committed under this Basic Ordering Agreement for use by the Ordering Activity in obligating funds to pay for orders placed hereunder:



<u>Item</u>	<u>Funds</u>
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NOT APPLICABLE

#### **H-14 NAVSEA 5252.232-9105 PAYMENTS (FI) (JAN 1990)**

##### **(a) Computation of Payments**

(1) Until such time as physical progress in the performance of work on a vessel is fifty percent (50%) complete, the Government, upon submission by the Contractor of invoices certified by the Contractor as hereinafter provided, will promptly make payments, on account of the total contract price(s), at ninety percent (90%) of the amount determined by multiplying the allocated total contract price of such vessel by the percentage of physical progress in the performance of work on such vessel as certified by the Contractor subject to the approval of the Supervisor; provided, that no such payment shall be made in an amount which when added to the total of all payments previously made with respect to such vessel under (i) paragraph (a) of this requirement and (ii) the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" requirement exceeds one hundred percent (100%) of the allowable costs certified by the Contractor on the related invoice to have been incurred in the performance of work on such vessel.

(2) After the percentage of physical progress in the performance of work on a vessel has reached fifty percent (50%), the Government, upon submission by the Contractor of invoices certified by the Contractor as hereinafter provided, will promptly make payments, on account of the total contract price(s), of one hundred percent (100%) of the amount determined by: (i) multiplying the allocated total contract price of such vessel by the percentage of physical progress in the performance of work on such vessel as certified by the Contractor subject to the approval of the Supervisor, and (ii) subtracting from that product five percent (5%) of the allocated total contract price of such vessel; provided, that no such payment shall be made in an amount which when added to the total of all payments made previously with respect to such vessel under (i) paragraph (a) of this requirement and (ii) the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" requirement exceeds one hundred five percent (105%) of the allowable costs certified by the Contractor on the related invoice to have been incurred in the performance of work on such vessel; provided, further, that the Contractor furnishes data on actual cumulative costs and estimated future costs acceptable to the Supervisor which demonstrates to the satisfaction of the Supervisor that the Contractor will make a profit of at least five percent (5%) on completion of the contract, and the Contractor provides updated information on a quarterly basis. If updated data indicate the Contractor will not make a profit of at least five percent (5%) on completion of the contract, the progress payments shall be adjusted retroactively so that the total of all payments made with respect to the vessel under (i) paragraph (a) of this requirement and (ii) the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" requirement shall not exceed one hundred percent (100%) of the allowable costs certified by the Contractor on the related invoice to have been incurred in the performance of work on such vessel.

(b) Billing Price

(1) For the purpose of this requirement, until the establishment of the total final price(s) in accordance with paragraph (d) of the clause of this contract entitled "INCENTIVE PRICE REVISION--FIRM TARGET (FI) (DEVIATION 89-915 - 29 JUN 1989)" (FAR 52.216-16), the term "total contract price" means the billing price; initially the billing price shall be the initial total contract target price(s), and thereafter the billing price shall be revised as provided in paragraph (b)(2) below. After establishment of the total final price(s) in accordance with paragraph (d) of the "INCENTIVE PRICE REVISION (FIRM TARGET) (FI) (DEVIATION 89-915 - 29 JUN 1989)" clause, the billing price shall be the total final price(s) so established.

(2) Within fifteen (15) days after each calendar quarter the Contractor shall submit in writing a proposed revised billing price which shall be established as follows:

(i) The Contractor shall certify to the Contracting Officer the percentage of physical progress in the performance of the contract as a whole as of the end of the calendar quarter. Such percentage of physical progress shall be expressed as a decimal carried to four decimal places and shall be subject to the approval of the Supervisor.

(ii) The revised billing price shall be the sum of a projected final cost(s), and a projected profit, computed as follows:

(A) A projected final cost shall be computed by (i) determining the cumulative sum of the base costs as of the end of the calendar quarter, established in accordance with the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" requirement, and (ii) dividing the sum thereof by the percentage of physical progress certified and approved as set forth in subparagraph (i) above.

(B) A projected profit shall be determined by applying to the projected final cost(s) the incentive formula set forth in paragraph (d)(2) of the "INCENTIVE PRICE REVISION--FIRM TARGET" clause; provided, that in no event shall the revised billing price exceed the ceiling price(s) of the contract.

(iii) The revised billing price determined as stated above shall be set forth separately in a supplemental agreement to this contract, which also shall set forth the computations upon which the revision of the billing price is based.

(iv) Any revision of the billing prices shall not affect the determination of the total final price(s) under paragraph (d) of the "INCENTIVE PRICE REVISION--FIRM TARGET (FI) (DEVIATION 89-915 - 29 JUN 1989)" clause. After execution of the contract modification referred to in subparagraph (d)(3) of said clause, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price(s), and any additional payments, refunds, or credits resulting therefrom shall be promptly made.

(c) Allocated Total Contract Price of Each Vessel

For the purpose of this requirement, the allocated total contract price of each vessel shall be established by multiplying the total contract price(s) by a percentage, expressed as a decimal

carried to four decimal places, equal to that fraction whose numerator is the original unit target price of the vessel and whose denominator is the original total target price. The resulting dollar amount shall be rounded to the nearest one hundred thousand dollar (\$100,000), upward or downward; provided that in no event shall the sum of the allocated total contract price of the vessel(s) exceed the total contract price(s). The aforesaid percentages of each vessel shall be revised, by contract modification, in the event that either:

(i) Equitable adjustments to the unit target prices of the vessels result in unit target prices of a substantially different proportion to the total target prices than previously provided for under this subparagraph (c); or

(ii) Incurred costs indicate that a revision to the percentages is appropriate, provided, however, any such revision shall not be made more frequently than at the end of a calendar quarter unless the total contract price(s) is(are) limited to the contract ceiling price(s) and the contract ceiling price(s) is(are) adjusted during the calendar quarter.

(d) Invoices

Invoices may be submitted every two weeks, but not more frequently; provided, however, that if after contract award more frequent progress payments are approved by cognizant Government authority, this requirement shall be modified accordingly without additional consideration by the Contractor to the Government for such modification. No payment will be required to be made upon invoices aggregating less than five thousand dollars (\$5,000).

The Contractor shall certify on each invoice:

(1) the percentage of physical progress in the performance of work on the vessel as a decimal carried to four places; and

(2) the allowable costs incurred in the performance of the work on the vessel as of the date the invoice is submitted. Such certification shall provide for cost category reporting in accordance with the Contractor's normal accounting system and shall be broken down into direct material, direct labor, and indirect costs.

(e) Physical Progress and Weighting Factors

(1) Within sixty (60) days after contract award the Contractor shall submit a progressing system description for review and approval by the Contracting Officer. Upon approval of such system, progress payments shall be in accordance with the approved system. Subsequent revisions to the approved system shall be submitted to the Contracting Officer for approval prior to implementation.

(2) The mutually agreed upon weighting factors for the categories of labor and material for each vessel are set forth in Attachment \* to this contract. The weighting factors shall be revised quarterly concurrent with the billing price revisions specified in paragraph (b). Notwithstanding the above, revision of weighting factors may be requested by either party when factual data indicate that the weighting factors then in use are no longer

representative of the actual labor and material distribution. Revisions of weighting factors shall be supported by detailed de-escalated (estimated final) direct material, direct labor, and indirect costs and additional data concerning the cause of the change in the weighting factors. Any change in the weighting factors shall be set forth in a supplemental agreement to this contract.

(f) Incurred Costs

For the purpose of this clause, "incurred costs" are those costs identified through the use of the accrual method of accounting, as supported by the records maintained by the Contractor and which are allowable in accordance with Part 31 of the Federal Acquisition Regulation (FAR) and Part 231 of the Department of Defense FAR Supplement (DFARS) in effect on the effective date of this contract and include only:

**\*\*(1)** Costs for items or services purchased directly for the contract which are paid as well as incurred, as shown by payment made by cash, check, or other form of actual payment; and

(2) Costs incurred, but not necessarily paid, for materials issued from the Contractor's stores inventory and placed in the production process for use on the contract, for direct labor, for direct travel, for other direct in-house costs and for properly allocable and allowable overhead (indirect) costs, all as shown by records maintained by the Contractor for the purpose of obtaining payment under Government contracts, provided that the Contractor is not delinquent in payment of costs of contract performance in the ordinary course of business; and

(3) With respect to allocated and allowable costs of pension contributions, when pension contributions are paid by the Contractor to the retirement fund less frequently than quarterly, accruals of the costs of these pension contributions shall be excluded from the Contractor's incurred costs until such costs are paid. If pension contributions are paid on a quarterly or more frequent basis, accruals of such costs may be included in the Contractor's incurred costs, provided that the pension contributions are paid to the retirement fund within thirty (30) days after the close of the period covered by payment. If payments are not paid within such thirty (30) day period, pension contributions shall be excluded from the Contractor's incurred costs until payment therefor has been made.

(4) Incurred costs shall not include any costs which are required under any requirement of this contract (other than the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" requirement) to be reimbursed or paid by the Government to the Contractor or by the Contractor to the Government other than through an equitable adjustment in the contract price(s).

(5) If an overpayment is made relative to this paragraph (f), interest shall be charged at the prevailing per annum rate established by the Secretary of the Treasury, pursuant to Public Law 92-41, from the date such overpayment is made (date of Government check) until the date the overpayment is fully recovered.

(g) Retentions

(1) Upon preliminary acceptance of each vessel and upon the submission of properly certified invoices, the Government will pay to the Contractor the amount withheld under paragraph (a) of this requirement in respect of that vessel in excess of (i) a performance reserve in the amount of one and one-half percent (1.5%) of the allocated total contract price for such vessel, or (ii) one hundred thousand dollars (\$100,000), whichever is greater. If at any time it shall appear to the Government that the amount of performance reserve may be insufficient to meet the cost to the Government of finishing any unfinished work under the contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered prior to preliminary acceptance or during the guaranty period of any vessel, the Government may, in making payments under this requirement, deduct or withhold such additional amounts as it may determine to be necessary to render such reserve adequate; provided, that any additional amounts deducted or withheld on account of defects which are discovered during the guaranty period of the vessel shall not exceed the limit of the Contractor's liability as set forth in the requirement entitled "LIMITATION OF CONTRACTOR'S LIABILITY FOR CORRECTION OF DEFECTS", reduced by the amounts of the cost incurred by the Contractor for work on such vessel because of Contractor responsible deficiencies which are discovered during the guaranty period of the vessel.

(2) The Government may, in its discretion, make payments prior to final settlement on account of the reserves established under this requirement, subject to such conditions precedent as the Contracting Officer may prescribe.

(3) The Government shall, at the time of final settlement, in accordance with the provisions of the requirement entitled "FINAL SETTLEMENT", pay the Contractor the balance owing to it under the contract promptly after the amount of such balance shall have been determined.

(h) Certifications and Audits

At any time or times prior to final payment under this contract, the Contracting Officer may have any invoices and statements or certifications of costs audited. The Contracting Officer may require the Contractor to submit, or make available for examination by the Contracting Officer or his designated representative, the supporting documentation upon which invoices, statements or certifications of costs are based. Each payment theretofore made shall be subject to reduction as necessary to reflect the exclusion of amounts included in the invoices or statements or certifications of costs which are found by the Contracting Officer, on the basis of such audit, not to constitute allowable costs. Any payment may be reduced for overpayments, or increased for underpayments on preceding invoices.

**H-15 NAVSEA 5252.242-9115 TECHNICAL INSTRUCTIONS (APR 1999)**

(a) Performance of the work hereunder shall be subject to written technical instructions signed by the Contracting Officer's Representative specified in Section G of this contract. As used herein, technical instructions are defined to include the following:

(1) Directions to the Contractor which suggest pursuit of certain lines of inquiry, shift work emphasis, fill in details or otherwise serve to accomplish the contractual statement of work.

(2) Guidelines to the Contractor which assist in the interpretation of drawings, specifications or technical portions of work description.

(b) Technical instructions must be within the general scope of work stated in the contract. Technical instructions may not be used to: (1) assign additional work under the contract; (2) direct a change as defined in the "CHANGES" clause of this contract; (3) increase or decrease the contract price or estimated contract amount (including fee), as applicable, the level of effort, or the time required for contract performance; or (4) change any of the terms, conditions or specifications of the contract.

(c) If, in the opinion of the Contractor, any technical instruction calls for effort outside the scope of the contract or is inconsistent with this requirement, the Contractor shall notify the Contracting Officer in writing within ten (10) working days after the receipt of any such instruction. The Contractor shall not proceed with the work affected by the

technical instruction unless and until the Contractor is notified by the Contracting Officer that the technical instruction is within the scope of this contract.

(d) Nothing in the foregoing paragraph shall be construed to excuse the Contractor from performing that portion of the contractual work statement which is not affected by the disputed technical instruction.

#### **H-16 NAVSEA 5252.216-9112 ORDERS (COST-PLUS-FIXED-FEE) (NOV 1996)**

(a) General. Orders for supplies or services specified in Section B of the Schedule may be issued by the Contracting Officer at any time during the effective period of this agreement. Except as otherwise provided in paragraph (e) below, the Contractor agrees to accept and perform orders issued by the Contracting Officer within the scope of this agreement. It is understood and agreed that the Government has no obligation under the terms of this agreement to issue any orders. Except as otherwise provided in any order, the Contractor shall furnish all materials and services necessary to accomplish the work specified in each order issued hereunder; provided, however, that this agreement shall not be used for the furnishing of supplies or services which are covered by any "guaranty" or "warranty" clause(s) of the contract(s) under which the supplies were manufactured. In the event of any inconsistency between any order and this agreement, this agreement shall control. All the requirements of this agreement shall be applicable to all orders issued hereunder. Wherever the word "contract" appears in this agreement, it shall be deemed to include within its meaning the word "order", and each order shall be considered a separate binding contract as of its effective date. The Contractor shall segregate the costs incurred in the performance of any order issued hereunder from the costs of all other orders issued under this agreement.

(b) Ordering. Orders and revisions thereto shall be made in writing and be signed by any authorized Contracting Officer cited in paragraph (i). Each order shall:

- (1) set forth detailed specifications or requirements for the supplies or services being ordered, (or reference applicable specifications or requirements in Section C of this agreement), and, if applicable, shall refer to the appropriate item under Section B of this agreement;
- (2) set forth quantities being ordered;
- (3) set forth preservation, packaging and packing instructions, if any;
- (4) set forth delivery or performance dates;
- (5) designate the place(s) where inspection and acceptance will be made by the Government;
- (6) set forth the estimated cost and fixed fee or, in the case of an undefinitized order, the definitization schedule and both the monetary limitation on Government liability for the undefinitized order and the maximum ceiling amount at which the order may be definitized;
- (7) set forth appropriation and accounting data for the work being ordered;
- (8) be dated;
- (9) be identified by number in accordance with DFARS 204.7004;
- (10) set forth the property, if any, to be furnished by the Government and the date(s) such property is to be delivered to the Contractor;
- (11) set forth the disbursing office where payment is to be made and other applicable contract administration data;
- (12) cite the applicable circumstance or exception and the justification control number. Orders for items not identified in the class justification, or an individual justification and the basic ordering agreement are unauthorized;
- (13) be issued on an SF 26 or DD Form 1155; and
- (14) set forth any other pertinent information.

(c) Priced Orders. Except as otherwise provided in paragraph (d) below, the Contractor shall not begin any work on an order until the estimated cost and fixed fee for the order have been agreed upon by the Contracting Officer and Contractor and an order is issued by the Contracting Officer. Upon receipt of a proposed order, the Contractor shall promptly submit to the Contracting Officer a cost proposal for the work specified in the order. The Contractor shall submit such cost or pricing data as the Contracting Officer may require. Promptly after receipt of the Contractor's proposal and supporting cost or pricing data, the

Contractor and the Contracting Officer shall negotiate and agree upon a price and delivery schedule for the work being ordered. The estimated cost, fixed fee, and delivery schedule, as agreed upon, shall be set forth in the priced order and the order shall be signed by both the Contracting Officer and the Contractor. Upon receipt of the priced order, the Contractor shall promptly commence work and shall diligently complete it.

(d) Undefinitized Orders. Whenever the Contracting Officer determines that urgent demands or requirements prevent the issuance of a firm priced order, the Contracting Officer may issue an unpriced order. Such order may be unilateral or bilateral and shall establish a limitation on Government liability, a maximum ceiling amount, and a schedule for definitization, as described in subparagraph (f)(2) below. Upon request, the Contractor shall submit a maximum ceiling amount proposal before the undefinitized order is issued. The maximum ceiling amount is the maximum amount (including fee) at which the order may be definitized. Except as provided in paragraph (e) below, the Contractor

shall commence performance of the order upon receipt. The clause entitled "CONTRACT DEFINITIZATION" (DFARS 252.217-7027) shall be included in any undefinitized order.

(e) Rejection of Unilateral Orders. The Contractor may reject any unilateral order if the Contractor determines that it cannot feasibly perform the order or if it does not concur with the maximum ceiling amount. However, each unilateral order shall be deemed to have been accepted by the Contractor unless within fifteen (15) days of issuance of the order the Contractor notifies the Contracting Officer in writing of its rejection of the order.

(f) Definitization of Undefinitized Orders. (1) The Contractor agrees that following the issuance of an undefinitized order, it will promptly begin negotiating with the Contracting Officer the CPFF and terms of a definitive order that will include: (A) all clauses required by regulation on the date of the order; (B) all clauses required by law on the date of execution of the definitive order; and, (C) other mutually agreeable clauses, terms and/or conditions. No later than sixty (60) days after the undefinitized order is issued, the Contractor shall submit a cost proposal with sufficient data to support the accuracy and derivation of its CPFF proposal; and, when required by FAR or the Contracting Officer, cost or pricing data, including SF 1411. If additional cost information is available prior to the conclusion of negotiations, the Contractor shall provide that information to the Contracting Officer. The CPFF agreed upon shall be set forth in a bilateral modification to the order. In no event shall the CPFF exceed the maximum ceiling amount specified in the undefinitized order.

(2) Each undefinitized order shall contain a schedule for definitization which shall include a target date for definitization and dates for submission of a qualifying proposal, beginning of negotiations and, if appropriate, submission of make-or-buy and subcontracting plans and cost or pricing data. Submission of a qualifying proposal in accordance with the definitization schedule is a material element of the order. The schedule shall provide for definitization of the order by the earlier of:

- (i) a specified target date which is not more than 180 days after the issuance of the undefinitized order. However, that target date may be extended by the



Contracting Officer for up to 180 days after the Contractor submits a qualifying proposal as defined in DFARS 217.7401; or

- (ii) the date on which the amount of funds obligated by the Government under the undefinitized order exceeds fifty percent (50%) of the order's maximum ceiling amount, except as provided in subparagraph (f)(3) below.

(3) If agreement on a definitive order is not reached within the time provided pursuant to subparagraph (f)(2) above, the Contracting Officer may, with the approval of the Head of the Contracting Activity, determine a reasonable price in accordance with Subpart 15.4 and Part 31 of the FAR, and issue a unilateral order subject to Contractor appeal as provided in the "DISPUTES" clause (FAR 52.233-1). In any event, the Contractor shall proceed with completion of the order, subject to the "LIMITATION OF GOVERNMENT LIABILITY" clause (FAR 52.216-24).

(g) Limitation of Government Liability. (1) Each undefinitized order shall set forth the limitation of Government liability, which shall be the maximum amount that the Government will be obligated to pay the Contractor for performance of the order until the order is definitized. The Contractor is not authorize to make expenditures or incur obligations exceeding the limitation of Government liability set forth in the order. If such expenditures are made or if such obligations are incurred, those expenditures and obligations will be at the Contractor's sole risk and expense. Further, the limitation of liability shall be the maximum Government liability if the order is terminated. The clause at FAR 52.216-24 shall be included in any undefinitized order.

(2) Except for undefinitized orders for Foreign Military Sales; purchases of less than \$25,000; special access programs; and Congressionally-mandated long-lead procurements; and except as otherwise provided in subparagraph (g)(3) below, the limitation of Government liability shall not exceed fifty percent (50%) of the maximum ceiling amount of an undefinitized order. In the case of orders within these excepted categories, however, the procedures set forth herein shall be followed to the maximum extent practical.

(3) If the Contractor submits a qualifying proposal, as defined in DFARS 217.7401 to definitize an order before the Government obligated fifty percent (50%) of the maximum ceiling amount, the Contracting Officer may increase the limitation of Government Liability up to no more than seventy-five percent (75%) of the maximum ceiling amount or up to seventy-five percent (75%) of the total CPFF proposed by the Contractor, whichever is less.

(4) If at any time the Contractor believes that its expenditure under an order will exceed the limitation of Government liability, the Contractor shall so notify the Contracting Officer, in writing, and propose an appropriate increase in the limitation of Government liability of such order. Within thirty (30) days of such notice, the Contracting Officer will either (i) notify the Contractor in writing of such appropriate increase, or (ii) instruct the Contractor how and to what extent the work shall be continued; provided, however, that in no event shall the Contractor be obligated to proceed with work on an undefinitized order beyond the point where its costs incurred plus a reasonable profit exceed the limitation of Government liability, and provided also that in no event shall the Government be obligated

to pay the Contractor any amount in excess of the limitation of Government liability specified in any such order prior to definitization.

(h) Initial Spares. The limitations set forth in paragraph (d) and subparagraphs (f)(2), (g)(2) and (g)(3) do not apply to undefinitized orders for the purchase of initial spares.

(i) Ordering Activities. The following activities are authorized to issue orders hereunder:  
 Commander, Naval Sea Systems Command (SEA02224)  
 Supervisor of Shipbuilding, Conversion and Repair, New Orleans (Code 400)

The Contracting Officer of the Ordering Activity shall forward a copy of each executed order marked "DD-350", to the Commander, Naval Sea Systems Command, ATTN: SEA 027.

(j) Funds in the following amount are committed under this Basic Ordering Agreement for use by the Ordering Activity in obligating funds to pay for orders placed hereunder:

<u>Item</u>	<u>Funds</u>
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NOT APPLICABLE

The Contracting Officer of the Ordering Activity shall forward a copy of each executed order marked "DD-350", to the Commander, Naval Sea Systems Command, ATTN: SEA 0294.

**H-17 NAVSEA 5252.233-9107      EQUITABLE ADJUSTMENTS: WAIVER AND  
 RELEASE OF CLAIMS (AT)(JAN 1983)**

(a) Whenever the Contractor, after receipt of a change made pursuant to the clause of this contract entitled "CHANGES" or after affirmation of a constructive change under the "NOTIFICATION OF CHANGES" (FAR 52.243-7) requirement, submits any claim for equitable adjustment under the foregoing, such claim shall include all types of adjustments in the total amounts to which the foregoing entitle the Contractor, including but not limited to adjustments arising out of delays or disruptions or both caused by such change

(b) Further, the Contractor agrees (except as the parties may otherwise agree) that, if required by the Contracting Officer, it will execute a release, in form and substance satisfactory to the Contracting Officer, as part of the supplemental agreement setting forth the aforesaid equitable adjustment, and that such release shall discharge the Government, its officers, agents and employees, from any further claims including but not limited to further claims arising out of delays or disruptions or both, caused by the aforesaid change.

**H-18 NAVSEA 5252.225-9100      FOREIGN SHIPYARD CONSTRUCTION  
 PROHIBITION (AT) (JAN 1983)**

Neither the vessel nor the hull, midbody, or other major fixed structural component of the vessel shall be constructed in a foreign shipyard.

**H-19 5252.216-9122 LEVEL OF EFFORT (DEC 2000)**

(Applicable to Item 0009AA)

(a) The Contractor agrees to provide the total level of effort specified in the next sentence in performance of the work described in Sections B and C of this contract. The total level of effort for the performance of this contract shall be [REDACTED] total man-hours of direct labor, including subcontractor direct labor for those subcontractors specifically identified in the Contractor's proposal as having hours included in the proposed level of effort.

(b) Of the total man-hours of direct labor set forth above, it is estimated that [REDACTED] man-hours are uncompensated effort.

Uncompensated effort is defined as hours provided by personnel in excess of 40 hours per week without additional compensation for such excess work. All other effort is defined as compensated effort. If no effort is indicated in the first sentence of this paragraph, uncompensated effort performed by the Contractor shall not be counted in fulfillment of the level of effort obligations under this contract.

(c) Effort performed in fulfilling the total level of effort obligations specified above shall only include effort performed in direct support of this contract and shall not include time and effort expended on such things as (local travel to and from an employee's usual work location), uncompensated effort while on travel status, truncated lunch periods, work (actual or inferred) at an employee's residence or other non-work locations (except as provided in paragraph (j) below), or other time and effort which does not have a specific and direct contribution to the tasks described in Sections B and C.

(d) The level of effort for this contract shall be expended at an average rate of approximately [REDACTED]. It is understood and agreed that the rate of man-hours per month may fluctuate in pursuit of the technical objective, provided such fluctuation does not result in the use of the total man-hours of effort prior to the expiration of the term hereof, except as provided in the following paragraph.

(e) If, during the term hereof, the Contractor finds it necessary to accelerate the expenditure of direct labor to such an extent that the total man-hours of effort specified above would be used prior to the expiration of the term, the Contractor shall notify the Contracting Officer in writing setting forth the acceleration required, the probable benefits which would result, and an offer to undertake the acceleration at no increase in the estimated cost or fee together with an offer, setting forth a proposed level of effort, cost breakdown, and proposed fee, for continuation of the work until expiration of the term hereof. The offer shall provide that the work proposed will be subject to the terms and conditions of this contract and any additions or changes required by then current law, regulations, or directives, and that the offer, with a written notice of acceptance by the Contracting Officer, shall constitute a binding contract. The Contractor shall not accelerate any effort until receipt of such written approval by the Contracting Officer. Any agreement to accelerate will be formalized by contract modification.

(f) The Contracting Officer may, by written order, direct the Contractor to accelerate the expenditure of direct labor such that the total man-hours of effort specified in paragraph (a) above would be used prior to the expiration of the term. This order shall specify the acceleration required and the resulting revised term. The Contractor shall acknowledge this order within five days of receipt.

(g) If the total level of effort specified in paragraph (a) above is not provided by the Contractor during the period of this contract, the Contracting Officer, at its sole discretion, shall either (i) reduce the fee of this contract as follows:

$$\text{Fee Reduction} = \text{Fee} \frac{(\text{Required LOE} - \text{Expended LOE})}{\text{Required LOE}}$$

or (ii) subject to the provisions of the clause of this contract entitled "LIMITATION OF COST" (FAR 52.232-20) or "LIMITATION OF COST (FACILITIES)" (FAR 52.232-21), as applicable, require the Contractor to continue to perform the work until the total number of man-hours of direct labor specified in paragraph (a) above shall have been expended, at no increase in the fee of this contract.

(h) The Contractor shall provide and maintain an accounting system, acceptable to the Administrative Contracting Officer and the Defense Contract Audit Agency (DCAA), which collects costs incurred and effort (compensated and uncompensated, if any) provided in fulfillment of the level of effort obligations of this contract. The Contractor shall indicate on each invoice the total level of effort claimed during the period covered by the invoice, separately identifying compensated effort and uncompensated effort, if any.

(i) Within 45 days after completion of the work under each separately identified period of performance hereunder, the Contractor shall submit the following information in writing to the Contracting Officer with copies to the cognizant Contract Administration Office and to the DCAA office to which vouchers are submitted: (1) the total number of man-hours of direct labor expended during the applicable period; (2) a breakdown of this total showing the number of man-hours expended in each direct labor classification and associated direct and indirect costs; (3) a breakdown of other costs incurred; and (4) the Contractor's estimate of the total allowable cost incurred under the contract for the period. Within 45 days after completion of the work under the contract, the Contractor shall submit, in addition, in the case of a cost underrun; (5) the amount by which the estimated cost of this contract may be reduced to recover excess funds and, in the case of an underrun in hours specified as the total level of effort; and (6) a calculation of the appropriate fee reduction in accordance with this clause. All submissions shall include subcontractor information.

(j) Unless the Contracting Officer determines that alternative worksite arrangements are detrimental to contract performance, the Contractor may perform up to 10% of the hours at an alternative worksite, provided the Contractor has a company-approved alternative worksite plan. The primary worksite is the traditional "main office" worksite. An alternative worksite means an employee's residence or a telecommuting center. A telecommuting center is a geographically convenient office setting as an alternative to an employee's main office. The Government reserves the right to review the Contractor's

alternative worksite plan. In the event performance becomes unacceptable, the Contractor will be prohibited from counting the hours performed at the alternative worksite in fulfilling the total level of effort obligations of the contract. Regardless of work location, all contract terms and conditions, including security requirements and labor laws, remain in effect. The Government shall not incur any additional cost nor provide additional equipment for contract performance as a result of the Contractor's election to implement an alternative worksite plan.

(k) Notwithstanding any of the provisions in the above paragraphs, the Contractor may furnish man-hours up to five percent in excess of the total man-hours specified in paragraph (a) above, provided that the additional effort is furnished within the term hereof, and provided further that no increase in the estimated cost or fee is required.

**H-20 NAVSEA 5252.246-9124      SHIPBUILDING SUPPORT OFFICE  
SCHEDULES (AT) (JAN 1983)**

The U.S. Navy Shipbuilding Support Office, which is responsible within the Department for providing central scheduling for ship programs, may, but shall not be obligated to, promulgate from time to time Master Program Schedules and other documents relating to the design, material procurement for, and orderly erection of the vessel(s). Such schedules and documents, if promulgated, are intended to facilitate integration of all work required in connection with the vessels, and other vessels, if any, in the same ship program and to serve as a planning aid for the Contractor and its agents, but such schedules and documents shall not alter or increase the obligations of the Government and the use thereof or adherence thereto is not a requirement of this contract. Neither the promulgation of such schedules and documents nor any use thereof by the Contractor or its agent shall in any way relieve the Contractor of its obligation to complete and deliver the vessel(s) by the date and in accordance with the other requirements set forth in this contract or affect responsibility for any delays.

**H-21 NOT USED**

**H-22 NAVSEA 5252.246-9128      DELIVERY OF COMPLETED VESSEL (FT)  
(JAN 1983)**

The term "vessel" as used in this requirement refers to each of the vessels to be constructed and delivered under this contract.

(a) The vessel shall not be presented for acceptance trials (as used in this requirement acceptance trials means acceptance trials or combined acceptance trials) until it is determined by the Supervisor that the Contractor has satisfactorily carried out those parts of the builder's trials for which the Contractor is responsible, including builder's dock and sea trials, and that the Contractor has:

(i) Corrected all Contractor responsible deficiencies discovered before completion of all builder's sea trials, unless otherwise agreed to in writing by the Contracting Officer; and

- (ii) Corrected all Contractor responsible deficiencies discovered after completion of the builder's sea trials which are determined by the Contracting Officer to be necessary to avoid an adverse effect on the operational capability of the vessel.
- (b) The Contractor shall be responsible for scheduling an interval of a minimum of 14 days between the satisfactory completion of acceptance trials and delivery of the vessel. During this period, the Contractor shall satisfactorily correct all Contractor responsible deficiencies, whether discovered before, during, or after completion of acceptance trials, which are determined by the Contracting Officer to be necessary to avoid an adverse effect on the operational capability of the vessel.
- (c) Prior to delivery of the vessel, to the extent necessary for tests, crew training, or operations which the Government is to perform and which do not require the Government to have control of the entire vessel, the Contractor shall make parts of the vessel available to the Government; to the extent necessary for tests, crew training, trials or operations which the Government is to perform and which require the Government to have control of the entire vessel, such as alongside training, fast cruise and underway trials, the Contractor shall make the entire vessel available to the Government at dockside, at the Contractor's plant, for such periods of time as are necessary for such trials and operations. During all periods of time when the entire vessel is made available to the Government, the Contractor shall, as requested by the Government and required by the specifications, provide technical assistance and provide assistance necessary to correct defects which develop or are discovered during trials or operations of the vessel. Following the completion of each such trial or operation, the Government shall return the vessel to the Contractor at dockside, at the Contractor's plant, for the correction of defects, if any, and completion of construction in accordance with the terms of this contract.
- (d) Upon satisfactory completion (i) of acceptance trials and (ii) of the correction of deficiencies as provided in paragraph (b) above, the Contractor shall deliver the vessel to the Government for preliminary acceptance.
- (e) Following preliminary acceptance, the Government may, during the guaranty period, make the vessel available to the Contractor, at the Contractor's plant, (i) for correction of defects noted at the time of preliminary acceptance, or which are discovered during the guaranty period, and (ii) for the performance of any additional work required by change orders issued pursuant to the "CHANGES" clause of this contract prior to preliminary acceptance and not theretofore performed. If the Government elects to make the vessel(s) available to the contractor, at the contractor's plant, for the accomplishment of the above described post delivery work, the contractor agrees to accept the vessel(s) and perform the work. The contractor also agrees to consider the accomplishment of additional work during the post-shakedown availability under a standard Government contract. If the post-shakedown availability period shall begin during but extend beyond the expiration of the guaranty period, the Government may during the extended period leave the vessel at the Contractor's plant or return the vessel thereto for the correction of defects not previously corrected and for the performance of any additional work required by change orders issued pursuant to the "CHANGES" clause of this contract prior to preliminary acceptance and not theretofore performed.

(f) The Contractor shall exercise reasonable care to protect the vessel at all times until the delivery of the vessel, and thereafter during such times as the vessel is at the Contractor's plant during the guaranty period or during the post-shakedown availability period if the latter shall extend beyond the expiration of the guaranty period, except for periods of time when the entire vessel is made available to the Government. During such periods, while the vessel is at the Contractor's plant, the Contractor shall provide assistance to protect and service the vessel, and shall effect any correction of defects or performance of uncompleted work, to the extent permitted or required by the Government.

(g) In accordance with the inspection requirements of the contract, all actions of the Government pursuant to this requirement shall be performed in such a manner as to not unduly delay the work.

### **H-23 NOT USED**

### **H-27 NAVSEA 5252.231-9109**

### **H-28 NAVSEA 5252.215-9106 PRICE ADJUSTMENT FOR CHANGES IN FEDERAL LAW (FT) (NOV 1996)**

#### **(a) Definitions**

(1) For the purpose of this requirement:

(i) The term "Currently Applicable Federal Laws" is defined to mean and include only the statutes listed below and regulations thereunder, promulgated by Federal authorities as in effect on 8 November 2002.

- (A) Contract Work Hours and Safety Standards Act
- (B) Occupational Safety and Health Act
- (C) Atomic Energy Act
- (D) National Environmental Policy Act
- (E) Clean Air Act
- (F) Clean Water Act

(G) Refuse Act

(H) Noise Control Act

(I) Toxic Substances Control Act

(J) Solid Waste Disposal Act

(K) Marine Protection, Research and Sanctuaries Act

(L) Comprehensive Environmental Response, Compensation, and Liability Act

(M) Act to Prevent Pollution from Ships

(N) Hazardous Materials Transportation Act

(ii) The term "New Federal Law" is defined to mean a new Federal Statute enacted subsequent to 8 November 2002 pertaining to (1) workplace conditions affecting employees or the public, or (2) environmental standards and requirements, and regulations thereunder promulgated by Federal authorities.

(iii) The term "change" shall be deemed to mean the amendment or repeal of any Currently Applicable Federal Law or New Federal Law or regulations promulgated thereunder by Federal authorities.

(b) If, at any time after the effective date of this contract, a New Federal Law is enacted or a change is made to a Currently Applicable Federal Law or a New Federal Law or regulations thereunder promulgated by Federal authorities, and compliance with such new law or change directly results in an increase or decrease in the Contractor's cost of performance of this contract, the contract price(s) shall be adjusted as provided in paragraph (c) below. No such adjustment shall be made for contract costs incurred or projected to be incurred during the two (2) year period after the effective date of this contract.

(c) The price adjustment provided for in paragraph (b) above shall be made, in the same amount, in each of the Target Cost(s), the Target Price(s), and the Ceiling Price(s) or Fixed Price(s) of this contract, as appropriate, and shall include only the properly allowable and allocable direct and indirect costs of additional labor and materials directly resulting from compliance with the new law or with the change. but shall not include:

(i) Costs of delay, disruption, or acceleration of performance;

(ii) Increases or decreases in prices charged by subcontractors or suppliers; or

(iii) Costs of additional facilities or of any portion thereof constructed or acquired after



8 November 2002 unless such additional facilities or the portion thereof have been constructed or acquired by the Contractor solely in order to comply with a New Federal law or a change in Currently Applicable Federal Laws or New Federal Laws, or regulations thereunder promulgated by Federal authorities.

The price adjustment shall consider and exclude any tax, depreciation, or other special allowances provided to the Contractor in the New Federal Law or change for compliance therewith. No adjustment shall be made in the Profit or Delivery Schedule of the contract, provided, however, that the Contractor's right, if any, to extension of the delivery schedule under any other requirement of this contract shall not be prejudiced thereby. No adjustment shall be made unless a New Federal Law or a change directly causes an increase or decrease in the Contractor's cost of performance of this contract in excess of \$125,000 per ship.

(d) The Contractor shall promptly notify the Contracting Officer, in writing, of the enactment of New Federal Laws or of a change that reasonably may be expected to result in an adjustment under the provisions of this requirement.

(e) Requests for price adjustments hereunder shall be made in accordance with the procedures of the requirement entitled "DOCUMENTATION OF REQUESTS FOR EQUITABLE ADJUSTMENT".

#### **H-29 NAVSEA 5252.245-9115 RENT-FREE USE OF GOVERNMENT PROPERTY (SEP 1990)**

The Contractor may use on a rent-free, non-interference basis, as necessary for the performance of this contract, the Government property accountable under Contract(s) N00024-93-C-2202 and N00024-01-C-2209. The Contractor is responsible for scheduling the use of all property covered by the above referenced contract(s) and the Government shall not be responsible for conflicts, delays, or disruptions to any work performed by the Contractor due to use of any or all of such property under this contract or any other contracts under which use of such property is authorized.

#### **H-30 NAVSEA 5252.232-9104 ALLOTMENT OF FUNDS (MAY 1993)** (Applicable to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, and 0013)

(a) This contract is incrementally funded with respect to both cost and fee. The amount(s) presently available and allotted to this contract for payment of fee for incrementally funded contract line item number/contract subline item number (CLIN/SLIN), subject to the clause entitled "FIXED FEE" (FAR 52.216-8) or "INCENTIVE FEE" (FAR 52.216-10), as appropriate, is specified below. The amount(s) presently available and allotted to this contract for payment of cost for incrementally funded CLINs/SLINs is set forth below. As provided in the clause of this contract entitled "LIMITATION OF FUNDS" (FAR 52.232-22), the CLINs/SLINs covered thereby, and the period of performance for which it is estimated the allotted amount(s) will cover are as follows:

<u>ITEM(S)</u>	<u>ALLOTTED TO COST</u>	<u>ALLOTTED TO FEE</u>	<u>ESTIMATED PERIOD OF PERFORMANCE</u>
0011AA			29 August 2003

(b) The parties contemplate that the Government will allot additional amounts to this contract from time to time for the incrementally funded CLINs/SLINs by unilateral contract modification, and any such modification shall state separately the amount(s) allotted for cost, the amount(s) allotted for fee, the CLINs/SLINs covered thereby, and the period of performance which the amount(s) are expected to cover.

(c) CLINs/SLINs 0007AB, 0008AC, 0008AD, and 0013 are fully funded and performance under these CLINs/SLINs is subject to the clause of this contract entitled "LIMITATION OF COST" (FAR 52.232-20) or "LIMITATION OF COST (FACILITIES)" (FAR 52.232-21), as applicable.

(d) The Contractor shall segregate costs for the performance of incrementally funded CLINs/SLINs from the costs of performance of fully funded CLINs/SLINs.

### **H-31 SPECIAL UNDERSTANDING CONCERNING THE SLEP OF AGM CRAFT**

(a) In the event that the Government does not exercise Option Item 0012 for the detail design and advance construction planning for the Phase II SLEP of AGM Class Craft, the Government understands that the Contractor will not be able to perform the SLEP of the AGM Class Craft required under Item 0001AB of the contract.

(b) The Government may decide to substitute a Textron Marine and Land Systems' built craft in place of the AGM Class Craft under Item 0001AB.

(c) If either event described in paragraphs (a) and (b) takes place, the Contractor shall be entitled to an equitable adjustment to cost and schedule under the contract.

**SECTION I - CONTRACT CLAUSES****SECTION I-1 - CLAUSES INCORPORATED BY REFERENCE****I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES:**

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.202-1	DEFINITIONS (OCT 1995)
52.203-3	GRATUITIES (APR 1984)
52.203-5	COVENANT AGAINST CONTINGENT FEES (APR 1984)
52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
52.203-7	ANTI-KICKBACK PROCEDURES (JUL 1995)
52.203-8	CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997)
52.204-2	SECURITY REQUIREMENTS (AUG 1996)
52.204-4	PRINTED/COPIED DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000)
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1995)
52.211-5	MATERIAL REQUIREMENTS (AUG 2000)
52.211-15	DEFENSE PRIORITY AND ALLOCATION REQUIREMENT (SEP 1990)

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Updated through FACs 97-22 (Items II and VI) through 97-24 and DFARS Change Notice  
20001213

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.215-2	AUDIT AND RECORDS--NEGOTIATION (JUN 1999)
52.215-8	ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT (OCT 1997)
52.215-10	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)
52.215-11	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
52.215-12	SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)
52.215-13	SUBCONTRACTOR COST OR PRICING DATA--MODIFICATIONS (OCT 1997)
52.215-14 and Alt I	INTEGRITY OF UNIT PRICES (OCT 1997) AND ALTERNATE I (OCT 1997) (Applies if contract award was not based on full and open competition.)
52.215-15	PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998)
52.215-18	REVERSION OR ADJUSTMENT OF PLANS FOR POST-RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (OCT 1997)
52.215-21 and Alt II	REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA--MODIFICATIONS (OCT 1997) AND ALTERNATE II (OCT 1997)
52.216-7	ALLOWABLE COST AND PAYMENT (MAR 2000) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)
52.216-8	FIXED FEE (MAR 1997) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)
52.219-4	NOTICE OF PRICE EVALUATION PREFERENCE FOR HUBZONE SMALL BUSINESS CONCERNS (JAN 1999)
52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2000)

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.219-9 and Alt II	SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2000) AND ALTERNATE II (OCT 2000)
52.219-16	LIQUIDATED DAMAGES--SUBCONTRACTING PLAN (JAN 1999)
52.222-1	NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997)
52.222-3	CONVICT LABOR (AUG 1996)
52.222-4	CONTRACT WORK HOURS AND SAFETY STANDARDS ACT--OVERTIME COMPENSATION (SEP 2000)
52.222-19	CHILD LABOR--COOPERATION WITH AUTHORITIES AND REMEDIES (FEB 2001)
52.222-20	WALSH-HEALEY PUBLIC CONTRACTS ACT (DEC 1996)
52.222-26	EQUAL OPPORTUNITY (FEB 1999)
52.222-29	NOTIFICATION OF VISA DENIAL (FEB 1999)
52.222-35	AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998)
52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)
52.222-37	EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1999)
52.223-6	DRUG-FREE WORKPLACE (JAN 1997)
52.223-11	OZONE-DEPLETING SUBSTANCES (JUN 1996)
52.223-12	REFRIGERATION EQUIPMENT AND AIR CONDITIONERS (MAY 1995)
52.223-14	TOXIC CHEMICAL RELEASE REPORTING (OCT 1996)
52.225-8	DUTY-FREE ENTRY (FEB 2000)

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.225-13	RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (JUL 2000)
52.226-1	UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES (JUN 2000)
52.227-1	AUTHORIZATION AND CONSENT (JUL 1995)
52.227-2	NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (AUG 1996)
52.227-10	FILING OF PATENT APPLICATIONS--CLASSIFIED SUBJECT MATTER (APR 1984)
52.229-3	FEDERAL, STATE, AND LOCAL TAXES (JAN 1991)
52.229-4	FEDERAL, STATE, AND LOCAL TAXES (NON-COMPETITIVE CONTRACTS) (JAN 1991)
52.229-5	TAXES--CONTRACTS PERFORMED IN U.S. POSSESSIONS OR PUERTO RICO (APR 1984)
52.230-2	COST ACCOUNTING STANDARDS (APR 1998)
52.230-3	DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APR 1998)
52.230-6	ADMINISTRATION OF COST ACCOUNTING STANDARDS (NOV 1999)
52.232-1	PAYMENTS (APR 1984)
52.232-8	DISCOUNTS FOR PROMPT PAYMENT (MAY 1997)
52.232-9	LIMITATION ON WITHHOLDING OF PAYMENTS (APR 1984)
52.232-11	EXTRAS (APR 1984)
52.232-16	PROGRESS PAYMENTS (MAR 2000) (Applies if the Contractor is other than a Small Business Concern.)

<u>FAR SOURCE</u>	<u>TITLE AND DATE</u>
52.232-17	INTEREST (JUN 1996)
52.232-20	LIMITATION OF COST (APR 1984) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)
52.232-22	LIMITATION OF FUNDS (APR 1984) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)
52.232-23 and Alt I	ASSIGNMENT OF CLAIMS (JAN 1986) AND ALTERNATE I (APR 1984)
52.232-25	PROMPT PAYMENT (JUN 1997)
52.232-33	PAYMENT BY ELECTRONIC FUNDS TRANSFER-- CENTRAL CONTRACTOR REGISTRATION (MAY 1999)
52.233-1 and Alt I	DISPUTES (DEC 1998) AND ALTERNATE I (DEC 1991)
52.233-3	PROTEST AFTER AWARD (AUG 1996)
52.242-1	NOTICE OF INTENT TO DISALLOW COSTS (APR 1984) (Applies if this is a fixed-price incentive or price redeterminable contract.)
52.242-10	F.O.B. ORIGIN--GOVERNMENT BILLS OF LADING OR PREPAID POSTAGE (APR 1984)
52.242-11	F.O.B. ORIGIN--GOVERNMENT BILLS OF LADING OR INDICIA MAIL (FEB 1993)
52.242-12	REPORT OF SHIPMENT (REPSHIP) (JUL 1995)
52.242-13	BANKRUPTCY (JUL 1995)
52.243-1 and Alt II	CHANGES--FIXED-PRICE (AUG 1987) AND ALTERNATE II (APR 1984)
52.243-2 and Alt II	CHANGES - COST REIMBURSEMENT (AUG 1987). AND ALTERNATE II (APR 1984) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)

<u>FAR</u> <u>SOURCE</u>	<u>TITLE AND DATE</u>
52.243-6	CHANGE ORDER ACCOUNTING (APR 1984)
52.244-5	COMPETITION IN SUBCONTRACTING (DEC 1996)
52.246-23	LIMITATION OF LIABILITY (FEB 1997)
52.246-24	LIMITATION OF LIABILITY--HIGH VALUE ITEMS (FEB 1997)
52.246-25	LIMITATION OF LIABILITY--SERVICES (FEB 1997)
52.247-1	COMMERCIAL BILL OF LADING NOTATIONS (APR 1984)
52.248-1	VALUE ENGINEERING (FEB 2000) (Applies if this contract equals or exceeds \$100,000.)
52.249-1	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE) (SHORT FORM) (APR 1984) (Applies if this contract is \$100,000 or less.)
52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED PRICE) (SEP 1996) (Applies if this contract exceeds \$100,000.)
52.249-6	TERMINATION (COST REIMBURSEMENT) (SEP 1996) (Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)
52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984)
52.253-1	COMPUTER GENERATED FORMS (JAN 1991)



**II. DEFENSE FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES:**

<u>DFARS SOURCE</u>	<u>TITLE AND DATE</u>
252.203-7001	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT RELATED FELONIES (MAR 1999)
252.203-7002	DISPLAY OF DOD HOTLINE POSTER (DEC 1991) (Applies if this contract exceeds \$5,000,000.)
252.204-7000	DISCLOSURE OF INFORMATION (DEC 1991)
252.204-7003	CONTROL OF GOVERNMENT PERSONNEL WORK PRODUCT (APR 1992)
252.204-7004	REQUIRED CENTRAL CONTRACTOR REGISTRATION (MAR 2000)
252.204-7005	ORAL ATTESTATION OF SECURITY RESPONSIBILITIES (AUG 1999)
252.205-7000	PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS (DEC 1991) (Applies if this contract exceeds \$500,000.)
252.209-7000	ACQUISITION FROM SUBCONTRACTORS SUBJECT TO THE ON-SITE INSPECTION UNDER THE INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY (NOV 1995)
252.209-7004	SUBCONTRACTING WITH FIRMS THAT ARE OWNED OR CONTROLLED BY THE GOVERNMENT OF A TERRORIST COUNTRY (MAR 1998)
252.211-7000	ACQUISITION STREAMLINING (DEC 1991)
252.215-7000	PRICING ADJUSTMENTS (DEC 1991)
252.215-7002	COST ESTIMATING SYSTEM REQUIREMENTS (OCT 1998)
252.219-7003	SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS) (APR 1996)
252.222-7001	RIGHT OF FIRST REFUSAL OF EMPLOYMENT--CLOSURE OF MILITARY INSTALLATIONS (APR 1993)

<u>DFARS SOURCE</u>	<u>TITLE AND DATE</u>
252.223-7004	DRUG-FREE WORK FORCE (SEP 1988)
252.225-7001	BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (MAR 1998)
252.225-7002	QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS (DEC 1991)
252.225-7009	DUTY-FREE ENTRY--ADDITIONAL COUNTRY SUPPLIES (END PRODUCTS AND COMPONENTS) (AUG 2000)
252.225-7010	DUTY-FREE ENTRY--ADDITIONAL PROVISIONS (AUG 2000)
252.225-7012	PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (AUG 2000)
252.225-7014 and Alt I	PREFERENCE FOR DOMESTIC SPECIALTY METALS (MAR 1998) AND ALTERNATE I (MAR 1998)
252.225-7015	PREFERENCE FOR DOMESTIC HAND OR MEASURING TOOLS (DEC 1991)
252.225-7016	RESTRICTION ON ACQUISITION OF BALL OR ROLLER BEARINGS (DEC 2000)
252.225-7022	RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) BASED CARBON FIBER (JUN 1997)
252.225-7025	RESTRICTION ON ACQUISITION OF FORGINGS (JUN 1997)
252.225-7026	REPORTING ON CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (MAR 1998)
252.225-7031	SECONDARY ARAB BOYCOTT OF ISRAEL (JUN 1992)
252.227-7013	RIGHTS IN TECHNICAL DATA--NONCOMMERCIAL ITEMS (NOV 1995)
252.227-7014	RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (JUN 1995)
252.227-7016	RIGHTS IN BID OR PROPOSAL INFORMATION (JUN 1995)

<u>DFARS SOURCE</u>	<u>TITLE AND DATE</u>
252.227-7019	VALIDATION OF ASSERTED RESTRICTIONS--COMPUTER SOFTWARE (JUN 1995)
252.227-7027	DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988)
252.227-7030	TECHNICAL DATA--WITHHOLDING OF PAYMENT (MAR 2000)
252.227-7036	DECLARATION OF TECHNICAL DATA CONFORMITY (JAN 1997)
252.227-7037	VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (SEP 1999)
252.231-7000	SUPPLEMENTAL COST PRINCIPLES (DEC 1991)
252.232-7004	DOD PROGRESS PAYMENT RATES (FEB 1996)
252.242-7000	POSTAWARD CONFERENCE (DEC 1991)
252.242-7003	APPLICATION FOR U.S. GOVERNMENT SHIPPING DOCUMENTATION/INSTRUCTIONS (DEC 1991)
252.242-7004	MATERIAL MANAGEMENT AND ACCOUNTING SYSTEM (DEC 2000) (Applies if this contract provides progress payments, unless it is set aside exclusively for a small, small disadvantaged, or woman-owned small business concern.)
252.243-7001	PRICING OF CONTRACT MODIFICATIONS (DEC 1991)
252.243-7002	REQUESTS FOR EQUITABLE ADJUSTMENTS (MAR 1998)
252.244-7000	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS) (MAR 2000)
252.245-7001	REPORTS OF GOVERNMENT PROPERTY (MAY 1994)
252.246-7000	MATERIAL INSPECTION AND RECEIVING REPORT (DEC 1991)
252.246-7001	WARRANTY OF DATA (DEC 1991)
252.249-7002	NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996)

## **SECTION I-2 - CLAUSES INCORPORATED IN FULL TEXT**

### **FAR 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997)**

(a) The Contractor shall make the following notification in writing:

(1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Administrative Contracting Officer (ACO) within 30 days.

(2) The Contractor shall also notify the ACO within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.

(b) The Contractor shall--

(1) Maintain current, accurate, and complete inventory records of assets and their costs;

(2) Provide the ACO or designated representative ready access to the records upon request;

(3) Ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and

(4) Retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.

(c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).

### **FAR 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA—MODIFICATIONS (OCT 1997) AND ALTERNATE II (OCT 1997)**

(a) Exceptions from cost or pricing data.

(1) In lieu of submitting cost or pricing data for modifications under this contract, for price adjustments expected to exceed the threshold set forth in FAR 15.403-4 on the date of the agreement on price or the date of the award, whichever is later, the Contractor may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable--

(i) Identification of the law or regulation establishing the price offered. If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document unless it was previously submitted to the contracting office.

(ii) Information on modifications of contracts or subcontracts for commercial items.

(A) If--

(1) The original contract or subcontract was granted an exception from cost or pricing data requirements because the price agreed upon was based on adequate price competition, or prices set by law or regulation, or was a contract or subcontract for the acquisition of a commercial item, and

(2) The modification (to the contract or subcontract) is not exempted based on one of these exceptions, then the Contractor may provide information to establish that the modification would not change the contract or subcontract from a contract or subcontract for the acquisition of a commercial item to a contract or subcontract for the acquisition of an item other than a commercial item.

(B) For a commercial item exception, the Contractor may provide, at a minimum, information on prices at which the same item or similar items have been sold that is adequate for evaluating the reasonableness of the price of the modification. Such information may include--

(1) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities.

(2) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market.

(3) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The Contractor grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this clause, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the Contractor's determination of the prices to be offered in the catalog or marketplace.

(b) Requirements for cost or pricing data. If the Contractor is not granted an exception from the requirement to submit cost or pricing data, the following applies:

(1) The Contractor shall submit cost or pricing data and supporting attachments in accordance with Table 15-2 of FAR 15.408.

(2) As soon as practicable after agreement on price, but before contract award (except for unpriced actions), the Contractor shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(c) When the proposal is submitted, also submit one copy each to: (1) the Administrative Contracting Officer, and (2) the Contract Auditor.

**FAR 52.216-16 INCENTIVE PRICE REVISION--FIRM TARGET (FI) (APR 1984)  
(DEVIATION) (16 NOV 1992) (NAVSEA 5252.216-9127)  
(Applicable to ITEMS 0001AA, 0001AB, and 0001AD)**

(a) General. The supplies or services identified in Sections B and C are subject to price revision in accordance with the provisions of this clause; provided, that in no event shall the total final price of such items exceed the total ceiling price as set forth in Section B of the contract. Any supplies or services which are to be ordered separately under, or otherwise added to, this contract, and which are to be subject to price revision in accordance with the provisions of this clause, shall be identified as such in a modification to this contract.

(b) Definition of Cost. For the purposes of this contract, "cost" or "costs" means allowable cost in accordance with Part 31 of the Federal Acquisition Regulation (FAR) and Part 231 of the Department of Defense FAR Supplement (DFARS) as in effect on the date of this contract.

(c) Submission of Data. Within three hundred and sixty-five (365) days after the end of the month in which the Contractor has delivered the last unit of supplies and completed the services called for by those items referred to in paragraph (a) above, the Contractor shall submit, on Standard Form (SF) 1411 or other form as the Contracting Officer may require, (i) a detailed statement of all costs incurred up to the end of that month in performing all work under such items, (ii) an estimate of costs of such further performance, if any, as may be necessary to complete performance of all work with respect to such items, and (iii) a list identifying to the extent practicable residual inventory and the estimated value thereof. The detailed statement of all costs incurred shall be decreased by the net increase in compensation adjustments established in accordance with the "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" clause or shall be increased by the net decrease in such compensation adjustments, as the case may be.

(d) Price Revision. Upon submission of the data required by paragraph (c) above, the Contractor and the Contracting Officer shall promptly establish the total final price in accordance with the following:

(1) On the basis of the information required by paragraph (c) above, together with any other pertinent information, there shall be established by negotiation the total final cost incurred

or to be incurred for the supplies delivered (or services performed) and accepted by the Government, which are subject to price revision under this clause. The total final negotiated cost so established shall include costs incurred or to be incurred for all supplies delivered (or services performed) and accepted by the Government which are subject to price revision, notwithstanding any provisions contained in the specifications or other documents incorporated in this contract by reference or in the Schedule or Contract Clauses hereof designating services to be performed or materials to be furnished by the Contractor at his expense, or without cost to the Government, or with costs to be borne by the Contractor; provided, however, that after the total final price has been established in accordance with this clause, such services shall be performed and such materials shall be furnished at no increase in said total final price. The amounts determined in accordance with the following contract provisions shall not be considered costs incurred or to be incurred for the purpose of negotiating the total final cost or establishing the total final price in accordance with this clause.

(i) The "COMPENSATION ADJUSTMENTS (LABOR AND MATERIAL)" clause.

(ii) Any other provision of this contract which provides for an amount to be reimbursed or paid to the Contractor by the Government or to be refunded or paid by the Contractor to the Government, other than through an adjustment of the contract price, including the following:

(A) Paragraphs (b), (c), and (e) of the clause of this contract entitled "INSURANCE-PROPERTY LOSS OR DAMAGE-LIABILITY TO THIRD PERSONS".

(B) The clause of this contract entitled "ADDITIONAL INSURANCE PROVISIONS".

(C) The clause of this contract entitled "Indemnification under Public Law 85-804 (FAR 52.250-1)" [If authorized for and incorporated into this contract].

(2) The total final price shall be established by adjusting the total final negotiated cost by an amount for profit or loss determined as follows:

WHEN THE TOTAL FINAL  
NEGOTIATED COST IS:

THE AMOUNT FOR PROFIT  
OR LOSS IS:

Equal to the total target cost-----

Total target profit.

Greater than the total target cost--

Total target profit less See Section B  
percent of the amount by which the total  
final negotiated cost exceeds the total  
target cost.

Less than the total target cost-----

Total target profit plus See Section B  
percent of the amount by which the total  
final negotiated cost is less than the total  
target cost.

(3) The total final price of the items referred to in paragraph (a) above shall be evidenced by a modification to this contract signed by the Contractor and the Contracting Officer. Such price shall not be subject to revision notwithstanding any changes in the cost of performing the contract, with the following exceptions:

(i) insofar as the parties may agree in writing, prior to the determination of the total final price, (A) to exclude any specific elements of cost from the total final price and (B) to a procedure to provide subsequent disposition of such elements; and

(ii) to the extent any adjustment or credit is explicitly permitted or required by this or any other clause of this contract.

(e) Subcontracts. No subcontract placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis.

(f) Disagreements. If the Contractor and the Contracting Officer fail to agree upon the total final price within sixty (60) days after the date on which the data required by (c) above are to be submitted, or within such further time as may be specified by the Contracting Officer, such failure to agree shall be deemed to be a dispute within the meaning of the "DISPUTES" clause of this contract and the Contracting Officer shall promptly issue a decision thereunder.

(g) Termination. If this contract is terminated prior to establishment of the total final price, prices of supplies or services subject to price revision under this clause shall be established pursuant to this clause for (i) completed supplies accepted by the Government and services performed and accepted by the Government, and (ii) in the event of a partial termination, supplies and services which are not terminated. The termination shall be otherwise accomplished pursuant to other applicable clauses of this contract.

(h) Equitable Adjustment Under Other Clauses. If an equitable adjustment in the contract price is made under any other clause of this contract before the total final price is established, the adjustment shall be made in the total target cost and may be made in the ceiling price, the total target profit or both. If such an adjustment is made after the total final price is established, adjustment shall be made only in the total final price.

(i) Exclusion From Target Price and Total Final Price. Whenever any clause of this contract provides that the contract price does not or will not include an amount for a specific purpose, such provision shall mean that neither any target price nor the total final price includes or will include any amount for such purpose.

(j) Separate Reimbursement. The cost of performance of an obligation that any clause of this contract expressly provides is at Government expense shall not be included in any target price or in the total final price, but shall be reimbursed separately.

(k) Taxes. As used in the "FEDERAL, STATE, AND LOCAL TAXES" clause of this contract or any other clause of this contract that provides for certain taxes or duties to be included in, or excluded from, the contract price, the term "contract price" includes the total target price, or if it has been established, the total final price. When a provision in such clause requires that the



contract price be increased or decreased as a result of changes in the obligation of the Contractor to pay or bear the burden of certain taxes or duties, such increase or decrease shall be made in the total target price and, in the same amount, the ceiling price or, if it has been established, in the total final price, so as not to affect the Contractor's profit or loss on this contract.

**FAR 52.246-2 INSPECTION OF SUPPLIES--FIXED PRICE (JUL 1985) – ALTERNATE I (JUL 1985) (DEVIATION)**

(a) Definition. "Supplies," as used in this clause, includes but is not limited to the vessel(s), raw materials, components, intermediate assemblies, end products, and lots of supplies.

(b) The Contractor shall provide and maintain, prior to and at all times during manufacture, an inspection system acceptable to the Government covering supplies under this contract and shall tender to the Government for acceptance only supplies that have been inspected in accordance with the inspection system and have been found by the Contractor to be in conformity with contract requirements. As part of the system, the Contractor shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to the Government during contract performance and for as long afterwards as the contract requires. The Government may perform reviews and evaluations as reasonably necessary to ascertain compliance with this paragraph. These reviews and evaluations shall be conducted in a manner that will not unduly delay the contract work. The right of review, whether exercised or not, does not relieve the Contractor of the obligations under the contract nor impose any liability on the Government therefor.

(c) The Government has the right to inspect and test all supplies called for by the contract, to the extent practicable, at all places and times, including the period of manufacture, and in any event before final acceptance. The Government shall perform inspections and tests in a manner that will not unduly delay the work. The Government assumes no contractual obligation to perform any inspection and test for the benefit of the Contractor unless specifically set forth elsewhere in this contract.

(d) If the Government performs inspection or test on the premises of the Contractor or a subcontractor, the Contractor shall furnish, and shall require subcontractors to furnish, without additional charge, all reasonable facilities and assistance for the safety and convenient performance of these duties. Except as otherwise provided in the contract, the Government shall bear the expense of Government inspections or tests made at other than the Contractor's or subcontractor's premises; provided, that in case of rejection, the Government shall not be liable for any reduction in the value of inspection or test samples.

(e)(1) When supplies are not ready at the time specified by the Contractor for inspection or test, the Contracting Officer may charge to the Contractor the additional cost of inspection or test.

(2) The Contracting Officer may also charge the Contractor for any additional cost of inspection or test when prior rejection makes reinspection or retest necessary.

(f) The Government has the right, in accordance with this clause and other clauses of this contract, including the clause entitled "DELIVERY OF COMPLETED VESSEL," either to reject

or to require correction of nonconforming supplies. Supplies are nonconforming when they are defective in material workmanship or are otherwise not in conformity with contract requirements. The Government may reject nonconforming supplies with or without disposition instructions. Supplies rejected prior to preliminary acceptance as not conforming to this contract, and any Contractor responsible defects discovered during the guaranty period, in accordance with the clause entitled "GUARANTY PERIOD," shall, at the election of the Government be replaced or corrected either by the Government or by the Contractor. The Government will, whenever practicable, afford the Contractor an opportunity to examine the nonconforming or defective supplies before they are replaced or corrected. If the Government elects to effect replacement or correction by the Government, the Government shall equitably reduce the target price or, if established, the total final price.

(g) The Contractor shall remove supplies rejected or required to be corrected by the Contractor. However, the Contracting Officer may require or permit correction in place, promptly after notice, by and at the expense of the Contractor, subject to the provisions of paragraph (i) below. The Contractor shall not tender for acceptance corrected or rejected supplies without disclosing the former rejection or requirement for correction, and, when required, shall disclose the corrective action taken.

(h) If the Contractor fails to promptly remove, replace, or correct rejected supplies that are required to be removed or to be replaced or corrected, the Government may either (1) by contract or otherwise, remove, replace, or correct the supplies and charge the cost to the Contractor or (2) may terminate the contract for default. Unless the Contractor corrects or replaces the supplies within the delivery schedule, the Contracting Officer may require their delivery and equitably reduce any target price or, if it is established, the total final contract price. Failure to agree to a price reduction shall be a dispute.

(i) The cost of any removal, replacement or correction for which the Contractor is responsible shall be borne by the Contractor in accordance with paragraphs (g) and (h) above, except that the liability of the Contractor for the correction of defects discovered during the guaranty period (other than defects resulting from fraud or gross mistakes amounting to fraud) shall be limited as set forth in the clause entitled "LIMITATION OF CONTRACTOR'S LIABILITY FOR CORRECTION OF DEFECTS." Any increase in the contract price on account of any replacement or correction for which the Contractor is not responsible shall be determined pursuant to the clause of this contract entitled "CHANGES."

(j)(1) If this contract provides for the performance of Government quality assurance at source, and if requested by the Government, the Contractor shall furnish advance notification of the time (i) when Contractor inspection or tests will be performed in accordance the terms and conditions of the contract and (ii) when the supplies will be ready for Government inspection.

(2) The Government's request shall specify the period and method of the advance notification and the Government representative to whom it shall be furnished. Requests shall not require more than 2 workdays of advance notification if the Government representative is in residence in the Contractor's plant, nor more than 7 workdays in other instances.

(k) The Government shall accept or reject supplies as in the contract. Government failure to inspect and accept or reject the supplies shall not relieve the Contractor from responsibility, nor impose liability on the Government, for nonconforming supplies.

(l) Inspections and tests by the Government do not relieve the Contractor of responsibility for defects or other failures to meet contract requirements discovered before final acceptance. Final acceptance shall be conclusive, except for latent defects, fraud, gross mistakes amounting to fraud or as otherwise provided in the contract.

(m) If final acceptance is not conclusive for any of the reasons in paragraph (l) hereof, the Government, in addition to any other rights and remedies provided by law, or under other provisions of this contract, shall have the right to require the Contractor (1) at no increase in any target price or if it is established, the total final price of this contract, to correct or replace the defective or nonconforming supplies at the original point of delivery or at the Contractor's plant at the Contracting Officer's election, and in accordance with reasonable delivery schedule as may be agreed upon between the Contractor and the Contracting Officer; provided, that the Contracting Officer may require a reduction in any target price, or if it is established, the total final price of this contract, if the Contractor fails to meet such delivery schedule, or (2) within a reasonable time after receipt by the Contractor of notice of defects or nonconformance, to repay such portion of the contract as is equitable under the circumstances if the Contracting Officer elects not to require correction or replacement. When supplies are returned to the Contractor, the Contractor shall bear the transportation cost from the original point of delivery to the Contractor's plant and return to the original point when that point is not the Contractor's plant. If the Contractor fails to perform or act as required in (1) or (2) above and does not cure such failure within a period of 10 days (or such longer period as the Contracting Officer may authorize in writing) after receipt of notice from the Contracting Officer specifying such failure, the Government shall have the right by contract otherwise to replace or correct such supplies and equitably reduce any target price or, if it is established, the total final price of this contract.

**FAR 52.217-7 OPTION FOR INCREASED QUANTITY--SEPARATELY PRICED LINE ITEM (MAR 1989) (NAVSEA VARIATION II) (SEP 1990)**

By written notice to the Contractor, the Contracting Officer may exercise, if at all, any of the Option Items identified in Section B and require the Contractor to provide, within the performance period specified in Section F, the work described in Section C for such Option(s) Item(s) at the estimated cost and base fee set forth in Section B. The option(s) may be exercised after the Contractor's receipt of the Specification Work Package prepared by the Planning Supervisor in accordance with the procedures stated in Section C, but in any event, the Option(s) shall be exercised, if at all, on or before the following dates:

<u>FY</u>	<u>ITEM(S)</u>	<u>EARLIEST OPTION EXERCISE DATE</u>	<u>LATEST OPTION EXERCISE DATE</u>
04	0001AD	1 Oct 03	31 Dec 03
04	0007AC	1 Oct 03	30 Sep 04
05	0007AD	1 Oct 04	30 Sep 05

<u>FY</u>	<u>ITEM(S)</u>	<u>EARLIEST OPTION EXERCISE DATE</u>	<u>LATEST OPTION EXERCISE DATE</u>
04	0008AE	1 Oct 03	30 Sep 04
04	0008AF	1 Oct 03	30 Sep 04
05	0008AG	1 Oct 04	30 Sep 05
05	0008AH	1 Oct 04	30 Sep 05
05	0009AA	1 Oct 04	30 Sep 05
04	0011AB	1 Oct 03	31 Dec 03
04	0011AC	1 Oct 03	31 Dec 03
03	0012	Contract Award	30 Mar 03

The exercise of any item identified under Section B as an Option Item shall also extend the period of performance for the Contract Data Requirements List, DD 1423, Exhibit A, the LCAC Technical Manual Contract Requirements (TMCR) Document, Exhibit B, and the Provisioning Technical Documentation, Exhibit C.

#### **FAR 52.222-2 PAYMENT FOR OVERTIME PREMIUMS (JUL 1990)**

(Applicable only to ITEMS 0004, 0007, 0008, 0009, 0010, 0011, 0012, 0013, and 0016)

(a) The use of overtime is authorized under this contract if the overtime premium cost does not exceed zero dollars or the overtime premium is paid for work--

(1) Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of production equipment, or occasional production bottlenecks of a sporadic nature;

(2) By indirect-labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;

(3) To perform tests, industrial processes, laboratory procedures, loading or unloading of transportation conveyances, and operations in flight or afloat that are continuous in nature and cannot reasonably be interrupted or completed otherwise; or

(4) That will result in lower overall costs to the Government.

(b) Any request for estimated overtime premiums that exceeds the amount specified above shall include all estimated overtime for contract completion and shall--

(1) Identify the work unit; e.g., department or section in which the requested overtime will be used, together with present workload, staffing, and other data of the affected unit sufficient to permit the Contracting Officer to evaluate the necessity for the overtime;

(2) Demonstrate the effect that denial of the request will have on the contract delivery or performance schedule;

(3) Identify the extent to which approval of overtime would affect the performance or payments in connection with other Government contracts, together with identification of each affected contract; and

(4) Provide reasons why the required work cannot be performed by using multishift operations or by employing additional personnel.

**FAR 52.242-4 CERTIFICATION OF FINAL INDIRECT COSTS (JAN 1997)**

(a) The Contractor shall--

(1) Certify any proposal to establish or modify final indirect cost rates;

(2) Use the format in paragraph (c) of this clause to certify; and

(3) Have the certificate signed by an individual of the Contractor's organization at a level no lower than a vice president or chief financial officer of the business segment of the Contractor that submits the proposal.

(b) Failure by the Contractor to submit a signed certificate, as described in this clause, may result in final indirect costs at rates unilaterally established by the Contracting Officer.

(c) The certificate of final indirect costs shall read as follows:

**CERTIFICATE OF FINAL INDIRECT COSTS**

This is to certify that I have reviewed this proposal to establish final indirect cost rates and to the best of my knowledge and belief:

1. All costs included in this proposal (identify proposal and date) to establish final indirect cost rates for (identify period covered by rate) are allowable in accordance with the cost principles of the Federal Acquisition Regulation (FAR) and its supplements applicable to the contracts to which the final indirect cost rates will apply; and

2. This proposal does not include any costs which are expressly unallowable under applicable cost principles of the FAR or its supplements.

Firm: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Name of Certifying Official: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date of Execution: \_\_\_\_\_

**FAR 52.244-2 SUBCONTRACTS (AUG 1998)**  
 (APPLICABLE ONLY TO ITEMS 0001, 0003, and 0006)

(a) Definitions. As used in this clause--

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR).

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

"Subcontract," means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment when the contract contains the clause at FAR 52.245-18, Special Test Equipment.

(c) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (d) or (e) of this clause.

(d) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

(1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or

(2) Is fixed-price and exceeds—

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(e) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts:

---

(f)(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

- (i) A description of the supplies or services to be subcontracted.
- (ii) Identification of the type of subcontract to be used.
- (iii) Identification of the proposed subcontractor.
- (iv) The proposed subcontract price.
- (v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.
- (vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.
- (vii) A negotiation memorandum reflecting--
  - (A) The principal elements of the subcontract price negotiations;
  - (B) The most significant considerations controlling establishment of initial or revised prices;
  - (C) The reason cost or pricing data were or were not required;
  - (D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;
  - (E) The extent, if any, to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and subcontractor; and the effect of any such defective data on the total price negotiated;
  - (F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and
  - (G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and summary of all trade-off possibilities considered.
- (2) The Contractor is not required to notify the Contracting Officer in advance of entering into any subcontract for which consent is not required under paragraph (c), (d), or (e) of this clause.
- (g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontractor nor approval of the Contractor's purchasing system shall constitute a determination--

- (1) Of the acceptability of any subcontract terms or conditions
- (2) Of the allowability of any cost under this contract; or
- (3) To relieve the Contractor of any responsibility for performing this contract.

(h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404-4(c)(4)(1).

(i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(j) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(k) Paragraphs (d) and (f) of this clause does not apply to the following subcontracts, which were evaluated during negotiations:

**FAR 52.244-2 SUBCONTRACTS (AUG 1998) AND ALTERNATE I (AUG 1998)**  
(APPLICABLE ONLY TO ITEMS 0004, 0007, 0008, 0009, 0010 and 0011)

(a) Definitions. As used in this clause--

"Approved purchasing system" means a Contractor's purchasing system that has been reviewed and approved in accordance with Part 44 of the Federal Acquisition Regulation (FAR).

"Consent to subcontract" means the Contracting Officer's written consent for the Contractor to enter into a particular subcontract.

"Subcontract," means any contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

(b) This clause does not apply to subcontracts for special test equipment when the contract contains the clause at FAR 52.245-18, Special Test Equipment.

(c) When this clause is included in a fixed-price type contract, consent to subcontract is required only on unpriced actions (including unpriced modifications or unpriced delivery orders), and only if required in accordance with paragraph (d) or (e) of this clause.

(d) If the Contractor does not have an approved purchasing system, consent to subcontract is required for any subcontract that--

- (1) Is of the cost-reimbursement, time-and-materials, or labor-hour type; or



(2) Is fixed-price and exceeds--

(i) For a contract awarded by the Department of Defense, the Coast Guard, or the National Aeronautics and Space Administration, the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of the contract; or

(ii) For a contract awarded by a civilian agency other than the Coast Guard and the National Aeronautics and Space Administration, either the simplified acquisition threshold or 5 percent of the total estimated cost of the contract.

(e) If the Contractor has an approved purchasing system, the Contractor nevertheless shall obtain the Contracting Officer's written consent before placing the following subcontracts:

---

(f)(1) The Contractor shall notify the Contracting Officer reasonably in advance of placing any subcontract or modification thereof for which consent is required under paragraph (c), (d), or (e) of this clause, including the following information:

(i) A description of the supplies or services to be subcontracted.

(ii) Identification of the type of subcontract to be used.

(iii) Identification of the proposed subcontractor.

(iv) The proposed subcontract price.

(v) The subcontractor's current, complete, and accurate cost or pricing data and Certificate of Current Cost or Pricing Data, if required by other contract provisions.

(vi) The subcontractor's Disclosure Statement or Certificate relating to Cost Accounting Standards when such data are required by other provisions of this contract.

(vii) A negotiation memorandum reflecting--

(A) The principal elements of the subcontract price negotiations;

(B) The most significant considerations controlling establishment of initial or revised prices;

(C) The reason cost or pricing data were or were not required;

(D) The extent, if any, to which the Contractor did not rely on the subcontractor's cost or pricing data in determining the price objective and in negotiating the final price;

(E) The extent, if any, to which it was recognized in the negotiation that the subcontractor's cost or pricing data were not accurate, complete, or current; the action taken by the Contractor and subcontractor; and the effect of any such defective data on the total price negotiated;

(F) The reasons for any significant difference between the Contractor's price objective and the price negotiated; and

(G) A complete explanation of the incentive fee or profit plan when incentives are used. The explanation shall identify each critical performance element, management decisions used to quantify each incentive element, reasons for the incentives, and summary of all trade-off possibilities considered.

(2) If the Contractor has an approved purchasing system and consent is not required under paragraph (c), (d), or (e) of this clause, the Contractor nevertheless shall notify the Contracting Officer reasonably in advance of entering into any

(i) cost-plus-fixed-fee subcontract, or

(ii) fixed-price subcontract that exceeds the greater of the simplified acquisition threshold or 5 percent of the total estimated cost of this contract.

The notification shall include the information required by paragraphs (f)(1)(i) through (f)(1)(iv) of this clause.

(g) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontractor nor approval of the Contractor's purchasing system shall constitute a determination--

(1) Of the acceptability of any subcontract terms or conditions

(2) Of the allowability of any cost under this contract; or

(3) To relieve the Contractor of any responsibility for performing this contract.

(h) No subcontract or modification thereof placed under this contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursement type subcontracts shall not exceed the fee limitations in FAR 15.404-4(c)(4)(1).

(i) The Contractor shall give the Contracting Officer immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the Government.

(j) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(k) Paragraphs (d) and (f) of this clause does not apply to the following subcontracts, which were evaluated during negotiations:

**FAR 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS (DEC 2001)**

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

"Commercial item" has the meaning contained in the clause at 52.202-1, Definitions.

"Subcontract" includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c)

(1) The Contractor shall insert the following clauses in subcontracts for commercial items:

(i) 52.21908, Utilization of Small Business Concerns (Oct 200) (15 U.S.C. 637(d)(2)(3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceed \$500,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (Feb 1999) (E.O. 11246).

(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001) (38 U.S.C. 4212(a));

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (Jun 1998) (29 U.S.C. 793).

(v) 52.247-64, Preference for Privately Owned U.S.-Flagged Commercial Vessels (Jun 2000) (46 U.S.C. Appx 1241) (flow down not required for subcontracts awarded beginning May 1, 1996).

(2) While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

**FAR 52.245-2 GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (DEC 1989) (DEVIATION) (99-O0012) AND ALTERNATE I (APR 1984) (DEVIATION) (99-O0008)**

(a) Government-furnished property. (1) The Government shall deliver to the Contractor, for use in connection with and under the terms of this contract, the Government-furnished property described in the Schedule or specifications together with any related data and information that the Contractor

may request and is reasonably required for the intended use of the property (hereinafter referred to as "Government-furnished property").

(2) The delivery or performance dates for this contract are based upon the expectation that Government-furnished property suitable for use (except for property furnished "as is") will be delivered to the Contractor at the times stated in the Schedule or, if not so stated, in sufficient time to enable the Contractor to meet the contract's delivery or performance dates.

(3) If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt of it, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at Government expense, either repair, modify, return, or otherwise dispose of the property. After completing the directed action and upon written request of the Contractor, the Contracting Officer shall make an equitable adjustment as provided in paragraph (h) of this clause.

(4) If Government-furnished property is not delivered to the Contractor by the required time, the Contracting Officer shall, upon the Contractor's timely written request, make a determination of the delay, if any, caused the Contractor and shall make an equitable adjustment in accordance with paragraph (h) of this clause.

(b) Changes in Government-furnished property. (1) The Contracting Officer may, by written notice, (i) decrease the Government-furnished property provided or to be provided under this contract, or (ii) substitute other Government-furnished property for the property to be provided by the Government, or to be acquired by the Contractor for the Government, under this contract. The Contractor shall promptly take such action as the Contracting Officer may direct regarding the removal, shipment, or disposal of the property covered by such notice.

(2) Upon the Contractor's written request, the Contracting Officer shall make an equitable adjustment to the contract in accordance with paragraph (h) of this clause, if the Government has agreed in the Schedule to make the property available for performing this contract and there is any--

(i) Decrease or substitution in this property pursuant to subparagraph (b)(1) of this clause; or

(ii) Withdrawal of authority to use this property, if provided under any other contract or lease.

(c) Title in Government property. (1) The Government shall retain title to all Government-furnished property.

(2) 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. 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.

(3) Title to each item of facilities and special test equipment 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.

(4) 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--

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

(ii) Title to all other material shall pass to and vest in the Government upon--

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

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

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

(d) Use of Government property. The Government property shall be used only for performing this contract, unless otherwise provided in this contract or approved by the Contracting Officer.

(e) Property administration. (1) The Contractor shall be responsible and accountable for all Government property provided under this contract and shall comply with Federal Acquisition Regulation (FAR) Subpart 45.5, as in effect on the date of this contract.

(2) The Contractor shall establish and maintain a program for use, maintenance, repair, protection, and preservation of Government property in accordance with sound industrial practice and the applicable provisions of Subpart 45.5 of the FAR.

(3) If damage occurs to Government property, the risk of which has been assumed by the Government under this contract, the Government shall replace the items or the Contractor shall make such repairs as the Government directs. However, if the Contractor cannot effect such repairs within the time required, the Contractor shall dispose of the property as directed by the Contracting Officer. When any property for which the Government is responsible is replaced or repaired, the Contracting Officer shall make an equitable adjustment in accordance with paragraph (h) of this clause.

(4) The Contractor represents that the contract price does not include any amount of repairs or replacement for which the Government is responsible. Repair or replacement of property for which the Contractor is responsible shall be accomplished by the Contractor at its own expense.

(f) Access. The Government and all its designees shall have access at all reasonable times to the premises in which any Government property is located for the purpose of inspecting the Government property.

(g) Risk of loss. (1) The term "Contractor's managerial personnel," as used in this paragraph (g), means the Contractor's directors, and any of the Contractor's managers, superintendents, or equivalent representatives who have supervision or direction of--

(i) All or substantially all of the Contractor's business;

(ii) All or substantially all of the Contractor's operation at any one plant or separate location at which the contract is being performed; or

(iii) A separate and complete major industrial operation connected with performing this contract.

(2) The Contractor shall not be liable for loss or destruction of, or damage to, the Government property provided under this contract (or, if an educational or nonprofit organization, for expenses incidental to such loss, destruction, or damage), except as provided in subparagraphs (3) and (4) below.

(3) The Contractor shall be responsible for loss or destruction of, or damage to, the Government property provided under this contract (including expenses incidental to such loss, destruction, or damage)--

(i) That results from a risk expressly required to be insured under this contract, but only to the extent of the insurance required to be purchased and maintained, or to the extent of insurance actually purchased and maintained, whichever is greater;

(ii) That results from a risk that is in fact covered by insurance or for which the Contractor is otherwise reimburse but only to the extent of such insurance reimbursement;

(iii) For which the Contractor is otherwise responsible under the express terms of this contract;

(iv) That results from willful misconduct or lack of good faith on the part of the Contractor's managerial personnel; or

(v) That results from a failure on the part of the Contractor, due to willful misconduct or lack of good faith on the part of the Contractor's managerial personnel, to establish and administer a program or system for the control, use, protection, preservation, maintenance, and repair of Government property as required by paragraph (e) of this clause.

(4)(i) If the Contractor fails to act as provided in subdivision (g)(3)(v) above, after being notified (by certified mail addressed to one of the Contractor's managerial personnel) of the Government's disapproval, withdrawal or approval, or nonacceptance of the system or program, it shall be conclusively presumed that such failure was due to willful misconduct or lack of good faith on the part of the Contractor's managerial personnel.

(ii) In such event, any loss or destruction of, or damage to, the Government property shall be presumed to have resulted from such failure unless the Contractor can establish by clear and convincing evidence that such loss, destruction, or damage--

(A) Did not result from the Contractor's failure to maintain an approved program or system; or

(B) Occurred while an approved program or system was maintained by the Contractor.

(5) If the Contractor transfers Government property to the possession and control of a subcontractor, the transfer shall not affect the liability of the Contractor for loss or destruction of, or damage to, the property as set forth above. However, the Contractor shall require the subcontractor to assume risk of, and be responsible for, any loss or destruction of, or damage to, the property while in the subcontractor's possession or control, except to the extent that the subcontract, with the advance approval of the Contracting Officer, relieves the subcontractor from such liability. In the absence of such approval, the subcontract shall contain appropriate provisions requiring the return of all Government property in as good condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the prime contract.

(6) The Contractor shall notify the Contracting Officer upon loss or destruction of, or damage to, Government property provided under this contract, with the exception of low value property for which loss, damage, or destruction is reported at contract termination, completion, or when needed for continued contract performance. The Contractor shall take all reasonable action to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the affected Government property in the best possible order, and furnish to the Contracting Officer a statement of--

(i) The lost, destroyed, or damaged Government property;

(ii) The time and origin of the loss, destruction, or damage;

(iii) All known interests in commingled property of which the Government property is a part; and

(iv) The insurance, if any, covering any part of or interest in such commingled property.

(7) The Contractor shall repair, renovate, and take such other action with respect to damaged Government property as the Contracting Officer directs. If the Government property is destroyed or damaged beyond practical repair, or is damaged and so commingled or combined with property of others (including Contractor's) that separation is impractical, the Contractor may, with the approval of and subject to any conditions imposed by the Contracting Officer, sell such property for the account of the Government. Such sales may be made in order to minimize the loss to the Government, permit the resumption of business, or to accomplish a similar purpose. The Contractor shall be entitled to an equitable adjustment in the contract price for the expenditures made in performing the obligations under this subparagraph (g)(7) in accordance with paragraph (h)

of this clause. However, the Government may directly reimburse the loss and salvage organization for any of their charges. The Contracting Officer shall give due regard to the Contractor's liability under this paragraph (g) when making such equitable adjustment.

(8) The Contractor represents that it is not including in the price and agrees it will not hereafter include in any price to the Government any charge or reserve for insurance (including any self-insurance fund or reserve) covering loss or destruction of, or damage to, Government property, except to the extent that the Government may have expressly required the Contractor to carry such insurance under another provision of this contract.

(9) In the event the Contractor is reimbursed or otherwise compensated for any loss or destruction of, or damage to, Government property, the Contractor shall use the proceeds to repair, renovate, or replace the lost, destroyed, or damaged Government property or shall otherwise credit the proceeds to or equitably reimburse the Government, as directed by the Contracting Officer.

(10) The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any loss or destruction of, or damage to, Government property. 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. In addition, where a subcontractor has not been relieved from liability for any loss or destruction of, or damage to, Government property, the Contractor shall enforce for the benefit of the Government the liability of the subcontractor for such loss, destruction, or damage.

(h) Equitable adjustment. When this clause specifies an equitable adjustment, it shall be made to any affected contract provision in accordance with the procedures of the Changes clause. When appropriate, the Contracting Officer may initiate an equitable adjustment in favor of the Government. The right to an equitable adjustment shall be the Contractor's exclusive remedy. The Government shall not be liable for suit for breach of contract or--

(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) A decrease in or substitution of Government-furnished property; or

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

(i) Final accounting and disposition of Government property. Upon completing this contract, or at such earlier dates as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of Government property (including any resulting scrap) not consumed in performing this contract or delivered to the Government. The Contractor shall prepare for shipment, deliver f.o.b. origin, or dispose of the Government property as may be directed or authorized by the Contracting Officer. the net proceeds



of any such disposal shall be credited to the contract price or shall be paid to the Government as the Contracting Officer directs.

(j) Abandonment and restoration of Contractor's premises. Unless otherwise provided herein, the Government--

(1) May abandon any Government property in place, at which time all obligations of the Government regarding such abandoned property shall cease; and

(2) Has no obligation to restore or rehabilitate the Contractor's premises under any circumstances (e.g., abandonment, disposition upon completion of need, or upon contract completion). However, if the Government-furnished property (listed in the Schedule or specifications) is withdrawn or is unsuitable for the intended use, or if other Government property is substituted, then the equitable adjustment under paragraph (h) of this clause may properly include restoration or rehabilitation costs.

(k) Communications. All communications under this clause shall be in writing.

(l) Overseas contracts. If this contract is to be performed outside of the United States of America, its territories, or possessions, the words "Government" and "Government-furnished" (wherever they appear in this clause) shall be construed as "United States Government-furnished," respectively.

**FAR 52.249-8 DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (FT) (APR 1984)  
ALTERNATE II (DEVIATION)**

Modify the clause as follows:

(a) The word "supplies" as used in this clause includes the term "vessel(s)" and has the definition stated in the clause entitled "INSPECTION OF SUPPLIES--FIXED-PRICE."

(b) At the end of paragraph (b), add the following:

"In addition to its other remedies, the Government may, by contract or otherwise, with respect to work terminated as permitted in this clause, proceed with the completion of the vessel(s) and supplies at such plant or plants, including that of the Contractor, as may be designated by the Contracting Officer. If the vessel(s) and other supplies are to be completed at the Contractor's plant, the Government may use all tools, machinery, facilities and equipment of the Contractor determined by the Contracting Officer to be necessary for that purpose. The Government shall also have the right, in the event performance is completed at the Contractor's plant, to procure any additional supplies, tools, machinery, facilities, and equipment that are necessary to complete the vessel(s) and other supplies. If the cost to the Government of completing the vessel(s) and other supplies or procuring supplies similar to those terminated (after adjusting such cost to exclude the effect of changes in the plans and specifications made subsequent to the date of termination) exceeds the price fixed for such vessel(s) and other supplies under this contract (after adjusting such price on account of changes in the plans and specifications

made prior to the date of termination), the Contractor, or its surety, if any, shall be liable for such excess."

(c) In the first sentence of paragraph (c), after the word "costs", insert the phrase "or other damages".

(d) In the first sentence of paragraph (e), after the word "title", insert the phrase "(insofar as not previously transferred)."

#### **FAR 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)**

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

FAR clauses & provisions: <http://farsite.hill.af.mil/VFFARA.HTM>

DFARS clauses & provisions: <http://farsite.hill.af.mil/VFDFARA.HTM>

NAPS clauses & provisions: <http://farsite.hill.af.mil/VFNAPSa.htm>

#### **FAR 52.252-6 AUTHORIZED DEVIATIONS IN CLAUSES (APR 1984)**

(a) The use in this solicitation or contract of any Federal Acquisition Regulation (48 CFR Chapter 1) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the date of the clause.

(b) The use in this solicitation or contract of any Defense FAR Supplement (48 CFR Chapter 2) clause with an authorized deviation is indicated by the addition of "(DEVIATION)" after the name of the regulation.

#### **DFARS 252.211-7005 SUBSTITUTIONS FOR MILITARY OR FEDERAL SPECIFICATIONS AND STANDARDS (OCT 2001)**

(a) Definition. "SPI process," as used in this clause, means a management or manufacturing process that has been accepted previously by the Department of Defense under the Single Process Initiative (SPI) for use in lieu of a specific military or Federal specification or standard at specific facilities. Under SPI, these processes are reviewed and accepted by a Management Council, which includes representatives of the Contractor, the Defense Contract Management Agency, the Defense Contract Audit Agency, and the military departments.

(b) Offerors are encouraged to propose SPI processes in lieu of military or Federal specifications and standards cited in the solicitation. A listing of SPI processes accepted at specific facilities is available by the Internet in Excel format at <http://www.dcmamail.com/onebook0.0/0.2/reports/modified.xls>.

(c) An offeror proposing to use an SPI process in lieu of military Federal specifications or standards cited in the solicitation shall--

(1) Identify the specific military or Federal specifications or standards for which the SPI process has been accepted;

(2) Identify each facility at which the offeror proposes to use the specific SPI process in lieu of military or Federal specifications or standards cited in the solicitation; and

(3) Identify the contract line items, subline items, components, or elements affect by the SPI process; and

(4) If the proposed SPI process has been accepted at the facility at which it is proposed for use, but is not yet listed at the Internet site specified in paragraph (b) of this clause, submit documentation of Department of Defense acceptance of the SPI process.

(d) Absent a determination that an SPI process is not acceptable for this procurement, the Contractor shall use the following SPI processes in lieu of military or Federal specifications or standards:

(Offeror insert information for each SPI process)

SPI Process: \_\_\_\_\_

Facility: \_\_\_\_\_

Military or Federal  
Specification or Standard: \_\_\_\_\_

Affected Contract Line  
Item Number, Subline Item Number,  
Component, or Element: \_\_\_\_\_

(e) If a prospective offeror wishes to obtain, prior to the time specified for receipt of offers, verification that an SPI process is an acceptable replacement for military or Federal specifications or standards required by the solicitation, the prospective offeror-

(1) May submit the information required by paragraph (d) of this clause to the Contracting Officer prior to submission of an offer; but

(2) Must submit the information to the Contracting Officer at least 10 working days prior to the date specified for receipt of the offers.

**DFARS 252.225-7008 SUPPLIES TO BE ACCORDED DUTY-FREE ENTRY (MAR 1998)**

In accordance with paragraph (B) of the Duty-Free Entry clause of this contract, in addition to duty-free entry for all qualifying country supplies (end products and components) and all eligible end products subject to applicable trade agreements (if this contract contains the Buy American Act-Trade Agreements--Balance of Payments Program clause or the Buy American Act-North

American Free Trade Agreement Implementation Act--Balance of Payments Program clause), the following foreign end products that are neither qualifying country end products nor eligible end products under a trade agreement, and the following nonqualifying country components, are accorded duty-free entry:

#### **252.234-7001 EARNED VALUE MANAGEMENT SYSTEM (MAR 1998)**

(a) In the performance of this contract, the Contractor shall use an earned value management system (EVMS) that has been recognized by the cognizant Administrative Contracting Officer (ACO) as complying with the criteria provided in DoD 5000.2-R, Mandatory Procedures for

Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs.

(b) If, at the time of award, the Contractor's EVMS has not been recognized by the cognizant ACO as complying with EVMS criteria (or the Contractor does not have an existing cost/schedule control system that has been accepted by the Department of Defense), the Contractor shall apply the system to the contract and shall be prepared to demonstrate to the ACO that the EVMS complies with the EVMS criteria referenced in paragraph (a) of this clause.

(c) The Government may require integrated baseline reviews. Such reviews shall be scheduled as early as practicable and should be conducted within 180 calendar days after (1) contract award, (2) the exercise of significant contract options, or (3) the incorporation of major modifications. The objective of the integrated baseline review is for the Government and the Contractor to jointly assess areas, such as the Contractor's planning, to ensure complete coverage of the statement of work, logical scheduling of the work activities, adequate resourcing, and identification of inherent risks.

(d) Unless a waiver is granted by the ACO, Contractor-proposed EVMS changes require approval of the ACO prior to implementation. The ACO shall advise the Contractor of the acceptability of such changes within 30 calendar days after receipt of the notice of proposed changes from the Contractor. If the advance approval requirements are waived by the ACO, the Contractor shall disclose EVMS changes to the ACO at least 14 calendar days prior to the effective date of implementation.

(e) The Contractor agrees to provide access to all pertinent records and data requested by the ACO or duly authorized representative. Access to permit Government surveillance to ensure that the EVMS complies, and continues to comply, with the criteria referenced in paragraph (a) of this clause.

(f) The Contractor shall require the following subcontractors to comply with the requirements of this clause:

#### **252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (MAY 2002)**

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

(1) "Components" means articles, materials, and supplies incorporated directly into end products at any level of manufacture, fabrication, or assembly by the Contractor or any subcontractor.

(2) "Department of Defense" (DoD) means the Army, Navy, Air Force, Marine Corps, and defense agencies.

(3) "Foreign flag vessel" means any vessel that is not a U.S.-flag vessel.

(4) "Ocean transportation" means any transportation aboard a ship, vessel, boat, barge, or ferry through international waters.

(5) "Subcontractor" means a supplier, materialman, distributor, or vendor at any level below the prime contractor whose contractual obligation to perform results from, or is conditioned upon, award of the prime contract and who is performing any part of the work or other requirement of the prime contract.

(6) "Supplies" means all property, except land and interests in land, that is clearly identifiable for eventual use by or owned by the DoD at the time of transportation by sea.

(i) An item is clearly identifiable for eventual use by the DoD if, for example, the contract documentation contains a reference to a DoD contract number or a military destination.

(ii) "Supplies" includes (but is not limited to) public works; buildings and facilities; ships; floating equipment and vessels of every character, type, and description, with parts, subassemblies, accessories, and equipment; machine tools; material; equipment; stores of all kinds; end items; construction materials; and components of the foregoing.

(7) "U.S.-flag vessel" means a vessel of the United States or belonging to the United States, including any vessel registered or having national status under the laws of the United States.

(b)(1) The Contractor shall use U.S.-flag vessels when transporting any supplies by sea under this contract.

(2) A subcontractor transporting supplies by sea under this contract shall use U.S.-flag vessels if—

(i) This contract is a construction contract; or

(ii) The supplies being transported are—

(A) Noncommercial items; or

(B) Commercial items that—

(1) The Contractor is reselling or distributing to the Government without adding value (generally, the Contractor does not add value to items that it subcontracts for f.o.b. destination shipment);

(2) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or

(3) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643.

(c) The Contractor and its subcontractors may request that the Contracting Officer authorize shipment in foreign-flag vessels, or designate available U.S.-flag vessels, if the Contractor or a subcontractor believes that—

(1) U.S.-flag vessels are not available for timely shipment;

(2) The freight charges are inordinately excessive or unreasonable; or

(3) Freight charges are higher than charges to private persons for transportation of like goods.

(d) The Contractor must submit any request for use of other than U.S.-flag vessels in writing to the Contracting Officer at least 45 days prior to the sailing date necessary to meet its delivery schedules. The Contracting Officer will process requests submitted after such date(s) as expeditiously as possible, but the Contracting Officer's failure to grant approvals to meet the shipper's sailing date will not of itself constitute a compensable delay under this or any other clause of this contract. Requests shall contain at a minimum—

- (1) Type, weight, and cube of cargo;
- (2) Required shipping date;
- (3) Special handling and discharge requirements;
- (4) Loading and discharge points;
- (5) Name of shipper and consignee;
- (6) Prime contract number; and
- (7) A documented description of efforts made to secure U.S.-flag vessels, including points of contact (with names and telephone numbers) with at least two U.S.-flag carriers contacted. Copies of telephone notes, telegraphic and facsimile message or letters will be sufficient for this purpose.

(e) The Contractor shall, within 30 days after each shipment covered by this clause, provide the Contracting Officer and the Maritime Administration, Office of Cargo Preference, U.S. Department of Transportation, 400 Seventh Street SW, Washington, DC 20590, one copy of the rated on board vessel operating carrier's ocean bill of lading, which shall contain the following information:

- (1) Prime contract number;
- (2) Name of vessel;
- (3) Vessel flag of registry;
- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Description of commodity;
- (8) Gross weight in pounds and cubic feet if available;
- (9) Total ocean freight in U.S. dollars; and
- (10) Name of steamship company.

(f) The Contractor shall provide with its final invoice under this contract a representation that to the best of its knowledge and belief—

- (1) No ocean transportation was used in the performance of this contract;
- (2) Ocean transportation was used and only U.S.-flag vessels were used for all ocean shipments under the contract;
- (3) Ocean transportation was used, and the Contractor had the written consent of the Contracting Officer for all non-U.S.-flag ocean transportation; or
- (4) Ocean transportation was used and some or all of the shipments were made on non-U.S.-flag vessels without the written consent of the Contracting Officer. The Contractor shall describe these shipments in the following format:

	ITEM DESCRIPTION	CONTRACT LINE ITEMS	QUANTITY
<b>TOTAL</b>			

(g) If the final invoice does not include the required representation, the Government will reject and return it to the Contractor as an improper invoice for the purposes of the Prompt Payment clause of this contract. In the event there has been unauthorized use of non-U.S.-flag vessels in the performance of this contract, the Contracting Officer is entitled to equitably adjust the contract, based on the unauthorized use.

In the award of subcontracts for the types of supplies described in paragraph (b)(2) of this clause, the Contractor shall flow down the requirements of this clause as follows:

(1) The Contractor shall insert the substance of this clause, including this paragraph (h), in subcontracts that exceed the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation.

(2) The Contractor shall insert the substance of paragraphs (a) through (e) of this clause, and this paragraph (h), in subcontracts that are at or below the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation.

**SECTION J - LIST OF ATTACHMENTS**

The attachments forming a part of this Solicitation are as follows:

- |      |   |
|------|---|
| J-1  | Contract Data Requirements List, DD Form 1423, Exhibits A, B and C    |
| J-2  | LCAC SLEP Specification   |
| J-3  | LCAC SLEP Configuration Improvements                                  |
| J-4  | LCAC Drawing Requirements   |
| J-5  | Packaging, Handling, Storage & Transportation                         |
| J-6  | LCAC Technical Manual Contract Requirements Document (TMCR)           |
| J-7  | Module Reassembly   |
| J-8  | Data Requirements   |
| J-9  | Schedule A (Part 1), List of Government Furnished Property            |
| J-10 | Schedule C, List of Government Furnished Information                  |
| J-11 | Specification Change Pages  |
| J-12 | Contract Work Breakdown Structure                                     |
| J-13 | NOT USED  |
| J-14 | Exceptions and Clarifications to LCAC SLEP Specification J-2          |
| J-15 | NOT USED  |
| J-16 | Configuration Data Management Plan for GFP from Disassembled LCAC     |
| J-17 | DD Form 254, Contract Security Specification                          |
| J-18 | Financial Accounting Data Sheet                                       |
| J-19 | Small Business and Small Disadvantaged Business Subcontracting Plan   |
| J-20 | Schedule A (Part 2), Government Furnished Property (GFP) to be Reused |