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SECTION C - DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

C1-1.0 INTRODUCTION AND SCOPE

This Statement of Work (SOW) describes the Performance Based Logistics (PBL) support of the F/A-18 aircraft and several Common items to be performed by the Contractor (which includes divisions, affiliates, subcontractors, and successors) under this contract. This PBL applies to the covered articles listed in Attachment A – NSN LISTING. This program also includes support of Navy Foreign Military Customers (FMS) of Australia, Kuwait, and Malaysia. The PBL support requires the Contractor to manage availability, and obsolescence in support of the F/A-18 A-F,E/A-18G, and AV8-B Heads Up Displays (HUD), Head-Down Displays (HDD) and Digital Display Indicators (DDI) as well as the Tactical Air Navigation System (TACAN) common to the EA-6, KC-130, S-3B, MH-60, SH-60 and the V-22 and the Control Display Unit (CDU7000), supporting the C-2A, E-2C, TE-2C, P-3C and the EP-3E aircraft.

The contract assigns the Contractor comprehensive authority to independently meet system demands through repair or replacement, maintain or improve availability, maintain reliability, manage technical and configuration changes, manage inventory, and manage obsolescence within the limits set forth in the SOW. Additionally, notwithstanding any previous inspection and/or acceptance by the Government, the Contractor warrants all items covered by this contract shall, for the duration of the contract, be maintained by the Contractor so as to be free from defects in accordance with their Program Description Documents (PDD). Any item failing to operate correctly shall be returned to the Contractor for repair or replacement. The decision whether to repair, overhaul/modify or replace any item shall be the Contractor's.

C1-1.1 GENERAL

This SOW describes the PBL scope of effort that shall comprise total life cycle supply support for the F/A-18 HUD Display components as well as the Common items. Future configurations of these items shall also be supported by this PBL contract in accordance with FAR 52.243-1.

The following requirements apply to this PBL effort:

(1) The current maintenance concept (O-I-D) shall remain in effect.

(2) The source of all flight hour data shall be the official Budget Analysis Report (BAR).

(3) The Contractor shall enter into Public Private Partnership (PPP) for the F/A-18 HUD system with Fleet Readiness Center Southeast (FRCSE) in Jacksonville, Florida and Fleet Readiness Center Southwest (FRCSW) in San Diego, California as required, via a Commercial Service Agreement (CSA) pursuant to 10 United States Code (U.S.C.) § 2474 or other appropriate authority. Since the capabilities are already established at the organic depot/Government facility, the Contractor shall transition workload to, and/or maintain workload at, that organic depot/Government facility in accordance with 10 United States Code (U.S.C.) § 2474. The Contractor shall maintain commercial support as required to meet contract requirements.

Annual Labor Rate Adjustments for Program Years 01 through 05: In the event of a fluctuation in FRC's burdened hourly rates by plus or minus 5% from the burdened hourly labor rates included in the contactor's price proposal (the FRC's burdened hourly rate and the burdened hourly labor rate included in the contractor's proposal is the same rate and is referenced in Table 1 below), either party will be entitled to a price adjustment. Such price adjustment will include only the difference between the burdened hourly labor rates included in the contractor's proposal and the new burdened hourly rate as may be adjusted annually by the FRC. The extent of any price adjustment will be limited to the negotiated number of total hours for FRC labor, as identified within Table 1 below. This clause is to compensate for Fleet Readiness Center hourly burdened labor rate fluctuations only and does not provide for adjustment for the number of hours of FRC labor in performing repair activities. Any such price adjustment shall be calculated on an annual basis, and shall be negotiated and implemented at the conclusion of eachPeriod of Performance (PoP).

Annual Labor Rate Adjustments for Program Years 01 through 05
In the event that the actual Fleet Readiness Center (FRC) burdened hourly labor rate varies by more than ±2.0 percent from the negotiated burdened hourly labor rate included in the Contractor's proposal (as identified in Table 1), either party shall be entitled to a price adjustment. The determination of whether an adjustment is warranted shall be based solely on the percentage variance between the negotiated burdened hourly labor rate and the actual burdened hourly labor rate.

If the variance exceeds ±2.0 percent, the Contractor and the Government shall reconcile the difference between the negotiated burdened hourly labor rate and the actual burdened hourly labor rate, applied to the negotiated number of FRC labor hours for the applicable period. The adjustment shall be calculated as follows:

Labor Adjustment = (Negotiated Labor Rate - Actual Labor Rate) × Negotiated Labor Hours

A positive adjustment will result in an upward contract modification, and a negative adjustment will result in a downward contract modification or Government credit. No adjustment of any kind shall be made if the variance in the burdened hourly labor rate is within ±2.0 percent of the negotiated rate.

Any applicable adjustment shall be calculated annually and negotiated and implemented no later than 28 February of the current year for the previous Period of Performance. This clause applies solely to labor rate fluctuations and does not provide for adjustments to labor hours or any other cost categories.

Adjustments will be calculated seperately for both FRCSE and FRCSW per the formula below if either's burdened hourly labor rate flucuates by (+/-) 5%:

(FRCSE or FRCSW FY Labor Hours Per Table 1) x (Delta between the actual FRSCE or FRCSW labor rate for FY being reconciled and lower or upper labor rate band) = Price Adjustment (+/-)

FRC Labor Rate Adjustment Example:

FY'29 Negotiated FRCSE Labor Rate (Table 1): $120.00
Labor Rate Band (5%) (Table 1): $114.00-$126.00
Labor Hours (Table 1): 1000
FY'29 actual FRSCE Labor Rate: $128.50

(FRCSE Labor hours: 1000) X (FY'29 actual rate: $128.50 – upper band labor rate: $126.00) = Contract Price Increase: $2,500.00

FY'29 Negotiated FRCSW Labor Rate (Table 1): $120.00
Labor Rate Band (5%) (Table 1): $114.00-$126.00
Labor Hours (Table 1): 1000
FY'29 actual FRSCE Labor Rate: $124.50

Adjustment not applicable. The labor rate increase falls within the labor rate band.

Any pricing adjustments are subject to the availability of funding. All reconciliations will be applied to the delivery order impacted via a bilateral modification to the contract. The contractor may invoice the current delivery order(s) in full and if a downward adjustment shall apply, the contractor shall provide the credit via a wire transfer to the government as instructed in a modification to the applicable PoP delivery order(s). If an upward adjustment shall apply, the adjustment amount will be applied to the last month in the PoP and the contractor can submit an invoice for the adjusted amount.

Negotiated FRC Rates for this contract are as follows:

TABLE 1

	FRCSE Labor Rate	Labor Rate Band	FRCSE Labor Hours	FRCSW Labor Rate	Labor Rate Band	FRCSW Labor Hours
FY28	***TBN***			***TBN***		***TBN***
FY29	***TBN***			***TBN***		***TBN***
FY30	***TBN***			***TBN***		***TBN***
FY31	***TBN***			***TBN***		***TBN***
FY32	***TBN***			***TBN***		***TBN***

*The Labor Hours and Rates included in the chart above are s incorporated in the contract price.

(4) The contractor is required to maintain a Depot Work Split (W/S) as necessary to satisfy the requirements of 10 U.S.C. §§ 2464 and 2466. In the event either FRC exercises its right (as set forth in its CSA with the Contractor) to suspend or terminate performance of orders issued to it pursuant to the W/S, the Contractor shall immediately notify the Procuring Contracting Officer (PCO) and the Contracting Officer Representative (COR) in writing, and propose temporary revisions to the W/S in order to avoid and eliminate any potential failures to meet contract performance requirements. The PCO and COR shall review the Contractor's proposed revisions to the W/S within 45 days of receipt, and the PCO may adjust the performance schedule in order to allow the Contractor to recover from any related disruption in performance of orders caused by either FRC's suspension or termination of performance of orders.

(5) The Contractor shall repair items identified in Attachment A to the OEM specifications and drawings for each respective item. The Contractor is authorized to repair to the same or appropriate family member level in accordance with the applicable depot manual, and/or all applicable Overhaul Repair Instructions (ORI's), Overhaul Repair Engineering Instructions (OREI's) or Local Engineering Specifications (LES's).

(6) Any historical information provided to or available to the Contractor other than the projected flight hours, inventory quantities
on Attachment C- WHOLESALE INVENTORY QUANTITIES, and demand rates on Attachment D-DEMAND BAND (BUCKETS) is provided or made available to the contractor for informational purposes only. Such historical data and/or Contractor reliance on that data in preparation of proposal shall not be the basis for any equitable adjustment under this contract.

(7) The Contractor shall provide the Government with a summary of dollars expended (CDRL A001) for both repairs performed commercially and repairs performed at Government repair depots upon request.

C1-1.2 PRICING AND PAYMENT

Pricing and Payment shall be in accordance with Section B.

C1-2.0 PROGRAM MANAGEMENT

The Contractor shall designate a Program Manager who shall serve as a point of contact for this PBL, to ensure timely resolution of business and technical problems and implementation of corrective action. The PCO is the only agent authorized to make contractual changes on behalf of the Government**.** The Program Manager shall co-chair the periodic Program Management Review (PMRs) with the NAVSUP WSS F/A-18 Logistics Manager.

C1-2.1 PROGRAM MANAGEMENT REVIEWS (PMRs)

Upon Contract Award, the Contractor and Government shall conduct joint semi-annual Metrics/Status Reviews to include an annual PMR. The site of the annual review shall be at NAVSUP Weapons System Support in Philadelphia, PA either in person or virtually, unless otherwise agreed. Semi-annual Metrics/Status reviews may be conducted at various sites based upon Government direction. The F/A-18 Program Office shall attend, and

will provide technical program support to the PCO and COR as required. Semi-annual Metric/Status reviews shall provide the Government with the Contractor's progress and performance according to the performance metrics included in Section C2-3.2 of this SOW.

As part of the annual PMR requirement, the Contractor shall submit a meeting brief in the Contractor's format one week prior to the PMR, per CDRL A002 and CDRL A003. During the PMR the Contractor shall provide status on the following elements:

1. Program overview
2. Supply Response Time (SRT) Performance
3. Reliability Issues
4. Configuration Management (CM)
5. Engineering Change Order Submissions
6. Quality Assurance Issues
7. Repair Issues
8. Contract Metrics
9. Supplier Issues
10. Depot Issues
11. Engineering Issues
12. Previous PMR Open Issues
13. Obsolescence/Diminishing Manufacturing Resources and Material Shortages (DMSMS) Issues
14. Exclusions/Other Contractual Concerns
15. Adhoc Reviews (as necessary)
16. Carcass Returns (responsibility of Government Team to provide)
17. Carcass return delays – Contractor Reported

C1-2.2 Technical Support Personnel

The Contractor may, at its option, place Technical Representatives (Tech Reps) at any Navy Air Station responsible for removal of Equipment as long as the Government mission is not impacted and appropriate clearance/authorization is obtained. Inability to place Tech Reps at any Government site shall not be the basis for any adjustment to the contract, including the performance requirements of this contract.

The Contractor may make logistics support recommendations to Intermediate Maintenance Activities (IMA) and take associated action, if required, in order to improve F/A-18 performance and the PBL effort. All actions related to the IMA will be coordinated through and approved by PMA265.

Contractor personnel working on Government installations in support of this PBL will observe and comply with all rules, regulations, directives, and requirements pertaining to the conduct of personnel as prescribed or issued by the resident military installation Commanding Officer during the contract performance period. The Contractor will obtain and maintain any necessary clearances imposed by installation Commanding Officers and ensure that Contractor personnel are properly badged.

The Contractor will comply with the individual Government facilities security requirements. Contractor personnel will be capable of handling and processing information at the appropriate security level. Section C05 SUPTXT204-9400(4-22) provides additional details.

C1 – 2.3 Cost and Software Data Reporting (CSDR)

In accordance with the DoD Manual 5000.04, "Cost and Software Date Reporting[1]," the contractor shall systematically collect and report actual contract costs and technical information based on the Office of the Secretary of Defense (OSD) Deputy Director Cost Assessment (DDCA)-approved CSDR plan (Attachment XX). Cost and Software Data Reports (CSDRs) shall be prepared in accordance with the instructions contained in the most recently approved versions of the Data Item Descriptions (DIDs), Cost and Hour Report (FlexFile) DI-FNCL-82162, Quantity Data Report DI-MGMT-82164.

The Contractor shall submit electronically the Cost and Hour Report (FlexFile) Format IAW File Format Specification (FFS) and Data Exchange Instructions (DEI) (CDRL A004) and Quantity Data Report Format IAW FFS and DEI (CDRL A005), using the CADE CSDR Submit-Review System. The required form and file type for each CSDR is specified in its Data Item DID.
Contractors must register through the CADE website located at https://cade.osd.mil/ and possess a DoD-approved External Certification Authorities (ECA) digital certificate or DoD-issued Common Access Card (CAC) to obtain a CADE Portal account and be authorized to upload CSDR content. Users can obtain access to CADE by submitting user information about themselves and their organizations to the CADE Portal and requesting a "CSDR-SR Submitter" user role.
Prime contractors are responsible for flowing down CSDR requirements contained in their prime contracts to all subcontractors who meet the reporting thresholds specified in DoD Instruction (DoDI) 5000.73[2], "Cost Analysis Guidance and Procedures." Subcontractors, regardless of tier, with a subcontract that exceeds $50 million, or with subcontracts valued between $20 million and $49 million that are designated by the Government as high interest.

In accordance with Statute 10 USC 3227, DoDI 5000.73, and DoDM 5000.04:

1. This solicitation/award includes:
    a. The approved CSDR Plan for the contract, DD Form 2794, "Cost and Software Data Reporting Plan"
2. In the performance of this contract, the Contractor shall:
    a. Implement and document a standard CSDR process that satisfies the guidelines contained in the DoDM 5000.04;
    b. Manage procedures that produce timely and reliable information for the CSDR data items required by this contract;
    c. Utilize the approved CSDR Plan, DD Form 2794, for this contract as the basis for reporting according to the required CSDR DIDs;
    d. Notify the Government if a subcontract exceeds $50 million, changes subcontractors or executes new subcontract awards, as may require a subcontractor CSDR plan and electronic reporting directly to the CADE Portal using the CSDR Submit-Review System.
3. CSDR Readiness Review:
    a. A CSDR Readiness Review Meeting will be held NLT 60 days after contract award to review the CSDR process that satisfies the guidelines contained in the DoDM 5000.04 and the requirements in the approved CSDR Plan.
    4. The contractor will provide required reports in the form of CDRLs listed below:
        - CDRL AXXX FlexFile Format outlined in File Format Specification (FFS)
        - CDRL AXXX Quantity Data Report Format outlined in File Format Specification (FFS)
5. The CSDR requirements are outlined per Attachment XX, "Cost and Software Data Reporting Plan" (DD Form 2794).

C1- 3.0 INVENTORY MANAGEMENT

The Contractor shall stock, warehouse, manage, and deliver Ready For Issue (RFI) assets in response to fleet requisitions in accordance with the Commercial Asset Visibility (CAV) Repairables Portal (RP) SOW (located at: https://www.navsup.navy.mil/NAVSUP-Enterprise/NAVSUP-Weapon-Systems-Support/Provisions-Instructions-and-Contract/)within the Supply Response Time (SRT) identified in the performance metrics, C2-3.1 of this document and section F03 - Time of delivery. "Should there be a change to the CAV RP SOW on the aforementioned website (from the date of contract award), that creates an increase or decrease in labor, the Contractor may submit a change proposal for an equitable adjustment to the Government for review." See clause NAVSUPWSSFA24 for supplemental information regarding CAV RP.

The Government will retain ownership of all GFE wholesale inventory (RFI and non-RFI), and the Contractor will treat the GFE wholesale inventory as Government owned, but contractor managed. Warehousing and proper

storage of GFE wholesale inventory will be the responsibility of the Contractor and shall be in accordance with all requirements as applicable to the item's classification. All equipment shall be located in a U.S. Government (USG) approved, contractor managed property storage area. The Contractor shall ensure the inventory is adequately protected from potential damage, theft, and deterioration.

The Contractor shall augment the wholesale quantities including Depot washout/scrap and system carcass loss, to the extent necessary to meet the delivery and performance requirements specified in section C2-3.1 and section F04 - Place of delivery. Any spares wholesale inventory obtained or used by the Contractor to augment the inventory during this contract will become USG property once the asset is: (1) used to fill a requisition during the contract period; (2) entered into the Commercial Asset Visibility (CAV) RP system; or (3) turned over to the Government at the end of the contract period pursuant to Section C3. The contractor shall provide the part number, NIIN, and serial numbers of all equipment augmenting the inventory. This information shall be provided to the PCO and COR when the inventory enters the PBL wholesale inventory pool or is issued in response to a requisition. Piece parts required for repair shall be supplied and tracked as Contractor Furnished Material (CFM). At the end of the contract, the Contractor shall retain title to all Contractor furnished consumable piece parts stocked for repair.

The Contractor shall ensure material support and PBL component repairs are tracked throughout the supply chain to on-site coordination activity at NAVSUP-WSS as required.

If the Government modifies, expands, or otherwise increases the requirements associated with the Commercial Asset Visibility (CAV) Repairables Portal Statement of Work (including any updates posted on Government websites that are identified and incorporated by the Procuring Contracting Officer (PCO) as applicable to this contract), and such changes result in an increase in the Contractor's required level of effort, inventory management responsibilities, warehousing capacity, augmentation of wholesale inventory, or material support activities, the Contractor shall provide written notification to the PCO within ten (10) business days of becoming aware of the change.
Following such notification, the parties shall negotiate in good faith an equitable adjustment to the contract price, schedule, and/or other impacted terms in accordance with the applicable Changes clause. The Contractor shall continue performance as directed by the PCO. Any additional work performed as a result of a Government-directed change shall be subject to equitable adjustment in accordance with FAR 52.243-1 or other applicable changes clause.

C1-3.1 INITIAL OUTFITTINGS REQUISITION PROCEDURES

C1-3.1.1 Planned Initial Outfitting Requisitions

A total quantity of NAVSUP WSS's planned initial outfitting requisitions (i.e. QZ fund code requisitions) for the NIINs covered by this PBL contract are listed in Attachment F – Planned Initial Outfitting Requisitions QZ's. The Contractor shall deliver RFI assets in response to planned QZ requisitions in the same manner as other requisitions, in accordance with the contract's delivery schedule (i.e., customer response time) and such requisition responses will be subject to the SRT metric (i.e., the Contractor shall deliver such requisitions under the PBL support CLIN).

C1-3.1.2 Unplanned Initial Outfitting Requisitions

The Government anticipates there may be additional initial retail outfitting requirements during the course of the contract period. These are referred to as Unplanned Retail Requirements. The Government may provide additional GFP spares to the Contractor to fill the new initial retail outfitting requirements. Specific contract numbers and delivery order numbers will be provided as they become available.

C1 – 3.1.3 If, during the course of this contract, the contractor receives a QZ requisition in excess of what was included in Attachment F, the Contractor shall provide an Exception Request to the PCO and COR if the requisition can be filled. The Exception Request shall include (at a minimum) requisition number, NIIN, quantity, requisition receipt date, impact to metrics and identify one of the following fulfillment methods:

1. Requisition can be filled from Contractor identified excess RFI PBL material
2. Requisition can be filled from RFI material but pipeline will replenish through an unplanned repair
3. Requisition can be filled from RFI material but pipeline will replenish through an unplanned replacement (spare)

The Contractor's proposed fulfillment method (excess RFI, unplanned repair, or unplanned replacement) shall be supported by the current stock posture. The PCO and COR may require information supporting the contractor's claim that there are no excess carcasses available to repair in order to deliver a RFI asset in response to the requisition. Approval to fill unplanned initial retail requirement will be provided by an e-mail from the PCO or verbally and followed up by an e-mail. The contractor shall deliver a RFI asset in response to the requisition in the same manner as any other requisition in accordance with the contract's delivery schedule (i.e., customer response time) and such requisition responses will be subject to the SRT metric, i.e., the Contractor shall deliver RFI assets in response to such requisitions under the PBL support CLIN.

The Government and the Contractor will reconcile unplanned retail requisitions (in excess of what is identified on Attachment F) that are filled with an unplanned repair or replacement (spare) during the annual reconciliation, subject to the availability of funds. Unit prices for the respective fiscal year, as indicated on Attachment D- Demand Bands (Buckets) as the Average Variable Price per Demand or Bucket will be utilized to determine the value of the price adjustment and reconcile unplanned initial retail requisitions filled by the Contractor. The Contractor will report the status of all such unplanned requisition approvals obtained for the performance period at PMRs.

C1-3.1.4 In the event the Contractor receives a QZ requisition in excess of what is identified on Attachment F and there is no excess carcass that can be inducted for repair or spare to deliver in response to the QZ requisition, the Contractor shall notify NAVSUP WSS's PCO and/or COR who will provide direction to the Contractor regarding the requisition.

C1-3.2 DEFENSE LOGISTICS AGENCY (DLA) AS A SOURCE OF SUPPLY

Pursuant to 10 U.S.C. § 2208(h), the Contractor is authorized to use Defense Logistics Agency (DLA) as a Government Source of Supply if determined, by the contractor, to be the best value to the Government in terms of price and/or delivery. The Contractor may need to review the DoD FedMall web site to determine stock levels and availability. The Contractor and its subcontractors who currently have MILSTRIP authority may continue to use the Military Standard Requisitioning and Issue Procedure (MILSTRIP) Department of Defense Activity Address Code (DODAAC) to requisition supplies from DLA. Any acquisition from DLA will be a direct transaction between the contractor and DLA. The contractor shall arrange for direct payment to DLA for all parts requisitioned from DLA. The contractor shall not use the NAVSUP "HM" fund code for parts ordered from DLA. The contractor is solely responsible for dealing directly with DLA to ensure timely delivery of the parts ordered. This clause does not authorize the contractor to procure Critical Safety Items from sources of supply not qualified or approved by the contractor's quality system. Parts procured from DLA are exempt from the counterfeit parts provisions in Paragraph C2-11.4. Parts acquired from DLA are considered contractor furnished property rather than Government furnished property for all purposes under this contract, including performance metrics.

Using DLA as a source will not relieve the contractor of meeting contract performance metrics. If the Contractor uses DLA as a source of supply, DLA's failure to perform shall not entitle the Contractor to an equitable adjustment under this contract. The Contractor is solely responsible for dealing directly with DLA to ensure quality and timely delivery of the parts ordered. Delays in delivery or failure to meet quality requirements shall not be deemed Government-caused and, except as otherwise provided in 252.246-7008(d), shall not relieve the Contractor from meeting all contractual requirements.

C1- 3.2.1 DRAWDOWN OF EXISTING DEPOT UNIQUE GOVERNMENT REPAIR PARTS INVENTORY

The Contractor shall procure necessary remaining depot unique consumables from existing Government inventory held by DLA as specified in Attachment G – DLA INVENTORY DRAWDOWN. Parts acquired

from Government sources are considered Contractor Acquired Property (CAP). The Contractor must effect a drawdown of necessary existing available depot unique parts that meet contractor quality standards. Delays in delivery or failure to meet quality requirements shall not be deemed Government caused and shall not relieve the Contractor from meeting all contractual requirements and will not form the basis of metric relief.

C1 – 4.0 TRANSITION PERIOD

The Transition Period shall apply only to those items identified on Attachment A– NSN LISTING as "Transition Items". The requirements of Full PBL Implementation (C2) shall apply to all other items from the effective date of award.

The Transition Period shall begin on the first day of the contract and be completed in accordance with Table 2 below. At the conclusion of the each designated period, the requirements of Full PBL Implementation (C2) shall apply to all NIINs contained in Attachment A as Transition Items. Issue Priority Group (IPG) 1 requisitions received during the Transition Period will be fulfilled.

TABLE 2

NIIN	Nomenclature	Part Number	Transition

During this phase, the Contractor and the Government shall exercise the precautions necessary to ensure fleet readiness is not negatively impacted, as defined in the responsibilities listed below.

The joint Integrated Process Team (IPT) shall work together to resolve problems potentially arising during the Transition Period and to complete the following milestones:

Government Responsibilities Include:

- Transfer custody of on-hand RFI and Non-RFI wholesale inventory assets for the items on Attachment A – NSN LISTING as Transition Items to the contractor within 45 days of the contract effective date. The Government shall retain ownership of these assets. The Government shall retain sufficient RFI inventory assets to meet demand requirements during the custody transfer period.

- Ensure any wholesale spares quantities on order are re-consigned to the contractor.

- Fill Fleet requisitions as needed during the custody transfer period.

- Change the Master Repairable Items List (MRIL) to reflect the Contractor's destination(s) for retrograde shipments.

Contractor Responsibilities Include:

- Confirm receipt of each assets transferred to contractor as discussed above in accordance with procedures established in the CAV RP STATEMENT OF WORK (SOW) per C1 - 3.0.

- Reconcile the wholesale inventory quantities provided with the inventory quantities indicated on Attachment C – WHOLESALE INVENTORY QUANTITIES. The Contractor shall annotate Attachment C with inventory quantities actually received during Phase I. For each item/family group, the RFI quantity actually received plus the quantity of requisitions filled by the Government during transition shall at a minimum be equal to the RFI quantity specified in Attachment C. (CDRL A006)

- Comply with data requirements in accordance with Attachment B – CAV RP STATEMENT OF WORK (SOW) per C1 – 3.0

- Participate in program reviews in accordance with Clause C1-2.1

- Maintain a Public-Private Partnership with Fleet Readiness Center-Southeast (FRC-SE) and Fleet Readiness Center- Southwest (FRC-SW) in accordance with Section C1-1.1(3)

C1 - 5.0 INVENTORY RECONCILIATION FOR TRANSITION ITEMS

Attachment C- Wholesale Inventory Quantities contains the projected inventory position and the repairs/spares projected by the Contractor included in the proposed contract price, for the items identified on Attachment "A" – NSN Listing as "Transition Items". At the end of performance period 1, the "Transition Items" will be reviewed to determine if all wholesale inventory assets (both on hand and on order) have been received by the Contractor. For those items where all assets have been received, the Contractor will replace the projected inventory quantities (both RFI and non-RFI) on Attachment C with the actual quantities received, together with requisitions filled by the Government during transition. This financial adjustment for inventory reconciliation will be executed via contract modification at the conclusion of each performance period, until all "Transition" items have been reconciled.

C2 – STATEMENT OF WORK FOR FULL PBL IMPLEMENTATION

C2 -1.0 DEMAND BANDS

Demands are defined as requisitions received within the performance period being reconciled.

Demand pattern changes may impact PBL coverage. Forecasted demands are set forth in Attachment D – DEMAND BAND (BUCKETS). Attachment D provides forecasted annual demand, as well as the upper (+5% of forecasted demand) and lower (-5% of forecasted demand) demand bands.

PBL components may be assessed individually, or in a "bucket" with one or more other PBL components as documented in Attachment D. At the conclusion of each performance period, projected demands shall be compared to actual demands. All demands within the upper and lower bands are covered by this contract; equitable adjustments may apply to demands falling outside of the demand bands. For further insight into the final end of performance period reconciliation procedures please refer to Section C2-3.0, Performance Metrics.

EXAMPLE ASSUMPTION

Projected Demand: 50
Demand Band: +/- 5%
Upper Limit: 55
Lower Limit: 45
Average Variable Price per Demand or Bucket: $1,000

When the number of actual received requisitions (demands) for the period is GREATER THAN OR EQUAL TO the Demand Band Lower Limit AND LESS THAN OR EQUAL TO the Demand Band Upper Limit, no adjustment to the total Delivery Order amount for the POP associated with a Demand Band Reconciliation is required for that given bucket or item if assessed individually. In the example above, if the number of requisitions received during the performance period measured is 50-55, the government is entitled to fulfillment of those demands at no additional cost. Additionally, if the number of requisitions received during the performance period measured is 45-49, the contractor is eligible to retain the total contract value associated with those PBL components being assessed. In both cases those demands fall within the agreed upon Demand Band and no adjustment contract price for the POP associated with Demand Band Reconciliation of the bucket is required.

If the number of requisitions received during the performance period measured exceeds 55, the Contractor may be eligible for a variable price adjustment (contract funding increase) for that PBL component. If applicable, the

adjustment will be calculated by multiplying the number of requisitions greater than the upper limit by the Average Variable Price per Demand or Bucket as documented in Attachment D.

Given the Example Assumption above, if the number of requisitions received during the POP measures 60, then the contractor is eligible for a variable price adjustment (contract funding increase) for that bucket of PBL components by multiplying the Average Variable Price Per Demand, by five (5). For this example: (60-55) * $1,000 = $5,000. Total Delivery Order amount for this PoP would increase by $5,000 for this Demand Band Reconciliation

If the number of requisitions received during the performance period measured is lower than 45, the Government is eligible for a variable price adjustment (contract funding decrease) for that PBL component by multiplying the number of requisitions less than the lower limit by the Average Variable Price per Demand or Bucket as documented in Attachment D.

Given the Example Assumption above, if the number of requisitions received during the POP measures 40, then the government is eligible for a variable price adjustment (contract funding decrease) for that bucket of PBL components by multiplying the Average Variable Price Per Demand, by five (5). For this example: (40-45) * $1,000 = -$5,000. Total Delivery Order amount for this PoP is decreased by $5,000 for this Demand Band Reconciliation.

C2 - 1.1 DEMAND BAND RECONCILIATION

For each performance period, projected demands as identified on Attachment D shall be compared to actual demands. Demands are defined as requisitions received within the performance period being reconciled (for the purposes of Demand Band Reconciliation this does not include the Planned Initial Outfittings – QZ's identified in Attachment F). The Average Variable Price per Demand or Bucket, as identified on Attachment D- Demand Band (Buckets), will be utilized in the reconciling of the demands. See section C2- 1.0 for additional details.

Pricing Adjustments are subject to the availability of funding. All reconciliations will be applied to the delivery order impacted via a bilateral modification to the contract. The contractor may invoice the current delivery order(s) in full and if a downward adjustment shall apply, the contractor shall provide the credit via a wire transfer to the government as instructed in a modification to the applicable PoP delivery order(s). Should there be a significant downward adjustment anticipated for any of the PoPs, the Contractor at their discretion may decide to withhold submission of invoices for that PoP to offset what the Contractor may have to credit back to the Government as a result of the annual reconciliation to occur after the end of the POP

C2 - 1.2 TRANSACTIONAL COMPONENTS

Transactional components are defined as zero demand items. For those items with a baseline of zero (0), any demand received by the Contractor above 0 is subject to validation by the NAVSUP WSS PCO and COR. The Contractor shall notify the NAVSUP WSS PCO and COR of receipt and request validation. If the Contractor receives confirmation to fill, the demand shall be counted during the annual reconciliation and will be reconciled utilizing negotiated pricing on a case by case basis. Any confirmed demands received for a component with a baseline of 0 is not subject to SRT metrics.

C2-2.0 REQUISITIONING

Fleet requisitions shall flow, via NAVSUP WSS, to the Contractor via Military Standard Requisitioning and Issue Procedures (MILSTRIP). The Contractor shall deliver in accordance with the performance metrics in C2-3.0. The Contractor shall satisfy all requisitions, (including all backorders created during contract performance), in the order of the highest priority, then earliest Julian date of order, as required by the Uniform Material Movement and Issue Priority System (UMMIPS) Office of the Chief of Naval Operations (OPNAV) Instruction

OPNAVINST4614.1 (latest revision). If requisitions are to be delivered in a different order, written instructions must be supplied to the Contractor with PCO authorization.

C2-2.2 RETROGRADE/CARCASS RETURN REQUIREMENTS

The Government shall transport all retrograde equipment to the Contractor's facility at Government expense. The Government shall turn-in retrograde equipment to the Contractor within an average of 40 calendar days from the requisition date. The average number of days will be calculated based on time of Beyond Capable Maintenance (BCM)- Request of Material- and contractor's acknowledgement of receipt. The Contractor shall monitor returns considering the initial net asset position, all carcass returns including assets Beyond Economical Repair (BER) and non-repair decisions. The Contractor shall report on demand and carcass returns at each PMR. The Contractor shall notify the Government within 60 days of when the level of assets is expected to fall to a level that jeopardizes the Contractor's ability to meet performance metrics. If the Contractor demonstrates that retrograde/carcass returns have been insufficient to support the program, temporary relief to the SRT performance metric for the NSN may be granted.

The Government shall retain ownership of all GFE wholesale inventory (RFI and non-RFI) and the Contractor will treat the GFE wholesale inventory as Government owned, but Contractor managed.

C2-3.0 - PERFORMANCE METRICS

This contract shall be a Firm Fixed Price (FFP) contract. The contractor will be measured by its ability to meet the Supply Response Time outlined in Section C2-3.1.

C2-3.1 AVAILABILITY PERFORMANCE REQUIREMENT- SUPPLY RESPONSE TIME

The availability requirement of this contract will be measured by Supply Response Time (SRT). The SRT will be calculated by taking the number of requisitions fulfilled within the supply response time defined in the Supply Response Time Metric table below, and dividing that figure by the total number of requisitions received by the Contractor. The Supply Response time will be expressed as a percent. Response Time will be defined as the length of time, in business days, from Contractor receipt of requisition until contractor notification of ATAC in CAV RP that requisitioned material is available for pick-up (meeting the criteria of "delivered" in the formula found in 3.1.3 below).

The contractor shall maintain SRT for each measurement period, in accordance with the Fill Days set forth in the Table 3 below for the life of the contract. The SRT metric shall be monitored by the Government and the Contractor throughout the term of the contract and shall be reported at a minimum by the Contractor at the semi-annual Metric/Status review as well as PMRs.

The Contractor shall review performance informally on a monthly basis, and report performance at both semi-annual Metric/Status reviews and PMRs (CDRL 0007). The Contractor shall provide the following seven (7) days before scheduled reviews:

1) a statement of SRT percentage achieved,
2) unfilled requisitions by IPG and age, and
3) summary of the data used in assessing performance for that period.

The Contractor shall deliver RFI assets in response to requisitions within the time frames specified in Table 3. If multiple requisitions for the same part number, or NIIN, are received by the Contractor, UMMIPS shall determine the release sequence, unless otherwise directed by the PCO.

The SRT metric is solely for the purpose of determining price adjustments and does not constitute a waiver of any legal rights or remedies. The contractor is required to deliver in accordance with the SRT metric specified in

Table 3 below. The Government retains all rights and remedies including termination for default if the contractor fails to deliver conforming items in accordance with the SRT metric specified in Table 3 below.

Requisitions delayed because the Government did not return a carcass—whether due to non-return, loss, or late turn-in—will be excluded from SRT performance calculations when the Contractor shows the delay was Government-caused. Such exclusions require Contracting Officer approval and will not negatively impact performance assessments.

TABLE 3: SUPPLY RESPONSE TIME METRIC				
Issue Priority Group (IPG)	**Requisition Priority**	**Percent of Requisitions Filled**		**Fill Days**
1	**1 through 3**	**91%**	**SRT-1:**	**2 business days**
		100%	**SRT-2:**	**20 business days**
2 and 3	**4 through 15**	**91%**	**SRT-1:**	**5 business days**
		100%	**SRT-2:**	**30 business days**

3.1.1 - All IPG 1 requisitions: For the performance period:

91% of all priority 1 through 3 requisitions shall be made available for delivery within two (2) business days. The remaining nine 9% shall be available for delivery in 20 business days.

3.1.2 - All IPG 2 and 3 requisitions: For the performance period:

91% percent of all priority 4 through 15 requisitions shall be delivered within five (5) business days. The remaining nine 9% shall be delivered in 30 days.

Any requisition unfilled and past the SRT-1 day, but before the SRT-2 day shall be considered "open". The status of any requisition unfilled and past SRT-2 day shall be presented at PMRs as well as upon request of the Government.

3.1.3 – Supply Response Time Assessment

SRT performance will be formally assessed for each performance period as specified in Section B of this contract. In addition, SRT will be informally assessed each month.

The percentage of requisitions delivered on time for their respective IPG category are calculated as follows (expressed as a percent; normal rounding rules to the nearest one tenth of a perecentage point apply with round-up at .5 and above and round-down below .5):

<u>The Number of Requisitions delivered by SRT-1 Due Date</u>
Total Number of Requisitions Due in the Performance Period for the IPG Category Measured

<u>The Number of Requisitions delivered by SRT-2 Due Date</u>
Total Number of Requisitions Due in the Performance Period for the IPG Category

Measured For IPG 1:

Unfilled requisitions up to two (2) days old at the end of a performance period will not count in calculations for the performance period in which they we were received. Those requisitions will be carried over to the next performance period, counted, and the SRT metric applied to those requisitions during the next performance period.

Unfilled requisitions greater than two (2) days old, but less than 20 days old for the SRT-1 measurement at the end of a performance period will count as received during the current performance period for the SRT-1. These requisitions will not count as received for the current performance period for SRT-2. The requisitions will be carried over the next performance period, counted, and the SRT-2 metric applied to those requisitions during the next performance period.

Unfilled requisitions greater than 20 days old for the SRT-1 measurement period will count as received during the current performance period and be used in calculating SRT-1 and SRT-2 metrics. The requisition will also be counted as received (due) and unfilled in every applicable SRT calculation for every performance period it is open.

Each requisition not filled in accordance with SRT time frames and still unfilled as of the beginning of a new performance period will be counted again as another requisition as if it were received on the first day of that subsequent performance period until it is filled. Therefore, a requisition may be counted as undelivered more than once, depending on how long it remains unfilled. See below for examples:

1. Performance period 26 September 2027- 25 September 2028,

   Requisition is received on 30 March 2028 and filled 26 September 2028

   Requisition counts as received during the 26 September 2027- 25 September 2028 period of performance and a “miss” is assigned to the SRT-1 and SRT-2 metric.

   The requisition is also counted as received during the next performance, 26 September 2028- 25 September 2029.

   The requisition is counted as a “fill” for the 26 September 2028- 25 September 2029 performance period and applied to the SRT-1 metric as it was filled before the second day SRT-1 metric expired

2. Performance period 26 September 2027- 25 September 2028

   Requisition received 26 September 2027 and filled 15 October 2028

   Requisition counts as received during the 26 September 2027- 25 September 2028 period of performance and a miss is assigned to the SRT-1 and SRT-2 metric

   The requisition is also counted as a received during the next performance 26 September 2028 - 25 September 2029

   The requisition is counted as a “fill” for the 26 September 2028- 25 September 2029 and be applied to the total percentage of requisitions filled for this period for the SRT-2 metric

3. Performance period 26 September 2027- 25 September 2028

   Requisition is received 1 August 2028 and filled 1 January 2030

   Requisition counts as received during the 26 September 2027- 25 September 2028 period of performance and a “miss” is assigned to the SRT-1 and SRT-2 metric

Requisition is counted as received again in the 26 September 2028-25 September 2029 period of performance and a "miss" is assigned to the SRT-1 and SRT-2 metric

Requisition is counted as received again in the 26 September 2029- 25 September 2030 period of performance and will count as a "fill" for this period for the SRT-1 metric

4. The first Performance period 26 September 2027- 25 September 2028
   The second Performance period is 26 September 2028- 25 September 2029

   Requisition is received 22 September 2028 (a business day).

   Requisition is filled (on-time) 26 September 2028.

   Requisition counts as received during the 26 September 2028- 25 September 2029 (second Performance period) and is considered a "fill" for this period for SRT-1 metric (the PoP in which the requisition was due).

5. The first Performance period 26 September 2027- 25 September 2028
   The second Performance period is 26 September 2028- 25 September 2029.

   Requisition is received 22 September 2028 (a business day).

   Requisition is filled 15 November 2028.

   Requisition counts as "miss" for SRT-1 Metric in the 26 September 2027-25 September 2028 performance period and a "miss" for SRT-2 Metric in the 26 September 2028- 25 September 2029 (the PoP in which the requisition was due)

For IPG 2 & 3:

Unfilled requisitions up to five (5) days old at the end of a performance period will not count in calculations for the performance period in which they we were received. Those requisitions will be carried over to the next performance period, counted, and SRT-1 metric applied to those requisitions during the next performance period.

Unfilled requisitions greater than five (5) days old, but less than 31 days old for the SRT-1 measurement at the end of a performance period will count as received during the current performance period for the SRT-1. These requisitions will not count as received for the current performance period for SRT-2. The requisitions will be carried over the next performance period, counted, and the SRT metric applied to those requisitions during the next performance period.

Unfilled requisitions greater than 30 days old for the SRT-1 measurement period will count as received (due) during the current performance period and be used in calculating SRT-1 and SRT-2 metrics. The requisition will also be counted as received (due) and unfilled in every applicable SRT calculation for every performance period it is open.

Each requisition not filled in accordance with SRT time frames and still unfilled as of the beginning of a new performance period will be counted again as another requisition as if it were received on the first day of that subsequent performance period until it is filled. Therefore, a requisition may be counted as undelivered more than once, depending on how long it remains unfilled.

SRT Exclusions:

For any annual formal performance period, the Contractor may make a written request, with supporting documentation, to have requisitions excluded from the base requisition count for purposes of performance assessment. If the PCO determines exclusion is warranted, those requisitions shall be excluded from the base

count. Such requests must be made within 15 days of the time exclusion is known. An exclusion for performance assessment purposes does not relieve the Contractor from the obligation to fill the requisition.

3.1.4 Definitions:

Business day:

Normal workday (Monday thru Friday, 8:00A.M. - 4:00P.M. Eastern Time), excluding Government holidays. Contractor holidays and shutdowns of extended periods**,** which are not Government holidays, are business days. Requisitions received after 4:00 P.M. Eastern Time will be treated as having been received on the following workday.

Measurement Periods:

The contractor shall report on the progress of Performance Metrics at both the semiannual metrics review and the annual PMR. Each Measurement Period shall coincide with the Performance Periods defined in Section B.

Backorders:

Backorders occur when requisitions are not filled within the established availability/fill rate metrics. Backorders shall be satisfied in accordance with the highest priority, earliest Julian date order. Unless otherwise directed by NAVSUP-Philadelphia, backorders shall be delivered first in order of Uniform Material Movement Issue Priority System (UMMIPS) priority sequence, then for those backorders with the same UMMIPS priority sequence, by the date of the requisition.

3.1.5 Recovery Plan

If SRT is less than 91% in any performance period, the contractor shall provide and implement a recovery plan during the remainder of the current performance period and the subsequent period of performance, with completion no later than the end of the subsequent period of performance. The Contractor is required to restore SRT to 91% during the period immediately following completion of the recovery plan. The recovery plan shall be submitted, in writing, to the PCO.

C2-3.2 SUPPLY RESPONSE TIME PERFORMANCE PAYMENTS ADJUSTMENTS

The parties have agreed to a contract price (shown on the schedule page) for each performance period. Such prices are based on the Contractor meeting the SRT requirements described in section C2- 3.1 If instead, the SRT-1 for a performance period does not meet the requirement, the price adjustment as stated below shall be applied. Section C2-3.2 performance payments and adjustments applies to SRT-1 only. SRT-1 Price Adjustments will be assessed against all requisition categories independently, as indicated below, then summed. The SRT-1 metric does not limit the other remedies available to the Government for failure to deliver in accordance with the required delivery schedule set forth in the contract, such as the right to Terminate for Default.

Issue Priority Group (IPG) 1 **Availability Achieved:**	**Availability Price Adjustment** (to be applied to the Full Performance contract price for PBL support (as shown on the schedule page)
84-90.9%	Decrement: 1.5%
<83.9%	Decrement: 3.0%

Issue Priority Group (IPG) 2/3 Availability Achieved:	**Availability Price Adjustment** (to be applied to the Full Performance contract price for PBL support (as shown on the schedule page)
84-90.9%	Decrement: 0.5%
<83.9%	Decrement: 1.0%

The Contractor shall meet the performance requirements set forth for SRT. The Contractor shall be responsible for maintaining accurate SRT data.

Surge demands can result from increased flying hours or unexpected and unanticipated spikes in demand, separate and distinct from the flying hour program. The Contractor shall notify the PCO in writing as soon as a surge in demand occurs. The Contractor shall provide documented results of their investigation into the cause of the surge. Metric relief may be granted to the extent the Contractor can show that surge demands occurred due to events outside the Contractor's control. The Contractor remains responsible for filling all requisitions received. A demand surge has occurred when demand in a 30-day period exceeds the 12-month rolling average monthly demand (AMD) for the prior 12-month period as follows:

12 Month Rolling AMD	Surge Criteria
1-5 per month	3 times the 12-month rolling AMD
6-10 per month	2.5 times the 12-month rolling AMD
11-20 per month	2.25 times the 12-month rolling AMD
21-30 per month	2 times the 12-month rolling AMD

In addition to the metric relief that may be granted in the event of a Surge as noted above, any projected demand quantity at the head of the part number family that goes to zero and is projected to stay at zero for the remainder of the period of performance, will be exempt from Supply Response Time (SRT) metrics. The Contractor will cease all repairs on any part number that falls in this category. To the extent that there is any remaining "A" condition assets in the PBL warehouse for these items, the contractor will continue to fill requisitions received for duration of the contract until the supply of "A" condition assets are exhausted.

C2-4.0 CONTRACTOR RETURN OF WHOLESALE INVENTORY

At the end of this contract, and at no additional cost to the Government, a quantity of each NIIN (or family group) on Attachment K – Contractor Return of Wholesale Inventory will be in a Ready for Issue (RFI) condition or in work at the time of transfer (see notes below) at the end of the contract. These quantities are part of the Government inventory of wholesale assets and not in addition to the total inventory.

This RFI quantity shall be made available to the government, within the contract price, regardless of whether the government decides to continue with a renewal PBL contract, return to traditional contract support, or cease support. In the case of a renewal PBL contract, this RFI quantity will become the initial renewal contract inventory position for "A" condition inventory. The Contractor may request relief from this requirement for items with insufficient carcasses to produce the required RFI quantity when the lack of carcasses is due to circumstances beyond the Contractor's control. This may result in a downward price adjustment to the contract. In the case where the contract is not renewed, all government assets will be shipped to a designated location at the expense of the government in accordance with section C3 – 1.0 Exit Phase.

Insufficient carcasses resulting from Government failure to return reparable carcasses, loss of assets, or delays in carcass turn-in shall be deemed circumstances beyond the Contractor's control for purposes of relief from the RFI quantity requirement. Where Government non-return or delay prevents achievement of the required RFI quantity, the Contractor shall receive proportional relief from that requirement, subject to Contracting Officer determination

The Contractor shall report any delays in carcass returns and the associated impact assessment during each Program Management Review (PMR).

Notes:

1. Any RFI inventory due to the Government as a result Planned Initial Outfitting Requirements in accordance with C1 – 3.1.1. not materializing of at the completion of the contract shall be additive to the RFI quantity specified in Attachment K – Contractor Return of Wholesale Inventory (i.e. Projected Retail Fills – Actual Retail Fills).

2. The required RFI quantity may include assets in the repair process or spares on order by the Contractor at the end of the contract. The Contractor shall complete those repairs and/or provide those spares on order even if performance of those activities extends beyond the end of the contract period. The RTATs and PLTs on Attachment "A" – NSN Listing shall serve to establish delivery requirements for repairs to be completed and spares to be delivered. RTAT shall be measured from date of induction for repair.

3. If RFI inventory exists at completion of the contract that exceeds the quantity specified in Attachment K, this additional RFI inventory is provided to the Government at no additional cost.

4. In the case of a follow-on contract, the ROI quantities listed in Attachment K, shall be considered On-hand "A" condition, for pricing and programmatic purposes.

C2-5.0 FOREIGN MILITARY SALES SUPPORT

Foreign Military Sales (FMS) requisitions shall be filled in accordance with the following.

C2 - 5.1 COOPERATIVE LOGISTICS SUPPLY SUPPORT ARRANGEMENT (CLSSA)

CLSSA requisitions (identified by a "P, B, or D" in the first position of the requisition and a "V" in the sixth position) shall be filled by the contractor as USN requirements and within the same timeframes as U.S. Government requirements set forth in Section 5.2. CLSSA requisitions do not include carcass returns and The contractor may contact the PCO for direction if the CLSSA requ appears to have an excessive quantity. If the quantity is valid, the requsition will need to be resubmitted or manually split to relfect one (1) each.

Requisitions identified by UIC: PATY5V, PKUA5V, or PMFF5V and Project Code "Z8A" and Advice Codes 5G/5S/5V/52) are CLSSA Repairable Item Replacement Option (RIRO) requisitions. RIRO requisitions do have carcass returns and shall be delivered by the Contractor as U.S. Navy (USN) requirements. The FMS carcass from a RIRO requisition turn in becomes the property of the USN. RIRO requisitions will be for a quantity of one each.

UICs:
PATY5V - Royal Australian Air Force Super Hornet and Growler requisitions
PKUA5V - Kuwait Air Force Super Hornet requisitions
PMFF5V- Royal Malaysian Air Force Legacy Hornet requisitions

If FMS CLSSA or RIRO requisitions materially exceed forecasted quantities at levels that affect the Contractor's ability to meet the Supply Response Time (SRT) standards or the Return of Inventory (ROI) requirements of this contract, the Contractor shall notify the Procuring Contracting Officer (PCO) in writing within five (5) business days of identifying the potential impact. Upon receipt of such notification, the PCO may provide direction to mitigate the impact and may provide relief to SRT or ROI requirements.

C2 - 5.2 INITIAL SUPPORT AND DIRECT REQUISITION PROCEDURE (DRP)

Initial Support and FMS Direct Requisitioning Procedures (DRP) requisitions (identified by a "P, B, or D" in the first position of the requisition and NO "V" in the sixth position) shall be filled unless the Contractor's ability to meet the performance and availability requirements will be adversely affected. If the contractor contends that performance will be so affected, the Contractor shall inform the PCO and NAVSUP Code N52 by email of the

predicted impacts of filling the requisition. The PCO shall provide the Contractor with email/written direction specifying one or a combination of the following actions:

a. The Contractor shall fill the requisition and whether a performance exception will be granted or not.
b. The requisition shall be filled with NON-RFI "F" condition material. Occasionally the FMS country will agree and then initiate repair action through FMS ROR.
c. The requisition shall be returned unfilled to NAVSUP.

C2- 5.3 PACKAGING, MARKING AND TRANSPORTATION

FMS shipments shall be marked as prescribed by MIL-STD-129 and MILSTAMP, DOD 4500.32-R. In addition to the requirements for marking of all shipments under this contract, a completed DD Form 1348-1A must accompany each shipment on the outside of the package.

Shipments for FMS requisitions for each country/UIC are as follows:

Australia - PATY5V

Kuwait - PKUA5V

Mayalsia - PMFF5V

Any questions on processing of FMS requisitions under this SOW may be addressed to PCO and Code N52.

C2-6.0 REPAIR, REPLACE AND OVERHAUL

The Contractor, at its sole discretion, shall make the decision to repair, replace and or overhaul/ modify the Equipment as necessary in order to meet the contract performance requirements. Repair piece parts, regardless of configuration, used by the Contractor, shall be provisioned and stocked from CFM.

C2-6.1 REPAIR/REPLACE/OVERHAUL REQUIREMENTS

The Contractor shall repair items identified in Attachment A to the OEM specifications and drawings for each respective item. The Contractor must also identify the repair location for the items identified in Attachment L-Repair Locations. Repairs undertaken at the Contractor's facility must be a Government approved facility or Government approved Contractor's facility.

Except for changes to any of the NIINs set forth in Section H03, Commercial Items, changes to the manuals, drawings, or specifications require Government approval (CDRL A008005) in accordance with the configuration management (C.2-9.0) provisions of this SOW. The Government shall respond with approval/disapprovalwithin 30 days of request unless open action items regarding the requested change exist between the government and contractor. The contractor is not entitled to an equitable adjustment based on the Government's dissapproval of a requested change to a repair source or repair location. As set forth in Section C.2-9.0, for the Commercial Item NIINs, the contractor will notify the PCO of any changes that alter the part numbers recognized by the Government as the current configuration.

C2-6.2 BEYOND PHYSICAL REPAIR (BPR)/BEYOND ECONOMICAL REPAIR (BER)

The Contractor has the authority to make a determination that the unit, inclusive of Shop Replaceable Assemblies (SRAs) and Sub Shop Replaceable Assemblies (SSRA) is BPR or BER. BPR/BER determinations shall not affect the Contractor's obligation to meet availability and delivery requirements.

The Contractor has the authority after the unit has been condemned, to utilize any parts deemed serviceable or repairable to a serviceable condition, provided an audit trail is maintained for traceability of each part utilized. After the Contractor is finished cannibalizing, said unit shall be dispositioned according to applicable regulations and the contractor's approved Government Property procedures. The Contractor has the authority to Reclaim In Lieu of Procurement (RILOP) any government assets, regardless of condition, covered under the contract to facilitate improved support. All such actions shall be documented and an audit trail maintained.

During performance of the contract, the Contractor may not render units BPR or BER as a result of cannibalization of assets. In instances where Section C conflicts with requirements noted in Attachment B – CAV RP SOW, Section C shall prevail.

The Contractor is authorized to return Government owned assets determined to be Beyond Economical Repair (BER), Beyond Physical Repair (BPR), condemned, or otherwise designated as scrap, in **as-is condition**, with no requirement to restore or repair such items prior to return. The Contractor shall process and document these BER/Scrap determinations in accordance with the Contractor's Government Property Management Procedures and applicable requirements of FAR 52.2451, DFARS 252.2457003, and DCMA instructions for Government Furnished Property (GFP). All BER/Scrap assets shall be recorded and dispositioned utilizing the **GFP Module within PIEE** (formerly PCARSS), including submission of required loss, scrap, or disposal documentation. Upon Government direction, the Contractor shall package and return BER/Scrap assets to the designated Government location at Government expense. The Contractor shall maintain auditable records for all GFP dispositions and shall provide documentation to the Procuring Contracting Officer (PCO) or Contracting Officer Representative (COR) upon request.

C2-6.3 USE OF GOVERNMENT PROPERTY AND TEST EQUIPMENT

The Contractor, in accordance with the Federal Acquisition Regulation (FAR), shall be responsible for maintaining any associated Special Tooling (ST)/Special Test Equipment (STE) (CDRL 0006) under this contract. Government Owned or Right to Title ST/STE is tracked by the NAVY utilizing DPAS (Defense Property Accountability System). The Contractor shall submit updates for Government Owned material annually for newly found, created, scrapped, re-identified or lost ST/STE accountable under this contract using the Data Item Description DI-MISC-81538 format of the Attachment E – CONTRACT DATA REQUIREMENTS LIST (CDRL).

C2-7.0 OBSOLESCENCE MANAGEMENT

7.1 The Contractor is responsible for managing obsolescence over the entire period of the contract, and notwithstanding any obsolescence issues, the Contractor remains responsible for meeting all performance and other requirements of this contract. This obsolescence management responsibility includes an ongoing review and identification of actual and potential obsolescence issues, including but not limited to obsolescence of components, assemblies, sub-assemblies, piece parts, and material (hereafter referred to for purposes of this Paragraph only as "parts and/or material"). The Contractor is responsible for all Class II costs associated with obtaining a replacement if and when any parts and/or material become obsolete. The costs for which the Contractor is responsible include, but are not limited to, the costs of investigating part availability, interchangeability and substitutability, locating part replacement, vendor interface, engineering efforts, testing requirements, internal drawing changes, etc. The Contractor shall not be responsible for redesign cost for obsolescence initiatives producing Class I changes. Redesign effort to proceed only after the Contractor has exhausted all options to accomplish engineering efforts for drop in replacement. Any configuration changes due to obsolescence shall be approved in accordance with the Configuration Management requirements of this SOW. The Contractor shall provide the NAVSUP WSS Philadelphia with obsolescence status briefs, as part of the periodic program reviews provided for under the contract.

7.2 Using DOD Guidebook SD-22 entitled: Diminishing Manufacturing Sources and Material Shortages (DMSMS) – A Guidebook of Best Practices for Implementing Robust DMSMS Management Program, the Contractor shall develop and submit as part of its proposal (with an advance copy supplied to the Government at time of ROM submission), an Obsolescence and DMSMS Management Plan for managing the loss, or impending loss, of manufacturers or suppliers of parts and/or material required for performance of this contract. This plan shall also address DMSMS Management. At a minimum, the plan shall address the following: means and approach for providing the Government with information regarding obsolescence and DMSMS issues, parts list screening, parts list monitoring, communication with and availability of information to the government, means and approach for establishing obsolescence and DMSMS solutions, and plan for conducting DMSMS predictions. In lieu of preparing and submitting an Obsolescence and DMSMS Plan, the Contractor may provide an existing plan or existing written processes and procedures for review. DMSMS Plan 839-8562 will be in effect for the entire term of the contract, unless otherwise agreed to by the PCO.

C2-8.0 Government Industry Data Exchange Program (GIDEP)

a. The Contractor will actively participate in the Government Industry Data Exchange Program per the GIDEP Operations Manual. The Contractor will submit information concerning critical or major nonconformance, as defined in FAR 46.101 to the GIDEP information system.

b. The Contractor will insert paragraph (a) in any subcontract when deemed necessary by the Contractor. When so inserted, the word "contractor" will be changed to "subcontractor."

c. The Contractor will, when it elects not to insert paragraph (a) in a subcontract, provide the subcontractor any GIDEP data which may be pertinent to items of its manufacture and verify that the subcontractor utilizes any such data.

d. The Contractor will, whether it elects to insert paragraph (a) in a subcontract or not, verify that the subcontractor utilizes and provides feedback on any GIDEP data that may be pertinent to items of its manufacture.

e. Associated Data Item Description (DID) DI-QCIC-80125B: Alert/Safe-Alert Reporting to GIDEP.

C2-9.0 CONFIGURATION MANAGEMENT AND CONTROLS FOR NAVY AND FMS

9.1.1 The cognizant Naval Air Systems Command (NAVAIR) Program Manager will maintain configuration control and change authority for all items in this contract.

9.1.2 In accordance with the configuration management provisions of this contract, the Contractor must maintain the total Equipment baseline configuration of the parts on this contract including, but not limited to, hardware, software and firmware.

NOTE: The latest revisions of the DOD Forms referenced in this term can be found at https://www.esd.whs.mil/dd. The latest revisions of the DIDs referenced in this term can be found at https://quicksearch.dla.mil/.

9.2 Engineering Changes (CDRL A010)

9.2.1 The Government will not be responsible for any contract delay or disruption or any increased costs of performance of the Contractor due to a misclassification of an Engineering Change Proposal (ECP) by the Contractor, including those costs associated with replacement of delivered items resulting from such a misclassification. ECP's are classified as Class I (Major) or Class II (Minor). For detailed classification criteria refer to the DD Form 1692 instructions sheet. ECPs must be prepared in accordance with DI-SESS-

80639E, Engineering Change Proposal (ECP).

NOTE: Any ECP or notification of an ECP submitted to the PCO in accordance with this paragraph must also be copied to the NAVSUP WSS CM Team at usn.philadelphia.navsupwssphil.mbx.configuration-management@us.navy.mil.

9.2.2 Class I (Major) Changes: The Contractor must coordinate with the cognizant NAVAIR Program Office prior to any Class I ECP submission. The Contractor must submit all Class I changes, via the Defense Contract Management Agency (DCMA) Contract Management Office (CMO) and the Procurement Contracting Officer (PCO), to the cognizant NAVAIR Program Office for approval or disapproval. The Contractor must notify the PCO of any pending or approved Class I engineering changes with another Government activity that the Contractor proposes to incorporate under this contract. The cognizant NAVAIR Program Office will approve or disapprove of all Class I changes. Any approved Class I change may necessitate contract changes by the contracting officer, which changes may be handled under the Changes clause of this contract, FAR 52.243-1. The Contractor must not implement a Class I change on this contract until a contract modification is issued by the PCO.
9.2.3 Class II (Minor) Changes: Any Class II change involving a Critical Safety Item (CSI) must be submitted to the PCO for NAVAIR Program Office approval unless NAVAIR has delegated approval authority to the cognizant DCMA CMO. For Class II changes to items without a criticality determination, the items will be considered CSI for the purposes of processing in accordance with this paragraph. Class II changes related to non-CSI's must be submitted to the cognizant DCMA CMO for concurrence in classification and may be implemented only upon receiving DCMA concurrence. Class II changes must be made at no additional cost to the Government.

The Contractor is not entitled to any equitable adjustment to the contract price or terms based on the Government's disapproval of a Class I or Class II ECP.

If a Class I change is required due to obsolescence, and the Government concurs that the change is necessary, the Contractor shall notify the Procuring Contracting Officer (PCO) of any resulting impacts to contractual performance requirements, including but not limited to Supply Response Time (SRT) or Return of Inventory (ROI). Upon receipt of such notification, the PCO shall provide direction. Until such time as the Government authorizes and funds the required redesign effort, the Contractor shall not be held accountable for performance impacts directly attributable to the required but unfunded Class I change.

9.3. Variances (CDRL A004)

9.3.1 The Contractor must not deliver any item for acceptance by the Government that incorporates a known departure from product definition information unless a Request for Variance (RFV) has been approved. Authorized variances are a temporary departure from the requirements only and do not authorize a change to the item's approved configuration. RFV's are classified as Critical, Major, or Minor. For detailed classification criteria refer to the DD Form 1694 instructions sheet. Any variance requests to CSI's must be classified as major, at a minimum. For variances to items without a criticality determination, the items will be considered CSI for the purposes of processing and classified as a major, at a minimum. Variance requests shall be prepared in accordance with DI-SESS- 80640E - Request for Variance (RFV).

NOTE: Any RFV submitted to the PCO in accordance with this paragraph must also be submitted to the NAVSUP WSS RFV Review Team at usn.philadelphia.navsupwssphil.mbx.rfv-review-team@us.navy.mil.

NOTE: Should a variance be discovered after product delivery, the Contractor must notify the PCO and NAVSUP WSS Quality (NOE_N22@us.navy.mil).

9.3.2 Critical/Major Variances: The Contractor must submit all critical/major variance requests, via the DCMA CMO and the PCO, to the cognizant NAVAIR Program Office for approval or disapproval. All approved critical/major variances require a contract modification by the PCO prior to final inspection and acceptance of the items.

9.3.3 Minor Variances: For minor RFVs, delivery and/or shipment of such items under this contract is not permitted until approved by the cognizant DCMA CMO.

The Contractor is not entitled to any equitable adjustment to the contract price or terms based on the Government's disapproval of a critical, major, or minor variance.

C2- 10.0 DATA AND REPORTING REQUIREMENTS

C2-10.1 INVENTORY/ASSET REPORTING / CARCASS TRACKING

The PBL Contractor shall provide timely material receipt notification to the NAVSUP-WSS for the receipt of both RFI and NRFI assets using the CAV RP program per C1 – 3.0.

In addition to reporting requirements through the Commercial Asset Visibility Repairables Portal (CAV RP), the Contractor shall maintain Eagle MMIS as the Contractor's database of record for inventory management, asset tracking, carcass visibility, repair status, and wholesale inventory augmentation. Data maintained in Eagle MMIS shall be accurate, current, and consistent with information reported in CAV RP. Eagle MMIS shall be used as the authoritative internal source for contractor inventory and asset management processes, and shall support all data submissions required under this contract.

C2- 10.2 CONTRACTOR REPORTING

C2- 10.2.1 The contractor shall maintain, collect and disseminate data to the Government one week prior to the bi-annual PMR, for use in the measurement of performance metrics.

C2-11.0 QUALITY ASSURANCE

C2- 11.1 QUALITY SYSTEM REQUIREMENTS
The Contractor shall establish, implement, document and maintain a quality system ensuring conformance to all applicable requirements of ISO9001:2015 "Quality Management Systems - Requirements or AS9100D Quality Management Systems- Requirements for Aviation, Space and Defense Organizations. The Contractor's quality management system/program shall be designed to promptly detect, correct, and prevent conditions that adversely affect quality. The contractor shall ensure all components, including those supplied by subcontractors, meet the requirements for quality identified in the Quality Assurance Program.

C2- 11.2 CALIBRATION SYSTEM REQUIREMENTS

The Contractor shall establish, implement, document and maintain a calibration system ensuring conformance to the requirements of ANSI/NCSL Z540.3-2006, ISO-10012, or an equivalent system.

C2 - 11.3 GOVERNMENT ACCESS TO FACILITIES

The Government reserves the right to perform an on-site quality program review and evaluation of the contractor and/or subcontractor manufacturing facility at any time during the performance of this contract on a non-interference basis.

C2-11.4 CONTRACTOR COUNTERFEIT PART DETECTION AND AVOIDANCE SYSTEM

For electronic components as defined in DFARS 252.246-7007, if the contractor is subject to full or modified Cost Accounting Standard coverage, the Contractor is required to submit a copy of its plan implementing Counterfeit Electronic Part Detection and Avoidance System requirements, as set forth in DFARS 246.870. The contractor, as part of its proposal, shall identify what standard the contractor's system is implemented in accordance with, for example SAE AS5553D (Counterfeit Electrical, Electronic, and Electromechanical (EEE) Parts; Avoidance, Detection, Mitigation, and Disposition) or other equivalent standard.

For other than electronic components or parts, the contractor shall also have a program to assure acquisition of conforming material to prevent the infiltration of counterfeit components or parts into the DoD supply chain/system. Such program should be in accordance with SAE AS6174A (Counterfeit Material; Assuring Acquisition of Authentic and Conforming Material) or other equivalent standard. The contractor's approved plan shall be submitted with the contractor's proposal, or the contractor may submit a plan for review with its proposal. The contractor's plan shall address the validation process to confirm the authenticity of parts when components cannot be acquired from the original component manufacturer or their authorized distributors.

C2- 11.5 Certificate of Conformance (COC)

The Contractor's source of supply (with the exception of the FRC – see below) shall prepare and maintain on file a Certificate of Conformance for each unit delivered under this contract. If more than one unit is delivered at one time, a single certificate citing each serial number may be used. The certificate shall be signed by an authorized Contractor representative responsible for quality assurance and shall read as follows:

I certify that on [insert date} the_____{insert Contractor's name}____furnished the supplies or services called for by Contract No._____in accordance with all applicable requirements. I further certify that the supplies or services are of the quality specified and conform in all respects with the contract requirements, including specifications, drawings, preservation, packaging, packing, marking requirements, and physical item identification (part number.)

Serial No:_____ Date of Execution:_____
Signature:_____ Title:____

Equipment items on Attachment A – NSN LISTING acquired from the Original PBL component Manufacturer and/or Authorized Distributor also require a Certificate of Conformance.

The Contractor, is authorized to accept a Ready for Issue (RFI) tag in lieu of a Certificate of Conformance (COC)/ upon completion and delivery of a repaired unit from an FRC. The RFI tag will be issued in accordance with established and approved quality procedures. A copy of the RFI tag (and any other applicable supporting repair and inspection documentation) will be maintained in file by the FRC.

C3 - STATEMENT OF WORK FOR PHASE III – CONTRACT TRANSITION OR OTHER CONTINUATION OF SUPPORT

C3-1.0 Exit Phase

The Exit Phase encompasses those procedures and corresponding timeframes necessary to ensure the orderly and efficient transfer of performance responsibility back to the Government upon completion or termination of the contract, if necessary. Should the Government decide to "exit" it shall give contractor at least 12 months advanced notice of such intention. The Exit Phase commences six (6) months after the Government's notice of intent to exit the contract, or upon the contractor's receipt of a termination notice from the Government, whichever comes first.

C3-2.0 Exit Transition IPT

To the extent possible and other than in the event of termination, six (6) months before commencement of the Exit Phase, the Government and the Contractor shall establish a joint Exit Transition Integrated Process Team (IPT). The Exit IPT shall develop the schedule, milestones, costs (if applicable), and performance requirements for an orderly transition of the PBL Program element to Government control, to the extent not otherwise specifically covered in the contract.

C3-3.0 Government Furnished Material/Government Furnished Equipment

Upon request of the PCO, the Contractor shall deliver all Government Furnished Material (GFM) and all Government Furnished Equipment (GFE) and special tooling/ special test equipment to the gaining repair source or other site identified by the PCO, in accordance with exit IPT milestones and schedules. Should the parties fail to reach an agreement, the Contractor shall perform as directed by the PCO.

C3-4.0 Exit Phase MRIL

The Government shall update the Master Repairable Items List (MRIL) so the failed Equipment is returned to the appropriate site. Any misdirected shipments to the Contractor shall be forwarded to the appropriate site at the expense of the Government. This shall be accomplished within 5 days of the Government site identification, or as otherwise provided for by the Exit IPT schedules and milestones.

C3-5.0 Technical Data

Upon request of the PCO, the contractor shall submit a proposal for the following effort:

C3-5.1 Provide to the Government all parts, materials, instructions, and configuration records necessary to incorporate any configuration management changes approved under this contract, to the extent such changes have been fully implemented. Provide the Technical Data Package (TDP) reflecting any changes made to the Equipment part numbers, and submit the source data necessary for the Government to independently manage the effort formerly performed by the Contractor. Provide updates to engineering drawings, repair procedures, and test procedures necessary for the continued support of the items covered under this contract (CDRL 0008 applies).

C3-5.2 Provide the Government with a list of components, assemblies, sub-assemblies, piece parts, and material(s) expected to become obsolete within the ensuing six months period after this contract has been completed. It is not intended that this list shall require any additional effort on the part of the Contractor beyond what the Contractor would normally do as part of its ongoing efforts under its Obsolescence Management Plan and obsolescence status briefs, but the list shall include information reasonably available or known to the Contractor as a result of those ongoing activities (e.g. existing sources, recommended new sources or solutions, etc.).

C3-.5.3 Upon contract conclusion or notification from the PCO that the contract is being terminated, in addition to the Government's rights as set forth in the termination clauses and the Disputes clause of the contract and, IAW the provisions of the contract, the Contractor shall instigate the orderly close down and completion of activities under the PBL contract, to include the following:

C3-5.4 Fill unclosed demand requisitions within 30 days after the end of the contract.

C3-5.5 Contractor and Government to enlist an Integrated Process Team (IPT) to review the inventory and mutually agree to an inventory return schedule.

C3-5.6 Transfer of any PBL Technical Database, as appropriate.

C3-5.7 Provide price to the Government within 60 days of a request from the PCO enumerating any request regarding purchase of CFM, and providing a detailed Transition/exit plan to include the movement of material back to the Government.

C3-5.8 Provide assistance to the Government in transitioning to an alternate source.

C3-5.9 Return of Government owned test equipment (GFE) in the condition received at start of contract**,** considering normal wear and tear; other assistance deemed appropriate, which shall be provided on mutually acceptable terms, if outside the requirements of this contract.

C3-5.10 Listing of all piece parts required for repair and their associated replacement factors as calculated over the prior 24 months.

C3-5.11 Artifacts (training materials, recommended improvement to manuals, etc) shall be considered GFI and provided to the Government.

C4 LIST OF ATTACHMENTS

ATTACHMENT A – NSN LISTING
ATTACHMENT C – WHOLESALE INVENTORY QUANTITIES
ATTACHMENT D – DEMAND BANDS (BUCKETS)
ATTACHMENT E – CONTRACT DATA REQUIREMENTS LIST (CDRL)
ATTACHMENT F – PLANNED INITIAL OUTFITTING REQUISITIONS (QZ's – 101s)
ATTACHMENT G – DLA INVENTORY DRAWDOWN
ATTACHMENT H – DD FORM 2794 – COST AND SOFTWARE DATA REPORTING (CSDR) Plan
ATTACHMENT J – PACKAGING
ATTACHMENT K – CONTRACTOR RETURN OF WHOLESALE INVENTORY
ATTACHMENT L – REPAIR LOCATIONS
ATTACHMENT M – GOVERNMENT FURNISHED PROPERTY

C-05 SUPTXT204-9400(4-22) CONTRACTOR UNCLASSIFIED ACCESS TO FEDERALLY CONTROLLED FACILITIES, SENSITIVE INFORMATION, INFORMATION TECHNOLOGY (IT) SYSTEMS OR PROTECTED HEALTH INFORMATION

The security text does not apply in cases where the contractor/vendor does not have access to Navy Marine Corps Intranet (NMCI) computers, is not issued a Common Access Card (CAC) and is involved in training or other short term duties of less than 30 days duration that allow for the use of a visitor request. In these cases, the government employee must submit a Visitor Access Request (VAR) to the main gate or applicable processing entity for your facility and assume responsibility to escort those without CAC Credentials.
This local text does not apply to non-United States (U.S.) Nationals (foreign nationals) who are contactor employees performing work overseas. This text is applicable to the U.S. Nationals living in the U.S. or overseas who are performing work on a Navy contract.
The investigation of a non-U.S. national at a foreign location must be consistent with a National Agency Check with Written Inquiries (NACI), to the extent possible and include a fingerprint check against the Federal Bureau of Investigation (FBI) criminal history database, an FBI investigations file (name check) search and a name check against the terrorist screening database. Also, the above cited reference notes that Foreign Nationals may not be granted CAC credentials until completion of their investigation and not in the interim.
Per Department of Defense Memorandum (DoDM) 5200.2, Department of Defense (DoD) components must initiate and ensure completion of a background investigation before applying the credentialing standards to a non-U.S. national at a foreign location. The background investigation must be favorably adjudicated before a CAC can be issued to a non-U.S. national at a foreign location. The type of background investigation may vary based on standing reciprocity treaties concerning identity assurance and information exchanges that exist between the U.S. and its allies or agency agreements with the host country.

CONTRACTOR UNCLASSIFIED ACCESS TO FEDERALLY CONTROLLED FACILITIES, SENSITIVE INFORMATION, IT SYSTEMS OR PROTECTED HEALTH INFORMATION

Executive Order 13467, Reforming Processes Related to Suitability for Government Employee, Fitness for Contractor Employees and Eligibility for Access to Classified National Security Information, Homeland Security Presidential Directive (HSPD)-12, requires government agencies to develop and implement Federal security standards for Federal employees and contractors. The 5 CFR 32 Part 157 in concert with DoD Manual 1000.13, Vol 1, implements the Federal Standards.

APPLICABILITY

This text applies to all DoD sponsored individuals who require CAC eligibility (or login and P/W if acceptable per contract) for: Physical access to DoD facilities or non-DoD facilities on behalf of DoD; Logical access to information systems (whether on site or remotely); or remote access to DoD networks that use only the CAC logon for user authentication, or access to sensitive and protected information. This applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the DoD, the Defense Agencies, the DoD Field Activities and all other organizational entities within the DoD (hereinafter referred to collectively as the "DoD Components").

Each contractor employee providing services at a Navy command under this contract is required to obtain a DoD CAC. Additionally, depending on the level of computer/network access, the contract employee will require a successful investigation as detailed below.

ACCESS TO FEDERAL FACILITIES

Definition. As used in this clause - Military installation means a base, camp, post, station, yard, center, or other activity under the jurisdiction of the Secretary of a military department, or, in the case of an activity in a foreign country, under the operational control of the Secretary of a military department or the Secretary of Defense (see 10 U.S.C. 2801(c)(4)).

Per HSPD-12 and implementing guidance, all contractor employees working at a federally controlled base, facility or activity under this clause will require a DoD CAC. When access to a base, facility or activity is required contractor employees shall in-process with the Command's Security Manager (CSM) upon arrival to the command and shall out-process prior to their departure at the completion of the individual's performance under the contract.

Training. Contractor employees who require routine physical access to a Federally controlled facility or military installation shall complete “Level I Antiterrorism Awareness Training” prior to gaining access to a facility and annually thereafter in accordance with DoDI O-2000.16 Vol. 1. In accordance with Department of Defense Instruction O-2000.16 Volume 1, DoD Antiterrorism (AT) Program Implementation: DoD AT Standards, Level I Antiterrorism Awareness Training shall be completed by:

1. Completion of “Level I Antiterrorism Awareness Training” available at https://jkodirect.jten.mil/pdf/atl1/launch.html; or
2. Under the instruction of a qualified Level I Antiterrorism Awareness instructor; or
3. By providing a training certificate for “Level I Antiterrorism Awareness Training” training showing completion within the last calendar year.

The contractor will submit certificates of completion for each affected contractor employee and subcontractor employee to the COR or to the contracting officer, if a COR is not assigned, prior to being granted access to a Federally controlled facility or military installation.

Subcontracts. The Contractor shall include the substance of this clause, including this paragraph (d), in subcontracts, including subcontracts for commercial items, when subcontractor performance requires routine physical access to a Federally-controlled facility or military installation.

OPERATION SECURITY (OPSEC)

It is DoD policy according to DoD Directive 5205.02E, “DoD Operations Security (OPSEC) Program,” June 20, 2012, as amended to establish and maintain OPSEC programs to ensure national security-related missions and functions are protected.

Training: Contractor employees shall comply with all DoD OPSEC requirements and complete “OPSEC Awareness for Military Members, DoD Employees and Contractor” training within 30 days of onboarding the contract and annual refresher training thereafter. Training shall be completed through a DoD sponsored and certified computer or web-based learning instruction available at https://securityawareness.usalearning.gov/opsec/index.htm.

The contractor will submit certificates of completion for each affected contractor employee and subcontractor employee to the COR or to the contracting officer, if a COR is not assigned, within 30 calendar days after training is completed by all employees and subcontractor personnel.

START-UP PERIOD

All contractor resource onboarding documents must be submitted via the prime contractor. The prime contractor shall make all necessary preparations to assume full responsibility for productive performance as of the performance start date.

Definition of "productive":

a. OF-306 signed by contractor employee

b. FD-258 Fingerprint Card (Contingent upon availability of electronic fingerprinting submission)

c. Completed Electronic Investigation (e-QIP)

d. All contractor employees with need for a Common Access Card (CAC) must have an active Defense Information System for Security (DISS) profile.

e. Common Access Card (CAC)

f. DISS Visit Request submitted (Contingent upon classification of work being performed, Confidential, Secret, Top Secret).

Note (1): Invoicing by the contractor will begin as of the commencement of the performance period of services and no reimbursement will be paid by the government for efforts expended during the start-up period.

Note (2): Foreign Nationals are not allowed access to the functional/system side of Enterprise Resource Planning (ERP).

ACCESS TO DOD INFORMATION TECHNOLOGY (IT) SYSTEM

In accordance with DON CIO Memorandum (IT LEVEL DESIGNATION ON DD FORM 2875 SYSTEM AUTHORIZATION ACCESS REQUEST) 08 September 2020, contractor employees who require access to Department of the Navy (DoN) or DoD networks are categorized as Privileged, Enhanced, or Authorized users. All user level accesses may include positions which require access to Controlled Unclassified Information (CUI). CUI includes sensitive information protected under the Privacy Act, to include Protected Health Information (PHI). IT System levels are determined by the requiring activity's Command Information System Security Manager (ISSM)/Information Assurance Manager (IAM).

Contractor employees requiring privileged access, (when specified by the terms of the contract) require a Tier 5 (T5) or T5R equivalent investigation, which is a higher level investigation than the Tier 3 (T3) and T3R described below. Due to the privileged system access, an investigation suitable for High Risk national security positions is required. Individuals who have access to system control, monitoring, or administration functions (e.g. system administrator, database administrator) require training and certification to Information Assurance (IA) Technical Level 1, and must be trained and certified on the Operating System or Computing Environment they are required to maintain.

Contractors requiring Enhanced access, (when specified by the terms of the contract) require a T3, T3R, or equivalent investigation, which is a higher level investigation than the Tier 1 (T1) described below. Due to the enhanced system access, an investigation suitable for Moderate Risk national security positions is required.

Access to sensitive IT systems is contingent upon a favorably adjudicated background investigation. When access to IT systems is required for performance of the contractor employee's duties, such employees shall in-process with the Navy CSM and ISSM/IAM manager upon arrival to the Navy command and shall out-process prior to their departure at the completion of the individual's performance under the contract. Completion and approval of a System Authorization Access Request Navy (SAAR-N) form is required for all individuals accessing Navy IT resources. The decision to authorize access to a government IT system/network is inherently governmental. The contractor supervisor is not authorized to sign the SAAR-N; therefore, the government employee with knowledge of the system/network access required or the Contracting Officers Representative (COR) shall sign the SAAR-N as the supervisor.

The SAAR-N shall be forwarded to the CSM upon contractor employee acquiring a Common Access Card (CAC) credential. Failure to obtain a CAC credential may result in delaying the individual's start date.

When required to maintain access to required IT systems or networks, the contractor shall ensure that all contractor employees requiring access complete annual Cyber Awareness training, and maintain a current requisite background investigation. The contractor's security representative shall contact the CSM for guidance when reinvestigations are required.

INTERIM ACCESS

The CSM may authorize issuance of a DoD CAC and interim access to a DoN or DoD unclassified computer/network upon a favorable review of the investigative questionnaire and advance favorable fingerprint results. When the results of the investigation are received and a favorable determination is not made, the contractor employee working on the contract under interim access will be denied access to the computer network and this denial will not relieve the contractor of his/her responsibility to perform.

DENIAL OR TERMINATION OF ACCESS

The potential consequences of any requirement under this clause including denial or termination of physical or system access in no way relieves the contractor from the requirement to execute performance under the contract within the timeframes specified in the contract. Contractors shall plan ahead in processing their employees and subcontractor employees. The contractor shall insert this clause in all subcontracts when the subcontractor is permitted to have unclassified access to a federally controlled facility, federally-controlled information system/network and/or to government information, meaning information not authorized for public release.

ACCESS TO CONTROLLED UNCLASSIFIED INFORMATION

Safeguarding sensitive unclassified information is critical to achieve NAVSUP Modernization efforts and deliver cutting-edge and uncompromised capabilities. The Secretary of Defense's operations security (OPSEC) campaign plan stresses the importance of protecting controlled unclassified information (CUI). CUI encompasses OPSEC, critical technology, intelligence, and personally identifiable information that, if not properly identified, marked, and controlled, could impair NAVSUP's ability to conduct its mission. Contractor employees with access to Controlled Unclassified Information (CUI) shall comply with DoDI 5200.48 - Controlled Unclassified Information (CUI) and complete DoD approved initial and annual refresher CUI training.

a. Whenever Government provides CUI to, or CUI is generated by, non-DoD entities, all CUI records must be handled as required by the approved mandatory disposition authority.

b. All CUI records must follow the approved mandatory disposition authority whenever the Government provides CUI to, or CUI is generated by, non-DoD entities in accordance with Section 1220-1236 of Title 36, CFR, Section 3301a of Title 44, U.S.C., and the DoDI 5200.48.

c. Contractor employees shall monitor CUI aggregation and compilation based on the potential to generate classified information pursuant to security classification guidance addressing the accumulation of unclassified data or information

d. Contractor employees shall submit unclassified government information for review and approval for release in accordance with the Standard DoD Component Processes, DoDI 5230.09, and DoDM 5205.07, Volume 1.

CONTRACTOR'S SECURITY REPRESENTATIVE

The contractor shall designate an employee to serve as the contractor's security representative. Within three (3) work days after contract award, the contractor shall provide to the requiring activity's Security Manager and the Contracting Officer, in writing, the name, title, address and phone number for the contractor's security representative. The contractor's security representative shall be the primary point of contact on any security matter. The contractor's security representative shall not be replaced or removed without prior notice to the Contracting Officer and CSM.

BACKGROUND INVESTIGATION REQUIREMENTS AND SECURITY APPROVAL PROCESS FOR CONTRACTORS ASSIGNED TO NATIONAL SECURITY POSITIONS OR PERFORMING SENSITIVE DUTIES

Navy security policy requires that all positions be given a sensitivity value based on level of risk factors to ensure appropriate protective measures are applied. If the Security Office validates the contractor's position is Non-Critical Sensitive or if the IT system user level is determined to be Enhanced, at a minimum, each contractor employee must be a US citizen and have a favorably completed T3, T3R, or equivalent investigation to obtain a favorable determination for assignment to a non-critical sensitive or Enhanced position. The investigation consists of a standard National Agency Check and a FBI fingerprint check plus law enforcement checks and credit check. Each contractor employee filling a non-critical sensitive or Enhanced position is required to complete:

- SF-86 Questionnaire for National Security Positions (or equivalent Office of Personnel Management (OPM) investigative product)
- Two FD-258 Applicant Fingerprint Cards or electronic fingerprint submission (preferred))
- Original Signed Release Statements

Failure to provide the required documentation at least thirty (30) days prior to the individual's start date shall result in delaying the individual's start date. Background investigations shall be reinitiated as required to ensure investigations remain current (not older than ten (10) five (5) years) throughout the contract performance period. The Contractor's Security Representative shall contact the CSM for guidance when reinvestigations are required.

Regardless of their duties or IT access requirements ALL contractor employees shall in-process with the CSM upon arrival to the command and shall out-process prior to their departure at the completion of the individual's performance under the contract. Employees requiring IT access shall also check-in and check-out with the Navy Command's ISSM/IAM. Completion and approval of a System Authorization Access Request Navy (SAAR-N) form is required for all individuals accessing Navy IT resources. The SAAR-N shall be forwarded to the CSM upon

the contractor employee acquiring a Common Access Card (CAC) credential. Failure to obtain a CAC credential or provide the required documentation shall result in delaying the individual's start date.

The contractor shall ensure that each contract employee requiring access to IT systems or networks complete annual Cyber Awareness training, and maintain a current requisite background investigation. Contractor employees shall accurately complete the required investigative forms prior to submission to the CSM. The CSM will review the submitted documentation for completeness prior to submitting it to the OPM. Potential suitability or security issues identified may render the contractor employee ineligible for the assignment. An unfavorable determination is final (subject to SF-86 appeal procedures) and such a determination does not relieve the contractor from meeting any contractual obligation under the contract. The CSM will forward the required forms to OPM for processing. Once the investigation is complete, the results will be forwarded by OPM to the DoD Central Adjudication Facility (CAF) for a determination.

For classified contracts, if the contractor employee already possesses a current favorably adjudicated investigation, the contractor shall submit a Visit Access Request (VAR) via the Defense Information Security System (DISS). If the contractor employee does not have a current favorably adjudicated investigation, the contractor shall submit the Visit Access Request in DISS until the contractor employee has at a minimum an interim clearance. If the contract only requires access to unclassified information, even if the contractor takes a DISS "owning" role over the contractor employee, the Navy Command will also take a DISS "owning" role over the contractor employee during the hiring process and for the duration of assignment under that contract. If the contract requires access to classified information, the contractor's Facility Security Office (FSO) will take a DISS "ownership" role and the Navy command will take a DISS "servicing" role during the hiring process and the duration of assignment under that contract. All VARs requires annual renewal for the duration of the employee's performance under the contract.

BACKGROUND INVESTIGATION REQUIREMENTS AND SECURITY APPROVAL PROCESS FOR CONTRACTORS ASSIGNED TO OR PERFORMING NON-SENSITIVE DUTIES

Contractor employee whose work is unclassified and non-sensitive (e.g., performing certain duties such as lawn maintenance, vendor services, etc...) and who require physical access to publicly accessible areas to perform those duties shall meet the following minimum requirements:

- Must be either a U.S. citizen or a U.S. permanent resident with a minimum of 3 years of legal residency in the U.S. (as required by the Deputy Secretary of Defense DTM 08-006 or its subsequent DoD Instruction (INST)) and
- Must have a favorably completed NACI or T1 investigation or equivalent including a FBI fingerprint check prior to installation access.

To be considered for a favorable trustworthiness determination, the CSR must submit for all employees each of the following:

- SF-85 Questionnaire for Non-Sensitive Positions
- Two FD-258 Applicant Fingerprint Cards (or the preferred method - electronic fingerprint submission)
- Original Signed Release Statements

The contractor shall ensure each individual employee has a current favorably completed NACI or T1 equivalent investigation, or ensure successful FBI fingerprint results have been gained and investigation has been processed with OPM.

Failure to provide the required documentation at least thirty (30) days prior to the individual's start date may result in delaying the individual's start date.