

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1 CONTRACT ID CODE
2 FULL OR PART

3 AMENDMENT/MODIFICATION NO. Three (3)	4 EFFECTIVE DATE 4/30/85	5 ACQUISITION/PURCHASE REQ NO ORM-84-385 dtd 2/28/85	6 PROJECT NO (If any)
7 ISSUED BY U.S. Nuclear Regulatory Commission Division of Contracts Washington, D.C. 20555		8 ADMINISTERED BY (If other than item 7) CODE	

9 NAME AND ADDRESS OF CONTRACTOR (No. at all counts. State and Zip Code)		10A AMENDMENT OF SOLICITATION NO.
PRIME: U.S. Small Business Administration 219 South Dearborn, #437 Chicago, IL 60604		10B DATED (SEE ITEM 13)
SUB: Norcom International Corporation 431 South Dearborn, Suite 1204 Chicago, IL 60605		10A MODIFICATION OF CONTRACT/ORDER NO. NRC-33-84-385
CODE	FACILITY CODE	10B DATED (SEE ITEM 13) 4/30/84

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
(a) By completing Items 9 and 10, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the original solicitation; or (c) By submitting a letter or teletype which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by this letter, provided each teletype or letter makes reference to the solicitation and this amendment, and is received prior to the closing hour and date specified.

12 ACCOUNTING AND ALLOCATION DATA (If any)	APPN NO.	Increase
B&R Number 80-20-25-07	FIN 01207	31X0200.805 \$47,321.00

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

14A THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT OF NO. IN ITEM 10A.
14B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Type or describe in plain English the modification being set forth in Item 14, pursuant to the authority of FAR 43.103(b).
14C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
14D OTHER (Type in type of modification and authority): X U.S.C. 637(a) and ARTICLE III - Option to Extend the Period of Performance

E IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 4 copies to the issuing office.

15 DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by DCF action headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to exercise the contract option to extend the period of performance to April 29, 1986. This is in accordance with, "ARTICLE III - Option to Extend the Period of Performance." We are also revising the contract so that all relevant contract items still applicable are stated in the format specified by the Federal Acquisition Regulations. The contractor's original Representations and Certifications are incorporated into this revised version of the contract by reference.

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NRC-33-84-385 PDR

EXEMPTED BY DIVISION HEREIN, ALL TERMS AND CONDITIONS OF THE DOCUMENT REFERENCED IN ITEM 9A OR 10A, AS HEREFORE CHANGED, REMAINS UNCHANGED AND IN FULL FORCE AND EFFECT.

15A NAME AND TITLE OF SIGNER (Type or print) SEE SIGNATURE PAGE	15B NAME AND TITLE OF CONTRACTING OFFICER (Type or print) SEE SIGNATURE PAGE
15C CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15D UNITED STATES OF AMERICA BY (Signature of Contracting Officer)

TRIPARTITE AGREEMENT

SIGNATURE PAGE

SUBCONTRACTOR:

Norcom International Corporation

BY: Saturnino Noriega DATE: 5-15-85

NAME AND TITLE: Saturnino Noriega, President

PRIME CONTRACTOR:

U.S. Small Business Administration

BY: [Signature] DATE: 20 MAY 1985

NAME AND TITLE: Robert H. Kyle
Contracting Officer

PROCURING OFFICE:

U.S. Nuclear Regulatory Commission

BY: Elois Wiggins DATE: 4/29/85

NAME AND TITLE: Elois Wiggins, Contracting Officer

Section B - Supplies or Services and Prices/Costs

B.1 Brief Description of Work

The contractor shall perform Region III data entry support services in accordance with the Statement of Work specified in Section C.

B.2 Remittance Address

Name: Norcom International Corporation

Address: 431 South Dearborn, #1204

Chicago, IL 60605

Section C - Description/Specifications/Work Statement

C.1 Statement of Work

C.1.1 Background

General

The United States Nuclear Regulatory Commission is responsible for the protection of the public health and safety in the civilian use of nuclear power and nuclear materials. In the performance of its duties, the NRC utilizes a wide variety of automatic data processing, encompassing numerous applications, including scientific, administrative and management information systems. The Office of Resource Management (RM) is responsible for ADP within the NRC. RM is striving for a sophisticated telecommunications network, which links all of its ADP capabilities, and for an environment which strongly supports distributed processing, such as the use of hierarchical languages (i.e., ADABAS and S2K) and the introduction of office automation.

C.1.2 Equipment

The NRC does not own a mainframe computer to perform large-scale data processing operations, and depends primarily on buying computer time (timesharing) from DOE National Laboratories, the National Institutes of Health (NIH) DCRT Federal Data Processing Center, and commercial sources. NRC's ADP equipment to support timesharing consists of remote job entry stations, data terminals, and associated telecommunications equipment needed for data transfer and communication with the facility

at which the computer is located. NRC now utilizes over 250 individual terminals and nine remote job entry stations.

The telecommunications equipment needed to accommodate this remote computer usage consists of about 260 modems of various types. Most of these modems are used with dial-up telephone lines. Six leased telephone circuits are also used--two circuits connect NRC to the Central Scientific Computing Facility at Brookhaven National Laboratory; one circuit is used to transfer encrypted, classified nuclear materials inventory data between NRC and the Oak Ridge National Laboratory's Computer Science Division K-25 Computer Center; one circuit connects NRC to the Germantown, Maryland node of DOE's secure message network (SACNET); and two circuits connect the remote job entry stations in the Phillips and East West Towers Buildings in Bethesda, Maryland to the NIH DCRT.

NRC currently owns 10 minicomputers: a Data General C330 is dedicated to the Payroll System, a second is used solely for the Automated Personnel System; and a third accommodates the Property and Supply System. A fourth Data General C350 Eclipse is used by RM for system development, maintenance and back-up to the first three dedicated minicomputers. A fifth mini, a Data General S230 Eclipse, operated by RM, is used to provide small-scale, general purpose timesharing services. A sixth mini, a Hewlett-Packard 1000, is dedicated to the Commission's Public Document Room (PDR) document indexing, storage, and retrieval system. The remaining four minicomputers (two Data General C330's and two Data General C350's) are dedicated to the development, maintenance, and operation of the Document Control System. Of the 10 minicomputers, only four provide dial-up, remote access capability -- the mini available for timeshared use; the mini dedicated to the Automated Personnel System; the mini used for systems development and maintenance; and the PDR mini. Beyond the required modems, no special lines or other telecommunication resources are used.

In addition, the NRC now has about 200 pieces of work processing equipment, including stand-alone and shared systems with cathode ray tubes and high-speed laser printers. Capabilities range from stand-alone memory and magnetic card typewriters to networked, shared-logic systems.

C.1.3. Software

Software (computer programs) can be categorized as follows:

- Category 1 - Proprietary software used to aid in applications development as supplied by the hardware or independent vendor. Such software is used where applicable to significantly cut development and maintenance costs and to help non-ADP personnel use the computer as an information tool.
- Category 2 - Proprietary software supplied by the hardware vendor related to computer systems operations.

Category 3 - User-developed software using higher-level languages and proprietary package interfaces. Such software is developed to satisfy specific user requirements in business and scientific applications.

Proprietary software, as defined in Category 1, is either purchased or leased from specific vendors and is often termed "package software." It is designed to perform either specific or general functions. Although the NRC has no specific applications packages at the present time, they might include accounts receivables, budget, and payroll.

General use packages include processes such as complex data base use, generation, and statistical analysis. The NRC has purchased and currently maintains five packages of this type:

- o System 2000 - complex data base manipulation and inquiry
- o MARK IV - general file maintenance and report generation
- o IDEA - Data General screen format and data manipulation
- o INFOS - Data General data base management system (DBMS)
- o ORACLE - Relational Data Base Management System

Other general purpose packages software that the NRC has access to are:

- o TELEGRAF/DISSPLA - graphics
- o SPSS - statistics
- o SAS - statistics
- o WYLBUR - text editing, word processing
- o IBM user application utilities (sort/merge, etc.)
- o AZ-TEXT (Data General word processing package)

Proprietary software, as defined in Category 2, includes computer-operating systems related support utilities that are not accessible/changeable by the applications programmer. In the IBM environment at NIH, the operating system is termed OS/VS (Operating System/Virtual Storage). Support utilities include those supplied by IBM for disk pack maintenance and similar housekeeping tasks. Other software falling within this category includes language compilers (BASIC, COBOL, FORTRAN), file and data management software (ISAM, VSAM), and communications handlers (TSO and parts of WYLBUR). The NRC currently has two operating systems (AOS and RDOS) used on its Data General Eclipse minicomputers. The H-P 1000 uses HP/RTE-4B.

User designed and developed software, Category 3, is the most used within the Commission. Software of this type emanates from detailed specifications designed for a specific purpose within a given system (i.e., a daily report of personnel actions). Programs of this type are usually written in high-level compiler languages such as COBOL, FORTRAN, or PL/1. However, proprietary software interfaces can be used with higher-level languages for data base access (i.e., SYSTEM 2000 DBMS).

The most commonly used compiler languages within the Commission are COBOL (administrative/management applications) and FORTRAN (scientific applications). At this present time, there are approximately 100

administrative/management systems in operation which are made up of about 2400 computer programs. Scientific codes currently in use number approximately 250.

C.1.4. Facilities

NRC supports ADP activities at five regional offices and 10 headquarters buildings. This distributed ADP environment requires the placement of equipment at all 15 locations. Some locations need only data terminals and therefore require no special facilities; others house minicomputers and remote job entry stations which require special facilities such as power supplies, humidity and temperature controls, raised flooring, access controls, and storage space. Remote job entry stations are located in each of the five regional offices and at four headquarters sites. All 10 minicomputers are at headquarters in five different buildings.

Locations having access to systems developed under this contract are:

NRC Headquarters - Washington, DC 20555
NRC Region I - King of Prussia, Pennsylvania 19406
NRC Region II - Atlanta, Georgia 30303
NRC Region III - Glen Ellyn, Illinois 60137
NRC Region IV - Arlington, Texas 76012
NRC Region V - Walnut Creek, California 94596

C.2. Scope of Work

C.2.1. Requirements

The contractor shall provide the necessary personnel to fulfill the requirements of this Statement of Work. Computer time and use of NRC equipment and facilities will be made available in the Region III office for the scope of the effort. The requirements of this Statement of Work are in support of the objectives of the U.S. Nuclear Regulatory Commission. This involves the data entry functions of Region III for ADP System Operation. All activities performed under this Statement of Work shall be directed by designated officials within the Region III office in coordination with the Office of Resource Management (RM) and the Division of Contracts.

Specifically, this contract involves data entry activities relating to various systems which Region III is operationally responsible for. The Data Entry will be performed on-site at the Region III office (Glen Ellyn, IL) using a terminal provided by the region.

The estimated volume of Data Entry is as follows:

MPS/RITS - 200 forms per week totalling approx. 1,200 lines of input.
766 - 900, 90 character lines per week.
RIII Tracking System - 1,000-1,500, 132 Character lines entered or modified per week.

It is estimated that the following types of personnel will be required to support these tasks:

<u>Category</u>	<u>Minimum Qualifications</u>
Project Manager	College degree or equivalent plus approximately 10 years or more progressive experience in data processing. Experience should include performance of feasibility studies, systems analysis, systems design, programming, testing and system installation plus at least two years recent experience in managing projects involving development activities. Must have detailed knowledge of project management responsibilities.
Programmer Aide	An individual who is capable of not only interpreting and entering raw data into a computer from code form, source documents, etc., but is also capable of setting up the necessary pre-established job control procedure in the proper sequence with appropriate controls cards to execute, audit, update and report generator programs as required. He/She must have a minimum of one (1) year experience with data entry and systems operations tasks.

C.3. GOVERNMENT FURNISHED PROPERTY

The contractor shall have access to and use of the NRC computers essential to the successful performance of the work required hereunder. Additionally, the contractor will be provided office space equipped with desk, terminal, and supplies necessary for successful performance of the contract.

Section D - Packaging and Marking

D.1 Packaging and Marking

The Contractor shall use standard commercial packaging for all items to be delivered. On the front of the package, the Contractor shall clearly identify the contract number under which the product is being provided.

Section E - Inspection and Acceptance

E.1 FAR Citations

52.246-5 INSPECTION OF SERVICES--COST-REIMBURSEMENT. (APR 1984)

(a) Definition. "Services," as used in this clause, includes services performed, workmanship, and material furnished or used in performing services.

(b) The Contractor shall provide and maintain an inspection system acceptable to the Government covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to the Government during contract performance and for as long afterwards as the contract requires.

(c) The Government has the right to inspect and test all services called for by the contract, to the extent practicable at all places and times during the term of the contract. The Government shall perform inspections and tests in a manner that will not unduly delay the work.

(d) If any of the services performed do not conform with contract requirements, the Government may require the Contractor to perform the services again in conformity with contract requirements, for no additional fee. When the defects in services cannot be corrected by reperformance, the Government may (1) require the Contractor to take necessary action to ensure that future performance conforms to contract requirements and (2) reduce any fee payable under the contract to reflect the reduced value of the services performed.

(e) If the Contractor fails to promptly perform the services again or take the action necessary to ensure future performance in conformity with contract requirements, the Government may (1) by contract or otherwise, perform the services and reduce any fee payable by an amount that is equitable under the circumstances or (2) terminate the contract for default.

(End of clause)
(R 7-1909.5 1971 Nov.)

Section F - Deliveries and Performance

F.1 Reports, Documentation and Other Deliverable End Items

F.1.1. RITS

Operation of the RITS system will include data entry functions with regard to the weekly processing of the system, as well as the generation of the weekly report.

A. Deliverables

The Programmer Aide should follow the instructions below and have all reports generated by c.o.b. Thursday (in the event of a Monday holiday, on Friday).

1. Data Entry

- All data elements should be processed.

2. Reviewer Reports

- The reviewer reports were separated to contain just data base updates, as opposed to MPS updates.
- Only TAC reviews should be updated. Do not add TAC numbers to a reviewer unless they put the TAC number at the top of their reports.
- DO NOT CHANGE ANY ACTIVITY CODES WHICH REVIEWERS CHANGE ON THEIR REPORTS.

3. Edit and Updates

Retain all on-line listings which are generated with the edit and updates.

4. Staff File Generations

The Programmer Aide will be responsible for maintaining these files and is the only person authorized to change these files.

5. Report File Generations

Any problems encountered must be noted in the processing log. All computer runs must be recorded in this log and the JCL listings must be retained. After all of the files and tables have been updated, generate the report files and reviewer reports. To accomplish this, the "RITS COMMAND PROCEDURE" (CP) is executed. You will be prompted to modify data parameters which are provided on the RITS WEEKLY TACS REPORT FILE GENERATION TABLE (FY84) (hereafter referred to as "the TABLE").

The Reviewer Reports must be delivered to the Region III Coordinator by c.o.b. Monday (Tuesday, if Monday holiday).

6. Reports (Run every two weeks)

You will be prompted in the Region III CP whether or not the office reports are to be run (check the TABLE).

All reports must be delivered to the Region III Coordinator c.o.b. Thursday.

7. Processing Log

- All Job Statistics Must be Posted in the Log Book.
- Any new TAC forms that are rejected by the system for any reason, must be entered on the trouble report.

8. MPS Processing

The programmer aid responsible for manpower processing should refer to the "OFFICE OF RESOURCE MANAGEMENT, DIVISION OF DATA AUTOMATION AND MANAGEMENT INFORMATION" and RM/D MANPOWER STATUS -- FY 84" for instructions regarding RM/D MPS processing.

F.1.2. Manpower Reporting System Work Statement (MPS)

On a weekly basis, review NRC MPS forms for completeness and errors, perform the data entry, proofread, edit, make necessary corrections, reedit, in preparation for the NRC MPS data system.

A. Deliverables

1. By Tuesday afternoon of each week, the source documents (NRC forms 721A, 721B) and modifications will be available to perform the data entry in accordance with data entry operating instructions. Information is entered into the system through on-line remote computer terminals no later than Wednesday 3:30 p.m.
2. Execute the Regional Edit Program no later than Friday noon of each week. Review computer printouts, job control language and operating system error messages to assure job has been successfully completed. Correct input errors, as identified by the Edit Program or as observed by auditing the edit output report for completeness. For errors which cannot be corrected, return the edit report to the MIS Coordinator for corrections.
3. After the regional edit is run, HQ will execute and route to the Region III printer another further extended edit. Make necessary corrections as soon as possible (never any later than same day received, except in circumstances beyond our control such as equipment failure). Return audit to MIS Coordinator for unresolved errors or missing MPS.

F.1.3. Statistical Data Reporting (766) Work Statement

On a weekly basis review NRC Forms 766A and 766 for completeness and errors, perform data entry and pre-edit processing, proofread, edit and make necessary corrections for 766 master file. Data must be ready for HQ to enter onto master file before 7 work days have passed.

A. Deliverables

1. Perform the data entry in accordance with data entry operating instructions "Documentation for 766 Data Base System." Information is entered into the computer through on-line remote terminals.
2. Execute the Edit Program according to instructions. Review computer printouts, job control language, and operating

system error messages to assure successful completion. Correct input errors as identified by edit program or as observed by auditing the output reports. For errors which cannot be corrected, return Edit Report and input list to regional MIS Coordinator for resolution.

F.1.4. R3 TRACKING SYSTEM

The R3 Tracking System is used to track all work items needing attention by Region III inspectors at each Reactor Site. The System is updated on a weekly basis and standard reports are generated weekly after the update.

A. Deliverables

1. The weekly pickup of the Forms from the Region III Coordinator will be on a flexible schedule as requested by the Region.
2. Perform the data entry of the R3 Tracking System input forms into the actual System data base. Refer to "R3 Tracking System Operating Procedures" for detailed instructions.
3. Upon completion of the file update from the data input forms, run (execute) the program software to generate the standard forms per the instructions.

F.2 Place of Delivery

The items to be furnished hereunder shall be delivered, with all transportation charges paid by the Contractor, to:

U.S. Nuclear Regulatory Commission
Attn: U.S. Nuclear Regulatory Commission
ATTN: Marie L. Stahulak, Project Officer
Mail Stop: Region III
Washington, D.C. 20555

Project Officer (3 copies)
Division of Contracts (1 copy)

F.3 Duration of Contract Period

The contract period of performance is from April 30, 1984 through April 29, 1986.

F.4 FAR Citations

52.212-13 STOP-WORK ORDER.-- Alternate 1 (APR 1984)

(a) The Contracting Officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The

order shall be specifically identified as a stop-work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 days after a stop-work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the Contracting Officer shall either--

(1) Cancel the stop-work order; or

(2) Terminate the work covered by the order as provided in the, Termination clause of this contract or the Termination for Convenience of the Government, clause of this contract.

(b) If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule, the estimated cost, the fee, or a combination thereof, and the contract shall be modified, in writing, accordingly, if--

(1) The stop-work order results in an increase in the time required for, or in the Contractor's cost properly allocable to, the performance of any part of this contract; and

(2) The Contractor asserts a claim for the adjustment within 30 days after the end of the period of work stoppage; provided, that, if the Contracting Officer decides the facts justify the action, the Contracting Officer may receive and act upon the claim asserted at any time before final payment under this contract.

(c) If a stop-work order is not canceled and the work covered by the order is terminated for the convenience of the Government, the Contracting Officer shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.

(d) If a stop-work order is not canceled and the work covered by the order is terminated for default, the Contracting Officer shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

(End of clause)

(AV 7-105.3 1971 APR)

Section G - Contract Administration Data

G.1 Consideration

Estimated Cost, Fixed Fee and Obligation

1. It is estimated that the total cost to the Government for full performance of this contract will be \$ 84,981, of which the sum of \$ 78,324 represents the estimated reimbursable costs, and of which \$ 6,657 represents the fixed fee.
2. There shall be no adjustment in the amount of the Contractor's fixed fee by reason of differences between any estimate of cost

for performance of the work under this contract and the actual cost performance of that work.

3. The amount presently obligated by the Government with respect to this contract is \$ 84,981.

G.2 Overhead/General and Administrative Rates

For year one of the contract performance, final rates are hereby established as follows:

1. Overhead at 20 percent of direct labor
2. Fringe benefits at 14 percent of direct labor

G.2.1. For year two of the contract only, the following applies:

- A. Pending the establishment of final overhead rates which shall be negotiated based on audit of actual costs, the Contractor shall be reimbursed for allowable indirect costs hereunder at the provisional rate of 40 percent of direct labor.
- B. Pending the establishment of final fringe benefit rates which shall be negotiated based on audit of actual costs, the Contractor shall be reimbursed for allowable indirect costs hereunder at the provisional rate of 19 percent of direct labor.
- C. Notwithstanding A. and B. of this Section, said provisional overhead and G&A rates may be adjusted as appropriate during the term of the contract upon the acceptance of such revised rates by the Contracting Officer.
- D. Notwithstanding A, B and above, ceiling rates of 50 percent for overhead and 25 percent for fringe benefits are hereby established. Contractor shall not be reimbursed for rates greater than the ceiling rates. However, based upon audit and negotiation of final indirect costs, downward adjustment is possible.

G.3 Payment of Fixed Fee

Payment of fixed fee shall be in accordance with paragraph (b) of clause 52.216-8 entitled "Fixed Fee" and the NRC billing instructions in Part III, Section J.

G.4 Technical Direction

- A. Performance of the work under this contract shall be subject to the technical direction of the NRC Project Officer named in Section G.5 of this contract. The term "Technical Direction" is defined to include the following:
 1. Technical direction to the Contractor which shifts work emphasis between areas of work or tasks, requires pursuit of certain lines of inquiry, fills in details or otherwise serves to accomplish the contractual scope of work.

2. Providing assistance to the Contractor in the preparation of drawings, specifications or technical portions of the work description.
 3. Review and where required by the contract, approval of technical reports, drawings, specifications and technical information to be delivered by the Contractor to the Government under the contract.
- B. Technical direction must be within the general scope of work stated in the contract. The Project Officer does not have the authority to and may not issue any technical direction which:
1. Constitutes an assignment of additional work outside the general scope of the contract.
 2. Constitutes a change as defined in the clause of the General Provisions, entitled "Changes."
 3. In any way causes an increase or decrease in the total estimated contract cost, the fixed fee, if any, or the time required for contract performance.
 4. Changes any of the expressed terms, conditions or specifications of the contract.
- C. ALL TECHNICAL DIRECTIONS SHALL BE ISSUED IN WRITING BY THE PROJECT OFFICER OR SHALL BE CONFIRMED BY SUCH PERSON IN WRITING WITHIN TEN (10) WORKING DAYS AFTER VERBAL ISSUANCE. A copy of said written direction shall be submitted to the Contracting Officer.
- The Contractor shall proceed promptly with the performance of technical directions duly issued by the Project Officer in the manner prescribed by this article and within such person's authority under the provisions of this article.
- If, in the opinion of the Contractor, any instruction or direction issued by the Project Officer is within one of the categories as defined in B(1) through (4) above, the Contractor shall not proceed but shall notify the Contracting Officer in writing within five (5) working days after the receipt of any such instruction or direction and shall request the Contracting Officer to modify the contract accordingly. Upon receiving such notification from the Contractor, the Contracting Officer shall issue an appropriate contract modification or advise the Contractor in writing that, in the Contracting Officer's opinion, the technical direction is within the scope of this article and does not constitute a change under the Changes Clause.
- D. Any unauthorized commitment or direction issued by the Project Officer may result in an unnecessary delay in the Contractor's performance, and may even result in the Contractor expending funds for unallowable costs under the contract.

- E. A failure of the parties to agree upon the nature of the instruction or direction or upon the contract action to be taken with respect thereto shall be subject to the provisions of the contract clause entitled "Disputes."

G.5

Project Officer

- A. The individual(s) listed in "B" below is (are) hereby designated as the Contracting Officer's authorized representative (hereinafter called Project Officer) for technical aspects of this contract. The Project Officer is not authorized to approve or request any action which results in or could result in an increase in contract cost; or terminate, settle any claim or dispute arising under the contract, or issue any unilateral directive whatever.

The Project Officer is responsible for: (1) monitoring the Contractor's technical progress, including surveillance and assessment of performance, and recommending to the Contracting Officer changes in requirements; (2) interpreting the scope of work; (3) performing technical evaluation as required; (4) performing technical inspections and acceptances required by this contract; and (5) assisting the Contractor in the resolution of technical problems encountered during performance. Within the purview of this authority, the Project Officer is authorized to review all costs requested for reimbursement by Contractors and submit recommendations for approval, disapproval, or suspension for supplies/services required under the contract. The Contracting Officer is responsible for directing or negotiating any changes in terms, conditions, or amounts cited in the contract.

For guidance from the Project Officer to the Contractor to be valid, it must: (1) be consistent with the description of work set forth in the contract; (2) not constitute new assignment of work or change to the expressed terms, conditions or specifications incorporated into this contract; (3) not constitute a basis for an extension to the period of performance or contract delivery schedule; and, as stated above, (4) not constitute a basis for any increase in the contract cost.

- B. Name and Mail Code: Marie Stahulak, Region III
Office Address: 799 Roosevelt Road
Glen Ellyn, IL 60137
Telephone Number: (312) 388-5511

G.6

TRAVEL REIMBURSEMENT

Total expenditure for local travel shall not exceed \$312.00 without the prior approval of the Contracting Officer. The contractor will be reimbursed for reasonable local travel costs incurred indirectly and specifically in the performance of this contract and accepted by the Contracting Officer.

1. All common carrier travel reimbursable hereunder shall be via economy class rates when available. If not available, reimbursement vouchers will be annotated that economy class accommodations were not available. First-class air travel is not authorized.
2. Receipts are required for common carrier transportation costs in excess of \$25.00.

G.7

Payment Due Date

- (a) Payments under this contract will be due 30 calendar days after the later of:
 - (1) The date of actual receipt of a proper invoice (original and 4 copies) to:

U.S. Nuclear Regulatory Commission
Division of Accounting and Finance
Office of Resource Management
ATTN: GOV/COM Accounts Section
Washington, D.C. 20555
 - (2) The date the final deliverable product/service is accepted by the Government.
- (b) For the purpose of determining the due date for payment and for no other purpose, acceptance will be deemed to occur 30 calendar days after the date of delivery of the final deliverable product/service performed in accordance with the terms of the contract.
- (c) If the final product/service is rejected for failure to conform to the technical requirements of the contract, the provisions in paragraph (b) of this clause will apply to the new delivery of the final product/service.
- (d) The date of payment by wire transfer through the Treasury Financial Communications System shall be considered the date payment is made for individual payments exceeding \$25,000. The date a check is issued shall be considered the date payment is made for individual payments of \$25,000 or less.

G.8

Invoice Requirements

Invoices shall be submitted in an original and 4 copies to:

U.S. Nuclear Regulatory Commission
Division of Accounting and Finance
Office of Resource Management
ATTN: GOV/COM Accounts Section
Washington, D.C. 20555.

To constitute a proper invoice, the invoice must include the following information and/or attached documentation:

- (1) Name of the business concern and invoice date.
- (2) Contract number or other authorization for delivery of property or services.
- (3) Description price and quantity of property and services actually delivered or rendered.
- (4) Shipping and payment terms.
- (5) Name (where practicable), title, phone number, and complete mailing address of responsible official to whom payment is to be sent.
- (6) Other substantiating documentation or information as required by the contract.

G.9 Interest on Overdue Payments

- (a) The Prompt Payment Act, Public Law 97-177 (96 STAT. 85, 31 USC 1801) is applicable to payment of the expiration invoice under this contract and requires the payment of interest to Contractors on overdue payments of the expiration invoice or improperly taken discounts.
- (b) Determinations of interest due will be made in accordance with the provisions of the Prompt Payment Act and Office of Management and Budget Circular A-125, Vol. 47 Federal Register 37321, August 25, 1982. Among other considerations, OMB Circular A-125 provides that:
 - (1) Interest penalties are not required when payment is delayed because of a disagreement over the amount of payment or other issues concerning compliance with the terms of the contract.
 - (2) Whenever a proper invoice is paid after the due date plus 15 days, interest will be included with the payment at the interest rate applicable on the payment date. Interest will be computed from the day after the due date through the payment date.
- (c) For purposes of this clause, an expiration invoice is defined as a claim submitted for costs incurred for performance through the expiration date of a Cost Type contract.

Section H - Special Contract Requirements

H.1 Key Personnel

- (a) The following individuals are considered to be essential to the successful performance of the work hereunder.

Project Manager - Mr. Joseph Martin
Programmer Aide - Mr. Mario Castellanos

The Contractor agrees that such personnel shall not be removed from the contract work or replaced without compliance with paragraphs (b) and (c) hereof.

(b) If one or more of the key personnel for whatever reason becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, the Contractor shall immediately notify the Contracting Officer and shall, subject to the concurrence of the Contracting Officer or his authorized representative, promptly replace such personnel with personnel of at least substantially equal ability and qualifications.

(c) All requests for approval of substitutions hereunder must be in writing and provide a detailed explanation of the circumstances necessitating the proposed substitutions. They must contain a complete resume for the proposed substitute, and other information requested by the Contracting Officer or needed by him to approve or disapprove the proposed substitution. The Contracting Officer or his authorized representative will evaluate such requests and promptly notify the Contractor of his approval or disapproval thereof in writing.

(d) If the Contracting Officer determines that suitable and timely replacement of key personnel who have been reassigned, terminated or have otherwise become unavailable for the contract work is not reasonably forthcoming or that the resultant reduction of productive effort would be so substantial as to impair the successful completion of the contract or the service order, the contract may be terminated by the Contracting Officer for default or for the convenience of the Government, as appropriate, or, at the discretion of the Contracting Officer if he finds the Contractor at fault for the condition, the contract price or fixed fee may be equitably adjusted downward to compensate the Government for any resultant delay, loss or damage.

H.2

Consultant or Other Comparable Employment Services of Contractor Employees (OMB Clearance Number 3150-0112)

The Contractor shall require all employees who are employed full-time (an individual who performs work under the cost-type contract on a full-time annual basis) or part-time (50 percent or more of regular annual compensation received under terms of a contract with the Commission) on the contract work to disclose to the Contractor all consultant or other comparable employment services which the employees proposed to undertake for others. The Contractor shall transmit to the Contracting Officer all information obtained from such disclosures. The Contractor will require any employee who will be employed full-time on the contract to agree, as a condition of his participation in such work, that he will not perform consultant or other comparable employment services for another Commission cost-type Contractor under

its contract with the Commission except with the prior approval of the Contractor.

H.3 Safety, Health, and Fire Protection

The Contractor shall take all reasonable precautions in the performance of the work under this contract to protect the health and safety of employees and of members of the public and to minimize danger from all hazards to life and property and shall comply with all health, safety, and fire protection regulations and requirements (including reporting requirements) of the Commission and the Department of Labor. In the event that the Contractor fails to comply with said regulations or requirements, the Contracting Officer may, without prejudice to any other legal or contractual rights of the Commission, issue an order stopping all or any part of the work; thereafter, a start order for resumption of work may be issued at the discretion of the Contracting Officer. The Contractor shall make no claim for an extension of time or for compensation or damages by reason of or in connection with such work stoppage.

H.4 Dissemination of Contract Information (OMB Clearance Number 3150-0112)

The Contractor shall not publish, permit to be published, or disseminate to the public any information, oral or written, concerning the work performed under this contract without the prior written consent of the Contracting Officer. Two copies of any information proposed to be published or disseminated shall be submitted to the Contracting Officer. Failure to comply with this clause shall be grounds for termination of this contract.

H.5 Private Use of Contract Information and Data

Except as otherwise specifically authorized by Section H., publication of contract work of this contract, or as otherwise approved by the Contracting Officer, information and other data developed or acquired by or furnished the Contractor in the performance of this contract, shall be used only in connection with the work under this contract.

H.6 Drawings, Designs, and Specifications

All drawings, sketches, designs, design data, specifications, notebooks, technical and scientific data, and all photographs, negatives, reports, findings, recommendations, data and memoranda of every description relating thereto, as well as all copies of the foregoing relating to the work or any part thereto, shall be subject to inspection by the Commission at all reasonable times (for which inspection the proper facilities shall be afforded the Commission by the Contractor and its subcontractors), shall be the property of the Government and may be used by the Government for any purpose whatsoever without any claim on the part of the Contractor and its subcontractors and vendors for additional compensation and shall, subject to the right of the Contractor to retain a copy of said material for its own use, be delivered to the Government, or otherwise disposed of by the Contractor either as the Contracting Officer may from time to time direct during

the progress of the work or in any event as the Contracting Officer shall direct upon completion or termination of this contract. The Contractor's right of retention and use shall be subject to the security, patent, and use of information provisions, if any, of this contract.

H.7 Proprietary Data and Confidential Information

In connection with the performance of the work under this contract, the Contractor may be furnished, or may develop or acquire, proprietary data (trade secrets) or confidential or privileged technical, business, or financial information, including Commission plans, policies, reports, financial plans, internal data protected by the Privacy Act of 1974 (P.L. 93-579), or other information which has not been released to the public or has been determined by the Commission to be otherwise exempt from disclosure to the public. Contractor agrees to hold such information in confidence and not to directly or indirectly duplicate, disseminate, or disclose such information in whole or in part to any other person or organization except as may be necessary to perform the work under this contract. Contractor agrees to return such information to the Commission or otherwise dispose of it either as the Contracting Officer may from time to time direct during the progress of the work or in any event as the Contracting Officer shall direct upon completion or termination of this contract. Failure to comply with this clause shall be grounds for termination of this contract.

H.8 Contractor Organizational Conflicts of Interest (OMB Clearance Number 3150-0112)

(a) Purpose. The primary purpose of this clause is to aid in ensuring that the Contractor: (1) Is not placed on a conflicting role because of current or planned interest (financial, contractual, organizational, or otherwise) which relate to the work under this contract, and (2) does not obtain an unfair competitive advantage over other parties by virtue of its performance of this contract.

(b) Scope. The restrictions described herein shall apply to performance or participation by the Contractor as defined in 41 CFR §20-1.5402(f) in the activities covered by this clause.

(c) Work for Others. Notwithstanding any other provision of this contract, during the term of this contract, the Contractor agrees to forgo entering into consulting or other contractual arrangements with any firm or organization, the result of which may give rise to a conflict of interest with respect to the work being performed under this contract. The Contractor shall ensure that all employees who are employed full time under this contract and employees designated as key personnel, if any, under this contract abide by the provision of this clause. If the Contractor believes with respect to itself or any such employee that any proposed consultant or other contractual arrangement with any firm or organization may involve a potential conflict of interest, the Contractor shall obtain the written approval of the Contracting Officer prior to execution of such contractual arrangement.

(d) Disclosure after award.

(1) The Contractor warrants that to the best of its knowledge and belief and except as otherwise set forth in this contract, it does not have any organizational conflicts of interest, as defined in 41 CFR 20-1.5402(a).

(2) The Contractor agrees that if after award it discovers organizational conflicts of interest with respect to this contract, it shall make an immediate and full disclosure in writing to the Contracting Officer. This statement shall include a description of the action which the Contractor has taken or proposes to take to avoid or mitigate such conflicts. The NRC may, however, terminate the contract for convenience if it deems such termination to be in the best interests of the Government.

(e) Access to and use of information.

(1) If the Contractor in the performance of this contract obtains access to information, such as NRC plans, policies, reports, studies, financial plans, internal data protected by the Privacy Act of 1974 (Pub. L. 93-579), or data which has not been released to the public, the Contractor agrees not to:

(i) Use such information for any private purpose until the information has been released to the public;

(ii) compete for work for the Commission based on such information for a period of six (6) months after either the completion of this contract or the release of such information to the public, whichever is first;

(iii) submit an unsolicited proposal to the Government based on such information until one year after the release of such information to the public, or

(iv) release the information without prior written approval by the Contracting Officer unless such information has previously been released to the public by the NRC.

(2) In addition, the Contractor agrees that to the extent it receives or is given access to proprietary data, data protected by the Privacy Act of 1974 (Pub. L. 93-579), or other confidential or privileged technical, business, or financial information under this contract, the Contractor shall treat such information in accordance with restrictions placed on use of the information.

(3) The Contractor shall have, subject to patent and security provisions of this contract, the right to use technical data it produces under this contract for private purposes provided that all requirements of this contract have been met.

(f) Subcontracts. Except as provided in 41 CFR 20-1.5402(h), the Contractor shall include this clause, including this paragraph, in

subcontracts of any tier. The terms "contract," "Contractor," and "Contracting Officer," shall be appropriately modified to preserve the Government's rights.

(g) Remedies. For breach of any of the above prescriptions or for intentional nondisclosure or misrepresentation of any relevant interest required to be disclosed concerning this contract or for such erroneous representations as necessarily imply bad faith, the Government may terminate the contract for default, disqualify the Contractor from subsequent contractual efforts, and pursue other remedies as may be permitted by law or this contract.

(h) Waiver. A request for waiver under this clause shall be directed in writing through the Contracting Officer to the Executive Director for Operations (EDO) in accordance with the procedures outlined in §20-1.5411.

H.9 Method of Payment

(a) Payment under this contract will be made by wire transfer through the Treasury Financial Communications System for each individual payment in excess of \$25,000 and by Treasury check for each individual payment of \$25,000 or less.

(b) Within seven days after the effective date of the contract, the Contractor shall forward the following information in writing to the Contracting Officer to facilitate wire transfer of contract payments. In the event that the Contractor's financial institution has access to the Federal Reserve Communications System, Contractor shall complete all items except items 1 - 9. In the event the Contractor's financial institution does not have access to the Federal Reserve Communications System, Contractor shall complete all items except item 4.

1. Name and address of organization
2. Contact person and telephone number
3. Name and address of financial institution
4. Financial institutions's 9-digit ABA identifying number for routing transfer of funds
5. Telegraphic abbreviation of financial institution
6. Account number at your financial institution your financial institution receives electronic funds transfer messages through, if it does not have access to the Federal Reserve Communications System
7. Name and address of the correspondent financial institution your financial institution receives electronic funds transfer messages through, if it does not have access to the Federal Reserve Communications System

8. Correspondent financial institution 9-digit ABA identifying number for routing transfer of funds
 9. Telegraphic abbreviation of correspondent financial institution
 10. Signature and title of person supplying this information
- (c) Any changes to the information furnished under paragraph (b) of this clause shall be furnished to the Contracting Officer in writing. It is the Contractor's responsibility to furnish these changes promptly to avoid payments to erroneous bank accounts.

PART II - CONTRACT CLAUSES

Section I - Contract Clauses

52.202-1 DEFINITIONS. (APR 1984)

(a) "Head of the agency" (also called "agency head") or "Secretary" means the Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency, including any deputy or assistant chief official of the agency, and, in the Department of Defense, the Under Secretary and any Assistant Secretary of the Departments of the Army, Navy, and Air Force and the Director and Deputy Director of Defense agencies; and the term "authorized representative" means any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary.

(b) "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

(End of clause)

(R 7-103.1 1979 MAR)

(R 7-203.1)

(R 7-302.1)

(R 7-402.1)

(R 7-901.1)

(R 7-1902.1)

(R 7-1909.1)

52.203-1 OFFICIALS NOT TO BENEFIT. (APR 1984)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

(End of clause)

(R 7-103.19 1949 JUL)

(R 1-7.102-17)

52.203-3 GRATUITIES. (APR 1984)

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative--

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this contract is terminated under paragraph (a) above, the Government is entitled--

(1) To pursue the same remedies as in a breach of the contract; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the Contractor in giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (c)(2) is applicable only if this contract uses money appropriated to the Department of Defense.)

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

(End of clause)

(R 7-104.16 1952 MAR)

52.203-5 COVENANT AGAINST CONTINGENT FEES. (APR 1984)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency," as used in this clause, means an established commercial or selling agency, maintained by a contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee," as used in this clause, means a person, employed by a contractor and subject to the contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as

being able to obtain any Government contract or contracts through improper influence.

"Contingent fee," as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence," as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

(End of clause)

(R 7-103.20 1958 JAN)

(R 1-1.503)

(R 1-7.102-18)

52.215-1 EXAMINATION OF RECORDS BY COMPTROLLER GENERAL. (APR 1984)

(a) This clause applies if this contract exceeds \$10,000 and was entered into by negotiation.

(b) The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this contract or for any shorter period specified in Federal Acquisition Regulation (FAR) Subpart 4.7, Contractor Records Retention, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract.

(c) The Contractor agrees to include in first-tier subcontracts under this contract a clause to the effect that the Comptroller General or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under the subcontract or for any shorter period specified in FAR Subpart 4.7, have access to and the right to examine any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract," as used in this clause, excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

(d) The periods of access and examination in paragraphs (b) and (c) above for records relating to (1) appeals under the Disputes clause, (2) litigation or settlement of claims arising from the performance of this contract, or (3) costs and expenses of this contract to which the Comptroller General or a duly authorized representative from the General Accounting Office has taken exception shall continue until such appeals, litigation, claims, or exceptions are disposed of.

(End of clause)

(R 7-104.15 1975 JUN)

(R 1-7.103-3)

52.215-2 AUDIT--NEGOTIATION. (APR 1984)

(a) Examination of costs. If this is a cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable contract, or any combination of these, the Contractor shall maintain--and the Contracting Officer or representatives of the Contracting Officer shall have the right to examine and audit--books, records, documents, and other evidence and accounting procedures

and practices, sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred in performing this contract. This right of examination shall include inspection at all reasonable times of the Contractor's plants, or parts of them, engaged in performing the contract.

(b) Cost or pricing data. If, pursuant to law, the Contractor has been required to submit cost or pricing data in connection with pricing this contract or any modification to this contract, the Contracting Officer or representatives of the Contracting Officer who are employees of the Government shall have the right to examine and audit all books, records, documents, and other data of the Contractor (including computations and projections) related to negotiating, pricing, or performing the contract or modification, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data. The right of examination shall extend to all documents necessary to permit adequate evaluation of the cost or pricing data submitted, along with the computations and projections used.

(c) Reports. If the Contractor is required to furnish cost, funding, or performance reports, the Contracting Officer or representatives of the Contracting Officer who are employees of the Government shall have the right to examine and audit books, records, other documents, and supporting materials, for the purpose of evaluating (1) the effectiveness of the Contractor's policies and procedures to produce data compatible with the objectives of these reports and (2) the data reported.

(d) Availability. The Contractor shall make available at its office at all reasonable times the materials described in paragraphs (a) and (b) above, for examination, audit, or reproduction, until 3 years after final payment under this contract, or for any shorter period specified in Subpart 4.7, Contractor Records Retention, of the Federal Acquisition Regulation, or for any longer period required by statute or by other clauses of this contract. In addition--

(1) If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement; and

(2) Records relating to appeals under the Disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are disposed of.

(e) The Contractor shall insert a clause containing all the terms of this clause, including this paragraph (e), in all subcontracts over \$10,000 under this contract, altering the clause only as necessary to identify properly the contracting parties and the Contracting Officer under the Government prime contract.

(End of clause)
(R 7-104.41(a) 1978 AUG)
(R 1-3.814-2(a))
(R 7-303.28)
(R 7-402.30)
(R 7-603.20)
(R 7-605.11)
(R 7-607.22)
(R 7-802.7)
(R 7-901.16)
(R 7-1702.15 1971 APR)
(R 7-1903.29)
(R 7-1909.24)
(R 7-2102.19)

52.215-30 FACILITIES CAPITAL COST OF MONEY. (APR 1984)

(a) Facilities capital cost of money will be an allowable cost under the contemplated contract, but only if the prospective contractor elects to claim it below. If the prospective contractor elects to claim this cost, the Waiver of Facilities Capital Cost of Money will be excluded from the contract. If the prospective contractor does not elect to claim this cost, the contract will include the Waiver of Facilities Capital Cost of Money.

(b) By including an item of proposed allowable cost in response to the solicitation, the prospective contractor will be deemed to have elected to claim facilities capital cost of money.

(End of clause)

(NM)

52.215-31 WAIVER OF FACILITIES CAPITAL COST OF MONEY. (APR 1984)

If the Contractor did not include facilities capital cost of money as a proposed allowable cost, it shall be deemed that the Contractor waived the right to claim it under this contract.

(End of clause)

(AV OFPP Policy Letter 80-7 1980 OCT)

52.216-7 ALLOWABLE COST AND PAYMENT. (APR 1984)

(a) Invoicing. The Government shall make payments to the Contractor when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by the Contracting Officer in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract and the terms of this contract. The Contractor may submit to an authorized representative of the Contracting Officer, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this contract.

(b) Reimbursing costs. (1) For the purpose of reimbursing allowable costs (except as provided in subparagraph (2) below, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only--

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for--

(A) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(B) Direct labor;

(C) Direct travel;

(D) Other direct in-house costs; and

(E) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of progress payments that have been paid to the Contractor's subcontractors under similar cost standards.

(2) Contractor contributions to any pension, profit-sharing, or employee stock ownership plan funds that are paid quarterly or more often may be included in indirect costs for payment purposes; provided, that the Contractor pays the contribution to the fund within 30 days after the close of the period covered. Payments made 30 days or more after the close of a period shall not be included until the Contractor actually makes the payment. Accrued costs for such contributions that are paid less often than quarterly shall be excluded from indirect costs for payment purposes until the Contractor actually makes the payment.

(3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) below, allowable indirect costs under this contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) below.

(4) Any statements in specifications or other documents incorporated in this contract by reference designating performance of services or furnishing of materials at the Contractor's expense or at no cost to the Government shall be disregarded for purposes of cost-reimbursement under this clause.

(c) Small business concerns. A small business concern may be paid more often than every 2 weeks and may invoice and be paid for recorded costs for items or services purchased directly for the contract, even though the concern has not yet paid for those items or services.

(d) Final indirect cost rates. (1) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

(2) The Contractor shall, within 90 days after the expiration of each of its fiscal years, or by a later date approved by the Contracting Officer, submit to the cognizant Contracting Officer responsible for negotiating its final indirect cost rates and, if required by agency procedures, to the cognizant audit activity proposed final indirect cost rates for that period and supporting cost data specifying the contract and/or subcontract to which the rates apply. The proposed rates shall be based on the Contractor's actual cost experience for that period. The appropriate Government representative and Contractor shall establish the final indirect cost rates as promptly as practical after receipt of the Contractor's proposal.

(3) The Contractor and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (i) the agreed-upon final annual indirect cost rates, (ii) the bases to which the rates apply, (iii) the periods for which the rates apply, (iv) any specific indirect cost items treated as direct costs in the settlement, and (v) the affected contract and/or subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this contract. The understanding is incorporated into this contract upon execution.

(4) Failure by the parties to agree on a final annual indirect cost rate shall be a dispute within the meaning of the Disputes clause.

(e) Billing rates. Until final annual indirect cost rates are established for any period, the Government shall reimburse the Contractor at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established.

These billing rates--

(1) Shall be the anticipated final rates; and

(2) May be prospectively or retroactively revised by mutual agreement, at either party's request, to prevent substantial overpayment or underpayment.

(f) Quick-closeout procedures. When the Contractor and Contracting Officer agree, the quick-closeout procedures of Subpart 42.7 of the FAR may be used.

(g) Audit. At any time or times before final payment, the Contracting Officer may have the Contractor's invoices or vouchers and statements of cost audited. Any payment may be (1) reduced by amounts found by the Contracting Officer not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.

(h) Final payment. (1) The Contractor shall submit a completion invoice or voucher, designated as such, promptly upon completion of the work, but no later than one year (or longer, as the Contracting Officer may approve in writing) from the completion date. Upon approval of that invoice or voucher, and upon the Contractor's compliance with all terms of this contract, the Government shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

(2) The Contractor shall pay to the Government any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this contract, to the extent that those amounts are properly allocable to costs for which the Contractor has been reimbursed by the Government. Reasonable expenses incurred by the Contractor for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by the Contracting Officer. Before final payment under this contract, the Contractor and each assignee whose assignment is in effect at the time of final payment shall execute and deliver--

(i) An assignment to the Government, in form and substance satisfactory to the Contracting Officer, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Contractor has been reimbursed by the Government under this contract; and

(ii) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract, except--

(A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;

(B) Claims (including reasonable incidental expenses) based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided, that the claims are not known to the Contractor on the date of the execution of the release, and that the Contractor gives notice of the claims in writing to the Contracting Officer within 6 years following the release date or notice of final payment date, whichever is earlier; and

(C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Contractor under the patent clauses of this contract, excluding, however, any expenses arising from the Contractor's indemnification of the Government against patent liability.

(End of clause)

(R 7-203.4(a) 1978 SEP)

(R 7-203.4(b) 1979 MAR)

(R 7-203.4(c)(4)(iv))

(R 7-402.3(a) and (c)(5)(iii))

(R 7-605.5)

(R 7-1909.4)

(R 1-7.202-4)

(R 1-7.203-9)
 (R 1-3.704-1 and -2)
 (R 1-7.402-3(a) and (b)(1) and (3))
 (R 1-7.403-9)

52.216-8 FIXED FEE. (APR 1984)

(a) The Government shall pay the Contractor for performing this contract the fixed fee specified in the Schedule.

(b) Payment of the fixed fee shall be made as specified in the Schedule; provided, that after payment of 85 percent of the fixed fee, the Contracting Officer may withhold further payment of fee until a reserve is set aside in an amount that the Contracting Officer considers necessary to protect the Government's interest. This reserve shall not exceed 15 percent of the total fixed fee or \$100,000, whichever is less.

(End of clause)
 (R 7-203.4(a) 1978 SEP)
 (R 7-203.4(c)(9))
 (R 7-402.3(a) and (c)(7))
 (R 7-1909.4)
 (R 1-7.202-4)
 (R 1-7.402-3(a) and (b)(5))

52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS AND SMALL DISADVANTAGED BUSINESS CONCERNS. (APR 1984)

(a) It is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern--

(1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 per centum of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(2) Whose management and daily business operations are controlled by one or more of such individuals.

The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

(d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern

or a small business concern owned and controlled by socially and economically disadvantaged individuals.

(End of clause)
(R 7-104.14(a) 1980 AUG)
(V FPR Temp. Reg. 50 1979 JUN and its
Supplement 2 1980 MAY)

52.219-13 UTILIZATION OF WOMEN-OWNED SMALL BUSINESSES. (APR 1984)

(a) "Women-owned small businesses," as used in this clause, means businesses that are at least 51 percent owned by women who are United States citizens and who also control and operate the business.

"Control," as used in this clause, means exercising the power to make policy decisions.

"Operate," as used in this clause, means being actively involved in the day-to-day management of the business.

(b) It is the policy of the United States that women-owned small businesses shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.

(c) The Contractor agrees to use its best efforts to give women-owned small businesses the maximum practicable opportunity to participate in the subcontracts it awards to the fullest extent consistent with the efficient performance of its contract.

(End of clause)
(7-104.52 1980 AUG)
(FPR Temp. Reg. 54 1980 MAY)

52.220-3 UTILIZATION OF LABOR SURPLUS AREA CONCERNS. (APR 1984)

(a) Applicability. This clause is applicable if this contract exceeds the appropriate small purchase limitation in Part 13 of the Federal Acquisition Regulation.

(b) Policy. It is the policy of the Government to award contracts to concerns that agree to perform substantially in labor surplus areas (LSA's) when this can be done consistent with the efficient performance of the contract and at prices no higher than are obtainable elsewhere. The Contractor agrees to use its best efforts to place subcontracts in accordance with this policy.

(c) Order of preference. In complying with paragraph (b) above and with paragraph (c) of the clause of this contract entitled Utilization of Small Business Concerns and Small Disadvantaged Business Concerns, the Contractor shall observe the following order of preference in awarding subcontracts: (1) small business concerns that are LSA concerns, (2) other small business concerns, and (3) other LSA concerns.

(d) Definitions. "Labor surplus area," as used in this clause, means a geographical area identified by the Department of Labor in accordance with 20 CFR 654, Subpart A, as an area of concentrated unemployment or underemployment or an area of labor surplus.

"Labor surplus area concern," as used in this clause, means a concern that together with its first-tier subcontractors will perform substantially in labor surplus areas. Performance is substantially in labor surplus areas if the costs incurred under the contract on account of manufacturing, production, or performance of appropriate services in labor surplus areas exceed 50 percent of the contract price.

(End of clause)
(R 1-1.805-3(a))
(R 7-104.20(a) 1981 May)

52.222-1 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES. (APR 1984)

(a) If the Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor shall immediately give notice, including all relevant information, to the Contracting Officer.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in any subcontract to which a labor dispute may delay the timely performance of this contract; except that each subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the subcontractor shall immediately notify the next higher tier subcontractor or the prime Contractor, as the case may be, of all relevant information concerning the dispute.

(End of clause)

(R 7-203.27 1967 JUN)

(AV 7-104.4 1958 SEP)

(AV 7-603.1 1958 SEP)

52.222-3 CONVICT LABOR. (APR 1984)

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 402(c)(2) and Executive Order 11755, December 29, 1973.

(End of clause)

(R 7-104.17 1975 OCT)

(R 7-607.12 1975 OCT)

(R 1-12.204)

52.222-26 EQUAL OPPORTUNITY. (APR 1984)

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (EEO-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of award.

(8) The Contractor shall permit access to its books, records, and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the Contractor's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

(End of clause)

(R 1-103.18 1978 SEP)

(R 1-12.803-2)

(R 7-607.13 1978 SEP)

52.222-35 AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS
(APR 1984)

(a) Definitions.

"Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public

employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the Contractor proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the Contractor proposes to fill from regularly established "recall" lists.

"Openings that the Contractor proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Contractor proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause--

(1) Includes, but is not limited to, openings that occur in jobs categorized as--

- (i) Production and nonproduction;
- (ii) Plant and office;
- (iii) Laborers and mechanics;
- (iv) Supervisory and nonsupervisory;
- (v) Technical; and
- (vi) Executive, administrative, and professional positions

compensated on a salary basis of less than \$25,000 a year; and

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.

(b) General. (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a special disabled or Vietnam Era veteran. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) Listing openings. (1) The Contractor agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office of the State employment service system in the locality where the opening occurs. These openings include those occurring at any Contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders or regulations concerning nondiscrimination in employment.

(4) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) the Government's needs cannot reasonably be supplied, (ii) listing would be contrary to national security, or (iii) the requirement of listing would not be in the Government's interest.

(d) Applicability. (1) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 states, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph (c) above of this clause do not apply to openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e) Postings. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

(f) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

(End of clause)
(R 7-103.27 1976 JUL)
(R FPR Temp. Reg. 39)

52.222-36 AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984) *

(a) General. (1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental handicap. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) Postings. (1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

(c) Noncompliance. If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

(End of clause)
(R 7-103.28 1976 MAY)
(R FPR Temp. Reg. 38)

52.227-2 NOTICE AND ASSISTANCE, REGARDING PATENT AND COPYRIGHT
INFRINGEMENT. (APR 1984)

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright

infringement based on the performance of this contract of which the Contractor has knowledge.

(b) In the event of any claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed under this contract, the Contractor shall furnish to the Government, when requested by the Contracting Officer, all evidence and information in possession of the Contractor pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the Government except where the Contractor has agreed to indemnify the Government.

(c) The Contractor agrees to include, and require inclusion of, this clause in all subcontracts at any tier for supplies or services (including construction and architect-engineer subcontracts and those for material, supplies, models, samples, or design or testing services) expected to exceed the dollar amount set forth in 13.000 of the Federal Acquisition Regulation (FAR).

(End of clause)

(R 7-103.23 1965 JAN)

52.232-17 INTEREST. (APR 1984)

(a) Notwithstanding any other clause of this contract, all amounts that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due. The interest rate shall be the interest rate established by the Secretary of the Treasury as provided in Section 12 of the Contract Disputes Act of 1978 (Public Law 95-563), which is applicable to the period in which the amount becomes due, as provided in paragraph (b) of this clause, and then at the rate applicable for each six-month period as fixed by the Secretary until the amount is paid.

(b) Amounts shall be due at the earliest of the following dates:

(1) The date fixed under this contract.
(2) The date of the first written demand for payment consistent with this contract, including any demand resulting from a default termination.

(3) The date the Government transmits to the Contractor a proposed supplemental agreement to confirm completed negotiations establishing the amount of debt.

(4) If this contract provides for revision of prices, the date of written notice to the Contractor stating the amount of refund payable in connection with a pricing proposal or a negotiated pricing agreement not confirmed by contract modification.

(c) The interest charge made under this clause may be reduced under the procedures prescribed in 32.614-2 of the Federal Acquisition Regulation in effect on the date of this contract.

(End of clause)

(R 7-104.39 1972 MAY)

(R 1-7.203-15)

52.232-20 LIMITATION OF COST. (APR 1984)

(a) The parties estimate that performance of this contract, exclusive of any fee, will not cost the Government more than (1) the estimated cost specified in the Schedule or, (2) if this is a cost-sharing contract, the Government's share of the estimated cost specified in the Schedule. The Contractor agrees to use

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

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

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

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

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

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

(1) The Government is not obligated to reimburse the Contractor for costs incurred in excess of (i) the estimated cost specified in the Schedule or, (ii) if this is a cost-sharing contract, the estimated cost to the Government specified in the Schedule; and

(2) The Contractor is not obligated to continue performance under this contract (including actions under the Termination clause of this contract) or otherwise incur costs in excess of the estimated cost specified in the Schedule, until the Contracting Officer (i) notifies the Contractor in writing that the estimated cost has been increased and (ii) provides a revised estimated total cost of performing this contract. If this is a cost-sharing contract, the increase shall be allocated in accordance with the formula specified in the Schedule.

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

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

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

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

(End of clause)

(R 7-203.3(a) 1966 OCT)

(R 7-402.2(a) 1966 OCT)

(R 7-402.2(b) 1973 MAY)

(R 1-7.202-3(a))

(R 1-7.402-2(a) & (b))

52.232-23 ASSIGNMENT OF CLAIMS. (APR 1984)--Alternate I. (APR 1984)

(a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as the "the Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding sentence. Unless otherwise stated in this contract, payments to an assignee of any amounts due or to become due under this contract shall not, to the extent specified in the Act, be subject to reduction or setoff.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

(End of clause)

(R 7-103.8 1962 FEB; R 1-30.703 1976 MAY)

(R 7-602.8 1976 OCT)

(R 7-607.6 1976 OCT)

(R 7-103.8 1962 FEB)

(R 1-30.703 1976 MAY)

52.233-1 DISPUTES. (APR 1984)

(a) This contract is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$50,000 is not a claim under the Act until certified as required by subparagraph (d)(2) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d) (1) A claim by the Contractor shall be made in writing and submitted to the Contracting Officer for a written decision. A claim by the Government

against the Contractor shall be subject to a written decision by the Contracting Officer.

(2) For Contractor claims exceeding \$50,000, the Contractor shall submit with the claim a certification that--

- (i) The claim is made in good faith;
- (ii) Supporting data are accurate and complete to the best of the Contractor's knowledge and belief; and
- (iii) The amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable.

(3) (i) If the Contractor is an individual, the certification shall be executed by that individual.

(ii) If the Contractor is not an individual, the certification shall be executed by--

(A) A senior company official in charge at the Contractor's plant or location involved; or

(B) An officer or general partner of the Contractor having overall responsibility for the conduct of the Contractor's affairs.

(e) For Contractor claims of \$50,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$50,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) The Government shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(h) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the Contracting Officer.

(End of clause)

(R 7-103.12 1980 JUN)

(R FPR Temporary Regulation 55-II 1980 JUN)

52.237-2 PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT, AND VEGETATION. (APR 1984)

The Contractor shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation on the Government installation. If the Contractor's failure to use reasonable care causes damage to any of this property, the Contractor shall replace or repair the damage at no expense to the Government as the Contracting Officer directs. If the Contractor fails or refuses to make such repair or replacement, the Contractor shall be liable for the cost, which may be deducted from the contract price.

(End of clause)

(R 7-104.63 1968 FEB)

52.242-1 NOTICE OF INTENT TO DISALLOW COSTS. (APR 1984)

(a) Notwithstanding any other clause of this contract--

(1) The Contracting Officer may at any time issue to the Contractor a written notice of intent to disallow specified costs incurred or planned for incurrence under this contract that have been determined not to be allowable under the contract terms; and

(2) The Contractor may, after receiving a notice under subparagraph (1) above, submit a written response to the Contracting Officer, with justification for allowance of the costs. If the Contractor does respond within 60 days, the Contracting Officer shall, within 60 days of receiving the response, either make a written withdrawal of the notice or issue a written decision.

(b) Failure to issue a notice under this Notice of Intent to Disallow Costs clause shall not affect the Government's rights to take exception to incurred costs.

(End of clause)

(R 7-203.35 1978 AUG)

52.242-2 PRODUCTION PROGRESS REPORTS. (APR 1984)

(a) The Contractor shall prepare and submit to the Contracting Officer the production progress reports specified in the contract Schedule.

(b) During any delay in furnishing a production progress report required under this contract, the Contracting Officer may withhold from payment an amount not exceeding \$10,000 or 5 percent of the amount of this contract, whichever is less.

(End of clause)

(R 7-104.51 1971 APR)

52.243-2 CHANGES--COST-REIMBURSEMENT. (APR 1984)--Alternate I. (APR 1984)

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

(1) Description of services to be performed.

(2) Time of performance (i.e., hours of the day, days of the week, etc.).

(3) Place of performance of the services.

(b) If any such change causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this contract, the Contracting Officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the contract accordingly.

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

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

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

Until this modification is made, the Contractor shall not be obligated to continue performance or incur costs beyond the point established in the Limitation of Cost or Limitation of Funds clause of this contract.

(End of clause)

(R 1-203.2 1967 APR)

(R 1-7.202-2)

(R 7-1909.2 19/1 NOV)

52.244-2 SUBCONTRACTS UNDER COST-REIMBURSEMENT AND LETTER CONTRACTS.
(APR 1984)

(a) "Subcontract," as used in this clause, includes but is not limited to purchase orders, and changes and modifications to purchase orders. The Contractor shall notify the Contracting

Officer reasonably in advance of entering into any subcontract if--

(1) The proposed subcontract is of the cost-reimbursement, time-and-materials, or labor-hour type;

(2) The proposed subcontract is fixed-price and exceeds either \$25,000 or 5 percent of the total estimated cost of this contract;

(3) The proposed subcontract has experimental, developmental, or research work as one of its purposes; or

(4) This contract is not a facilities contract and the proposed subcontract provides for the fabrication, purchase, rental, installation, or other acquisition of special test equipment valued in excess of \$10,000 or of any items of industrial facilities.

(b) (1) In the case of a proposed subcontract that (i) is of the cost-reimbursement, time-and-materials, or labor-hour type and is estimated to exceed \$10,000, including any fee, (ii) is proposed to exceed \$100,000, or (iii) is one of a number of subcontracts with a single subcontractor, under this contract, for the same or related supplies or services that, in the aggregate, are expected to exceed \$100,000, the advance notification required by paragraph (a) above shall include the information specified in subparagraph (2) below.

(2) (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 and an explanation of why and how the proposed subcontractor was selected, including the competition obtained.

(iv) The proposed subcontract price and the Contractor's cost or price analysis.

(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 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 the 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 a summary of all trade-off possibilities considered.

(c) The Contractor shall obtain the Contracting Officer's written consent before placing any subcontract for which advance notification is required under paragraph (a) above. However, the Contracting Officer may ratify in writing any such subcontract. Ratification shall constitute the consent of the Contracting Officer.

(d) If the Contractor has an approved purchasing system and the subcontract is within the scope of such approval, the Contractor may enter into the subcontracts described in subparagraphs (a)(1) and (a)(2) above without the consent of the Contracting Officer, unless this contract is for the acquisition of major systems, subsystems, or their components.

(e) Even if the Contractor's purchasing system has been approved, the Contractor shall obtain the Contracting Officer's written consent before placing subcontracts that have been selected for special surveillance and identified in the Schedule of this contract.

(f) Unless the consent or approval specifically provides otherwise, neither consent by the Contracting Officer to any subcontract 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.

(g) No subcontract 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 subsection 16.301-4 of the Federal Acquisition Regulation (FAR).

(h) 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.

(i) (1) The Contractor shall insert in each price redetermination or incentive price revision subcontract under this contract the substance of the paragraph "Quarterly limitation on payments statement" of the clause at 52.216-5, Price Redetermination--Prospective, 52.216-6, Price Redetermination--Retroactive, 52.216-16, Incentive Price Revision--Firm Target, or 52.216-17

Incentive Price Revision-- Successive Targets, as appropriate, modified in accordance with the paragraph entitled "Subcontracts" of that clause.

(2) Additionally, the Contractor shall include in each cost-reimbursement subcontract under this contract a requirement that the subcontractor insert the substance of the appropriate modified subparagraph referred to in subparagraph (1) above in each lower tier price redetermination or incentive price revision subcontract under that subcontract.

(j) To facilitate small business participation in subcontracting, the Contractor agrees to provide progress payments on subcontracts under this contract that are fixed-price subcontracts with small business concerns in conformity with the standards for customary progress payments stated in FAR 32.502-1 and 32.504(f), as in effect on the date of this contract. The Contractor further agrees that the need for such progress payments will not be considered a handicap or adverse factor in the award of subcontracts.

(k) The Government reserves the right to review the Contractor's purchasing system as set forth in FAR Subpart 44.3.

(End of clause)

(R 7-203.8(a) and (b) 1982 DEC)

(R 7-402.8(a) and (b) 1982 DEC)

(R 7-605.23)

(R 7-702.33)

(R 7-703.25)

(R 7-1703.5)

(R 7-1909.7)

(R 1-7.202-8)

(R 1-7.402-8(a) and (c))

(R 7-702.33 1977 APR)

(R 7-703.25 1977 APR)

52.244-5 COMPETITION IN SUBCONTRACTING. (APR 1984)

The Contractor shall select subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the contract.

(End of clause)

(V 7-104.40 1962 APR)

(V 1-7.202-30)

(V 7-303.27)

(V 7-402.29)

(V 7-603.18)

(V 7-605.37)

(V 7-702.50)

(V 7-703.43)

(V 7-704.35)

(V 7-1703.5)

(V 7-1903.28)

(V 7-1909.23)

52.245-1 PROPERTY RECORDS. (APR 1984)

The Government shall maintain the Government's official property records in connection with Government property under this contract. The Government Property clause is hereby modified by deleting the requirement for the Contractor to maintain such records.

(End of clause)
(AV 7-104.24(g) 1967 AUG)

52.245-5 GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR
LABOR-HOUR CONTRACTS). (APR 1984)

(a) Government-furnished property. (1) The term "Contractor's managerial personnel," as used in paragraph (g) of this clause, means any of the Contractor's directors, officers, 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 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 such related data and information as the Contractor may request and as may be reasonably required for the intended use of the property (hereinafter referred to as "Government-furnished property").

(3) The delivery or performance dates for this contract are based upon the expectation that Government-furnished property suitable for use 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.

(4) If Government-furnished property is received by the Contractor in a condition not suitable for the intended use, the Contractor shall, upon receipt, notify the Contracting Officer, detailing the facts, and, as directed by the Contracting Officer and at Government expense, either effect repairs or modification or 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.

(5) If Government-furnished property is not delivered to the Contractor by the required time or times, 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 this 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 such property available for performing this contract and there is any--

- (i) Decrease or substitution in this property pursuant to subparagraph (b)(1) above; or

(ii) Withdrawal of authority to use property, if provided under any other contract or lease.

(c) Title. (1) The Government shall retain title to all Government-furnished property.

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

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

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

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

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

(4) 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.

(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, and which is hereby incorporated into this contract by reference.

(2) The Contractor shall establish and maintain a program for the use, maintenance, repair, protection, and preservation of Government property in accordance with sound business practice and the applicable provisions of FAR Subpart 45.5.

(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.

(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) Limited risk of loss. (1) The Contractor shall not be liable for loss or destruction of, or damage to, the Government property provided under this contract or for expenses incidental to such loss, destruction, or damage, except as provided in subparagraphs (2) and (3) below.

(2) 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 reimbursed, but only to the extent of such insurance or 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.

(3) (i) If the Contractor fails to act as provided by subdivision (g)(2)(v) above, after being notified (by certified mail addressed to one of the Contractor's managerial personnel) of the Government's disapproval, withdrawal of 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.

(4) 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 the 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.

(5) Upon loss or destruction of, or damage to, Government property provided under this contract, the Contractor shall so notify the Contracting Officer and shall communicate with the loss and salvage organization, if any, designated by the Contracting Officer. With the assistance of any such organization, 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.

(6) 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 the 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, to 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)(b) 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 any such equitable adjustment.

(7) The Contractor shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance or of any reserve covering risk of 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.

(8) 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.

(9) 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 to suit for breach of contract for--

- (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 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 cost of the work covered by this contract or paid to the Government as directed by the Contracting Officer. The foregoing provisions shall apply to scrap from Government property; provided, however, that the Contracting Officer may authorize or direct the Contractor to omit from such inventory schedules any scrap consisting of faulty castings or forgings or of cutting and processing waste, such as chips, cuttings, borings, turnings, short ends, circles, trimmings, clippings, and remnants, and to dispose of such scrap in accordance with the Contractor's normal practice and account for it as a part of general overhead or other reimbursable costs in accordance with the Contractor's established accounting procedures.

(j) Abandonment and restoration of Contractor 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 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 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" and "United States Government-furnished," respectively.

(End of clause)

(R 7-203.21 1970 SEP)

(R 7-402.25, except clause paragraph (c) 1972 SEP)

(R 7-901.5 1970 SEP)

(R 1-7.203-21(a))

(R 1-7.402-25(a))

(R 1-7.402-25(b), except clause paragraph (c))

52.246-25 LIMITATION OF LIABILITY--SERVICES. (APR 1984)

(a) Except as provided in paragraphs (b) and (c) below, and except to the extent that the Contractor is expressly responsible under this contract for deficiencies in the services required to be performed under it (including any materials furnished in conjunction with those services), the Contractor shall not be liable for loss of or damage to property of the Government that (1) occurs after Government acceptance of services performed under this contract and (2) results from any defects or deficiencies in the services performed or materials furnished.

(b) The limitation of liability under paragraph (a) above shall not apply when a defect or deficiency in, or the Government's acceptance of, services performed or materials furnished results from willful misconduct or lack of good faith on the part of any of the Contractor's managerial personnel. The term "Contractor's managerial personnel," as used in this clause, means the Contractor's directors, officers, and any of the Contractor's managers,

superintendents, or equivalent representatives who have supervision or direction of--

- (1) All or substantially all of the Contractor's business;
- (2) All or substantially all of the Contractor's operations at any one plant, laboratory, or separate location at which the contract is being performed; or
- (3) A separate and complete major industrial operation connected with the performance of this contract.

(c) If the Contractor carries insurance, or has established a reserve for self-insurance, covering liability for loss or damage suffered by the Government through the Contractor's performance of services or furnishing of materials under this contract, the Contractor shall be liable to the Government, to the extent of such insurance or reserve, for loss of or damage to property of the Government occurring after Government acceptance of, and resulting from any defects and deficiencies in, services performed or materials furnished under this contract.

(d) The Contractor shall include this clause, including this paragraph (d), supplemented as necessary to reflect the relationship of the contracting parties, in all subcontracts over \$25,000.

(End of clause)
(R 7-1912 1974 APR)

52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS. (APR 1984)

(a) "International air transportation," as used in this clause, means transportation by air between a place in the United States and a place outside the United States or between two places both of which are outside the United States.

"United States," as used in this clause, means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and possessions of the United States.

"U.S.-flag air carrier," as used in this clause, means an air carrier holding a certificate under section 401 of the Federal Aviation Act of 1958 (49 U.S.C. 1371).

(b) Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 151/) (Fly America Act) requires that all Federal agencies and Government contractors and subcontractors use U.S.-flag air carriers for U.S. Government-financed international air transportation of personnel (and their personal effects) or property, to the extent that service by those carriers is available. It requires the Comptroller General of the United States, in the absence of satisfactory proof of the necessity for foreign-flag air transportation, to disallow expenditures from funds, appropriated or otherwise established for the account of the United States, for international air transportation secured aboard a foreign-flag air carrier if a U.S.-flag air carrier is available to provide such services.

(c) The Contractor agrees, in performing work under this contract, to use U.S.-flag air carriers for international air transportation of personnel (and their personal effects) or property to the extent that service by those carriers is available.

(d) In the event that the Contractor selects a carrier other than a U.S.-flag air carrier for international air transportation, the Contractor shall include a certification on vouchers involving such transportation essentially as follows:

CERTIFICATION OF UNAVAILABILITY OF U.S.-FLAG AIR CARRIERS

I hereby certify that international air transportation of persons (and their personal effects) or property by U.S.-flag air carrier was not available or it was necessary to use foreign-flag air carrier service for the following reasons (see section 47.403 of the Federal Acquisition Regulation): [State reasons]:

.....

(End of certification)

(e) The Contractor shall include the substance of this clause, including this paragraph (e), in each subcontract or purchase under this contract that may involve international air transportation.

(End of clause)

(R 7-104.95 1979 NOV)

(R 1-1.323-2)

52.249-6 TERMINATION (COST-REIMBURSEMENT). (APR 1984)

(a) The Government may terminate performance of work under this contract in whole or, from time to time, in part, if--

(1) The Contracting Officer determines that a termination is in the Government's interest; or

(2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the Contracting Officer) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.

(b) The Contracting Officer shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of the Government.

(c) After receipt of a Notice of Termination, and except as directed by the Contracting Officer, the Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Assign to the Government, as directed by the Contracting Officer, all right, title, and interest of the Contractor under the subcontracts terminated, in which case the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the Contracting Officer, settle all outstanding liabilities and termination settlement proposals arising from the termination of subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the Contracting Officer, deliver to the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other

material produced or acquired for the work terminated, (ii) the completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to the Government, and (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the Contracting Officer may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the Contracting Officer, any property of the types referred to in subparagraph (6) above; provided, however, that the Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, the Contracting Officer. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the Contracting Officer.

(d) After expiration of the plant clearance period as defined in Subpart 45.6 of the Federal Acquisition Regulation, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the Contracting Officer. The Contractor may request the Government to remove those items or enter into an agreement for their storage. Within 15 days, the Government will accept the items and remove them or enter into a storage agreement. The Contracting Officer may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(e) After termination, the Contractor shall submit a final termination settlement proposal to the Contracting Officer in the form and with the certification prescribed by the Contracting Officer. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Contracting Officer upon written request of the Contractor within this 1-year period. However, if the Contracting Officer determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension.

If the Contractor fails to submit the proposal within the time allowed, the Contracting Officer may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(f) Subject to paragraph (e) above, the Contractor and the Contracting Officer may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(g) If the Contractor and the Contracting Officer fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the Contracting Officer shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and part of those costs that may continue for a reasonable time

with the approval of or as directed by the Contracting Officer; however, the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (1) above.

(3) The reasonable costs of settlement of the work terminated, including--

(i) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.

(4) A portion of the fee payable under the contract, determined as follows:

(i) If the contract is terminated for the convenience of the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractors' termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by the Government is to the total number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (g)(4) above.

(h) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation, in effect on the date of this contract, shall govern all costs claimed, agreed to, or determined under this clause.

(i) The Contractor shall have the right of appeal, under the Disputes clause, from any determination made by the Contracting Officer under paragraph (e) or (g) above or paragraph (k) below, except that if the Contractor failed to submit the termination settlement proposal within the time provided in paragraph (e) and failed to request a time extension, there is no right of appeal. If the Contracting Officer has made a determination of the amount due under paragraph (e), (g) or (k), the Government shall pay the Contractor (1) the amount determined by the Contracting Officer if there is no right of appeal or if no timely appeal has been taken, or (2) the amount finally determined on an appeal.

(j) In arriving at the amount due the Contractor under this clause, there shall be deducted--

(1) All unliquidated advance or other payments to the Contractor, under the terminated portion of this contract;

(2) Any claim which the Government has against the Contractor under this contract; and

(3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to the Government.

(k) The Contractor and Contracting Officer must agree to any equitable adjustment in fee for the continued portion of the contract when there is a

partial termination. The Contracting Officer shall amend the contract to reflect the agreement.

(1) (1) The Government may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Contractor for the terminated portion of the contract, if the Contracting Officer believes the total of these payments will not exceed the amount to which the Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to the Government upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the Contracting Officer because of the circumstances.

(m) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

(End of clause)

(R 1-8.102)

(R 7-203.10 1973 APR)

52.249-14 EXCUSABLE DELAYS. (APR 1984)

(a) Except for defaults of subcontractors at any tier, the Contractor shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of these causes are (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. "Default" includes failure to make progress in the work so as to endanger performance.

(b) If the failure to perform is caused by the failure of a subcontractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be deemed to be in default, unless--

(1) The subcontracted supplies or services were obtainable from other sources;

(2) The Contracting Officer ordered the Contractor in writing to purchase these supplies or services from the other source; and

(3) The Contractor failed to comply reasonably with this order.

(c) Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of the failure. If the Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

(End of clause)

(R 7-203.11 1969 AUG)

(R 1-8.708)

(R 7-605.39)

(R 1-7.403-5)

(R 7-702.7)
(R 7-703.7)
(R 1-7.202-11)
(R 1-8.700-2(c))

52.252-2 CLAUSES INCORPORATED BY REFERENCE. (APR 1984)

This contract incorporates the following 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.

I. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES
II..... [insert regulation name] (48 CFR
CHAPTER.....) CLAUSES

(End of clause)
(R 7-001)

52.252-4 ALTERATIONS IN CONTRACT. (APR 1984)

Portions of this contract are altered as follows:

(End of clause)
(R 7-105.1(a) 1949 JUL)

PART III - LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

Section J - List of Attachments

<u>Attachment Number</u>	<u>Title</u>
1	Billing Instructions