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# **Underwater Warfare Suite Upgrade (UWSU)**

## **REQUEST FOR PROPOSAL (RFP)**

**SOLICITATION: W8472-135462/C**

### **Volume 3**

## **UWSU IN-SERVICE SUPPORT RESULTING CONTRACT**

**(THIS DOCUMENT CONTAINS A SECURITY REQUIREMENT)**

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## RESULTING CONTRACT CLAUSES

The following clauses and conditions apply to and form part of any contract resulting from the bid solicitation.

### ARTICLES OF AGREEMENT

#### 1. Requirement

The Contractor must perform the Work in accordance with the Performance Work Statement at Annex B.

##### 1.1 Industrial and Technological Benefits (ITB) Commitments and Responsibilities

The Contractor must achieve all the ITB commitments in accordance with the schedule and commitments set out in Annex F, Industrial and Technological Benefits (ITB) Terms and Conditions.

#### 2. Optional Goods and/or Services

The Contractor grants to Canada the irrevocable option to acquire the goods, services or both described at Appendix 1 to Schedule A, Article 1, under the same conditions and at the prices and/or rates stated in the Contract. The option may only be exercised by the Contracting Authority and will be evidenced, for administrative purposes only, through a contract amendment.

The Contracting Authority may exercise the option(s) within three (3) years after contract award by sending a written notice to the Contractor.

#### 3. Changes to the Work

Additional Work that is not described in the Annex B Performance Work Statement but that is required to support the UWSU and that would fall within the overall scope of the Work (Work Arisings), may be incorporated into the Contract either through a Contract amendment or the issuance of a Task Authorization.

- a) The Contracting Authority may, by notice to the Contractor, request changes (additions, deletions, substitutions) to the Work, if the change is deemed by Canada to be within the general scope of this Contract. Upon receipt of such notice, the Contractor must prepare and submit a Contract Change Proposal (CCP).
- b) The Contractor may also request changes within the general scope of the Contract by submitting a CCP to the Technical Authority with a copy to the Contracting Authority.
- c) If any change causes an increase or decrease in the Cost of performing the Work, the time for performance, the performance specification, or other affected provisions of this Contract, then the Contractor must submit a CCP concurrently with an ECP.
- d) Any adjustment to the Contract Price must, to the extent applicable, be based on the rates and markups specified in the Basis of Payment, or, if no rates for the category of labour exist in the Basis of Payment, then the principles of Public Works and Government Services Canada's Contract Cost Principles 1031-2 will be applied.
- e) Where the Parties agree on all aspects of a change except for the Contract Price adjustment, the Contractor may nevertheless be directed in writing by the Contracting Authority to proceed with the change subject to further negotiation of the Contract Price adjustment as well as subject to financial and/or time limitations as may be agreed to by the Parties.
- f) Any additional work performed without the Contracting Authority's written authorization, or the written authorization of the Procurement Authority in accordance with the Department of National Defence (DND)

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delegated authority for Task Authorizations, will be considered outside the scope of the Contract and no payment will be made for such work.

- g) Contract amendments will be issued periodically to incorporate those changes authorized in writing by the Contracting Authority into the Contract.
- h) There must be no increase in the Contract Price for changes required under this Contract resulting from changes, deviations or waivers requested by the Contractor and authorized under the Contract, for the sole purpose of meeting the Contract requirements.

#### **4. Task Authorization Process**

- 4.1 A portion of the Work to be performed under the Contract will be on an "as and when requested basis" using a Task Authorization DND 626 process. The Work described in the DND 626 must be in accordance with the scope of the Contract. The Task Authorization process will be conducted in accordance with Annex G Task Authorization Process.
- 4.2 The administration of the Task Authorization process will be carried out by the Procurement Authority. This process includes monitoring, controlling and reporting on expenditures of the contract with task authorizations to the Contracting Authority.

#### **5. Standard Clauses and Conditions**

All clauses and conditions identified in the Contract by number, date and title are set out in the Standard Acquisition Clauses and Conditions Manual issued by Public Works and Government Services Canada.

(<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>)

##### **5.1 General Conditions**

- a) 1031-2 (2012-07-16) Contract Cost Principles apply to and form part of the Contract.
- b) 2035 (2016-04-04), General Conditions - Higher Complexity - Services, apply to and form part of the Contract.

##### **5.2 Supplemental General Conditions**

- a) 4002 (2010-08-16) Software Development or Modification Services, apply to and form part of the Contract;
- b) 4003 (2010-08-16) Licensed Software, apply to and form part of the Contract;
- c) 4004 (2013-04-25) Maintenance and Support Services for Licensed Software, apply to and form part of the Contract; and
- d) 4007 (2010-08-16) Canada to Own Intellectual Property Rights in Foreground Information, apply to and form part of the Contract.

#### **6. Security Requirements**

SECURITY REQUIREMENT FOR CANADIAN SUPPLIER:

- a) The Contractor must, at all times during the performance of the Contract, hold a valid Facility Security Clearance at the level of NATO SECRET, with approved Document Safeguarding and Production Capabilities at the level of NATO SECRET, issued by the Canadian Industrial Security Directorate (CISD), Public Works and Government Services Canada (PWGSC).

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- b) The Contractor personnel requiring access to PROTECTED information, assets or sensitive work site(s) must EACH hold a valid personnel security screening at the level of RELIABILITY STATUS, granted or approved by the CISD/PWGSC.
  - c) The Contractor personnel requiring access to CLASSIFIED information and/or assets bearing the caveat "CANADIAN EYES ONLY" must be citizens of Canada and EACH hold a valid personnel security screening at the level of CONFIDENTIAL or, SECRET, as required, granted or approved by the CISD, PWGSC.
  - d) The Contractor personnel requiring access to RESTRICTED CLASSIFIED information, assets or sensitive work site(s) must be a permanent resident of Canada or a citizen of Canada, citizens of a NATO country, Australia or, New Zealand and must EACH hold a valid personnel security screening at the level of CONFIDENTIAL or, SECRET, as required, granted or approved by CISD/PWGSC.
  - e) The Contractor personnel requiring access to FOREIGN RESTRICTED CLASSIFIED information, assets or sensitive work site(s) must be citizens of Canada, the United States, the United Kingdom, Australia or, New Zealand and must EACH hold a valid personnel security screening at the level of CONFIDENTIAL or, SECRET, as required, granted or approved by CISD/PWGSC.
  - f) The Contractor personnel requiring access to NATO UNCLASSIFIED information or assets do not require to hold a personnel security clearance; however, the Contractor must ensure that the NATO Unclassified information is not releasable to third parties and that the "need to know" principle is applied to personnel accessing this information.
  - g) The Contractor personnel requiring access to NATO RESTRICTED information or assets must be citizens of a NATO member country or a permanent resident of Canada and EACH hold a valid RELIABILITY STATUS or its equivalent, granted or approved by the appropriate delegated NATO Security Authority.
  - h) The Contractor personnel requiring access to NATO CLASSIFIED information, assets or sensitive work site(s) must be permanent residents of Canada or citizens of a NATO member country and EACH hold a valid personnel security screening at the level of NATO CONFIDENTIAL or, NATO SECRET, as required, granted or approved by the appropriate delegated NATO Security Authority.
  - i) The Contractor MUST NOT utilize its Information Technology systems to electronically process, produce or store any sensitive PROTECTED/CLASSIFIED information until CISD/PWGSC has issued written approval. After approval has been granted, these tasks may be performed at the level of NATO SECRET and an IT Link at the level of PROTECTED B.
  - j) This contract includes access to Controlled Goods. Prior to access, the contractor must be registered in the Controlled Goods Program of Public Works and Government Services Canada (PWGSC).
  - k) The Contractor must complete and submit a Foreign Ownership, Control and Influence (FOCI) Questionnaire and associated documentation identified in the FOCI Guidelines for Organizations prior to contract award to identify whether a third party individual, firm or government can gain unauthorized access to CLASSIFIED NATO / FOREIGN information/assets. Public Works and Government Services Canada (PWGSC) will determine if the company is "Not Under FOCI" or "Under FOCI". When an organization is determined to be Under FOCI, PWGSC will ascertain if mitigation measures exist or must be put in place by the company so it can be deemed "Not Under FOCI through Mitigation".

The contractor should at all times during the performance of the contract possess a letter from PWGSC identifying the results of the FOCI assessment with a FOCI designation of *Not Under FOCI* or *Not Under FOCI through Mitigation*.

All changes to Questionnaire and associated FOCI evaluation factors must immediately be submitted to the Industrial Security Sector (ISS) to determine if the changes impact the FOCI designation.

- l) Subcontracts which contain security requirements are NOT to be awarded without the prior written permission of CISD/PWGSC.
- m) The Contractor must comply with the provisions of the:
  - i. Security Requirements Check List and security guide (if applicable), attached at Annex A;
  - ii. *Industrial Security Manual* (Latest Edition).

## 7. Contract Period

### 7.1 Period of the Contract

The "Contract Period" begins on the date of Contract award, and includes the following:

- a) The "Dormant Period" which begins on the date the Contract is awarded and ends twelve (12) months prior to completion of the first full ship installation under contract W8472-135462/001/qf. No activity is expected during this period.
- b) The "Initial Contract Period", which begins twelve (12) months prior to completion of the first full ship installation under contract W8472-135462/001/qf.
- c) The period during which the Contract is extended, if Canada chooses to exercise any Option to Extend set out in the Contract; and
- d) The period during which the Close-out Phase is performed.

### 7.2 Optional Contract Extensions

- a) Option to Extend the Contract and Option to Exercise Close-Out Phase Extension: The Contractor grants to Canada the irrevocable options to extend the period of the Contract in increments of one or more whole years, under the same terms and conditions, for a potential contract duration of twenty (20) years or to the end of life of the Halifax-class vessels, whichever is greater.
- b) The Contractor grants to Canada one irrevocable option to extend the period of the Contract for the purpose of performing the Work of the Close-Out Phase under the same terms and conditions, which period will begin on the date of written notice by Canada, and will end two years later. Once exercised, the Close-Out Phase two year period supersedes and replaces any remaining period of the Contract Period.
- c) Canada intends to maintain a rolling multi-year contract by exercising optional extensions in either single or multiple year extensions. The exercise of an optional extension is at the discretion of Canada.
- d) The Contractor agrees that, during the extended period of the Contract, it will be paid in accordance with the applicable provisions as set out in Schedule A, UWSU In-Service Support Pricing and its appendices.
- e) Canada may exercise one or more optional extensions at any time by sending a written notice to the Contractor at least 90 calendar days before the expiry date of the Contract.
- f) The optional extensions will be exercised by the Contracting Authority by way of a contract amendment.

## 8. Authorities

### 8.1 Contracting Authority

The Contracting Authority for the Contract is:

Michael Rancourt  
Supply Specialist

Public Works and Government Services Canada  
Acquisitions Branch  
Electronics, Munitions, and Tactical Systems Procurement Directorate - QF  
11 Laurier Street  
Gatineau, Quebec  
K1A 0S5

Telephone: 819-420-1734  
Facsimile: 819-956-5650  
E-mail: Michael.Rancourt@pwgsc-tpsgc.gc.ca

The Contracting Authority is responsible for the management of the Contract and any changes to the Contract must be authorized in writing by the Contracting Authority. The Contractor must not perform Work in excess of or outside the scope of the Contract based on verbal or written requests or instructions from anybody other than the Contracting Authority.

## 8.2 Project Authority

The Project Authority for the Contract is:

*(The Project Authority will be inserted at contract award)*

The Project Authority is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for the overall management of the Work under the Contract. Project matters may be discussed with the Project Authority, however, the Project Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

## 8.3 Technical Authority

The Technical Authority for the Contract is:

*(The Technical Authority will be inserted at contract award)*

The Technical Authority named above is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for all matters concerning the technical content of the Work under the Contract. Technical matters may be discussed with the Technical Authority, however the Technical Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

## 8.4 Procurement Authority

The Procurement Authority for the Contract is:

*(The Procurement Authority will be inserted at contract award)*

The Procurement Authority is the representative of the department or agency for whom the Work is being carried out under the Contract. The Procurement Authority is responsible for the implementation of tools and processes required for the administration of the Contract. The Contractor may discuss administrative matters identified in the Contract with the Procurement Authority however the Procurement Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of Work can only be made through a contract amendment issued by the Contracting Authority.

## 8.5 Industrial and Technological Benefits Authority

The Industrial and Technological Benefits Authority for the Contract is:

*(The Industrial and Technological Benefits Authority will be inserted at contract award)*

The Industrial Technological Benefits Authority is the representative of the department or agency for whom the Work is being carried out under the Contract and is responsible for all matters concerning Industrial and Technological Benefits content of the Work under the Contract. Industrial and Technological Benefits matters may be discussed with the Industrial and Technological Benefits Authority; however, the Industrial and Technological Benefits Authority has no authority to authorize changes to the scope of the Work. Changes to the scope of the Work can only be made through a contract amendment issued by the Contracting Authority.

## 8.6 Contractor's Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

E-mail: \_\_\_\_\_

## 9. Payment

### 9.1 Basis of Payment - Firm Price (Management Functions and Core Work)

For Schedule A UWSU In-Service Support Pricing Article 3.1, Article 3.2, Article 3.3, and should optional extension years be exercised, Appendix 1 to Schedule A Article 1.1, Article 1.2, Article, 1.3 and Article 2.2:

In consideration of the Contractor satisfactorily completing all of its obligations under the Contract, the Contractor will be paid a firm price of \$ *(to be inserted at contract award)*. Customs duties are excluded and Applicable Taxes are extra.

For the firm price portion of the Work only, Canada will not pay the Contractor for any design changes, modifications or interpretations of the Work unless they have been approved, in writing, by the Contracting Authority before their incorporation into the Work.

### 9.2 Basis of Payment - Limitation of Expenditure (Cumulative Total of all Task Authorizations)

For Schedule A UWSU In-Service Support Pricing Article 3.4, and should optional extension years be exercised, Appendix 1 to Schedule A Article 2.3:

- a) For Emergent and Additional Maintenance Support Work described in Annex B Performance Work Statement, Canada's total liability to the Contractor under the Contract for all authorized Task Authorizations (TAs), inclusive of any revisions, must not exceed the sum of \$ *(to be inserted at contract award)* . Customs duties are excluded and Applicable Taxes are extra.

- b) No increase in the total liability of Canada will be authorized or paid to the Contractor unless an increase has been approved, in writing, by the Contracting Authority.
- i. when it is 75 percent committed, or
  - ii. four (4) months before the contract expiry date, or
  - iii. as soon as the Contractor considers that the sum is inadequate for the completion of the Work required in all authorized TAs, inclusive of any revisions, whichever comes first.
- c) If the notification is for inadequate contract funds, the Contractor must provide to the Contracting Authority a written estimate for the additional funds required. Provision of such information by the Contractor does not increase Canada's liability.

#### 9.2.1 Canada's Obligation - Portion of the Work - Task Authorizations

Canada's obligation with respect to the portion of the Work under the Contract that is performed through task authorizations is limited to the total amount of the actual tasks performed by the Contractor.

#### 9.2.2 Time and Contract Price Verification

Time charged and the contract price of incidental materials used are subject to verification by Canada, before or after payment is made to the Contractor. If verification is done after payment, the Contractor must repay any overpayment, at Canada's request.

#### 9.3 Basis of Payment - Ceiling Price (Performance Incentive Fee)

For successful performance outcomes against Key Performance Indicators (KPI) as determined annually in accordance with Annex B Appendix 6 Performance Requirements Specification, the Contractor will be paid an amount by way of a Performance Incentive Fee (PiF), if any. The total PiF payable to the Contractor is calculated in accordance with the Combined Performance Score, up to an amount that will not exceed ten (10) percent of the Management Functions and Core Work fees for the period of performance measurement.

To be eligible to receive an annual PiF payment for the delivery of the Management Functions and Core Work, the Contractor must, at a minimum have:

- a) completed all the Management Functions and Core Work to the satisfaction of Canada specified in the Annual Operating Plan in the period in which the incentive will be awarded; and
- b) received at least a satisfactory Combined Performance Score for the Management Functions and Core Work performed under the Annual Operating Plan as measured by the Key Performance Indicators (KPI).

In the event the Contractor has met the KPI's and achieved a satisfactory Combined Performance Score, Canada will authorize a PIF payment commensurate with the Contractor's measured achievement.

The ceiling price for the Performance Incentive Fee is \$ (to be inserted at contract award). Applicable Taxes are extra.

The ceiling price includes the maximum PiF amount that can be claimed in the current period of performance, plus any past PIFs claimed by the Contractor, if any.

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The ceiling price is subject to downward adjustment so as not to exceed the actual PIF earned in the performance of the Work and computed in accordance with the Basis of Payment.

Unearned PiFs will not be rolled into the next performance period.

#### 9.4 Economic Price Adjustment – Hourly Rates and Management Fee

- a) Subsequent to the expiration of the initial period year four (4) the Hourly Labour Rates in Schedule A, UWSU In-Service Support Pricing, will be subject to economic price adjustments, upwards or downwards.

Subsequent to the expiration of the initial period year six (6), the Monthly Management Fee in Schedule A, UWSU In-Service Support Pricing, will be subject to economic price adjustments, upwards or downwards.

- b) The Economic Indicator used to account for the fluctuations in the economy is the Fixed-Weighted Indexes (2002 = 100) of Average Hourly Earnings for Professional, Scientific and Technical Services, Canada (Table 3.1, Number 54) published by Statistics Canada (Catalogue Number 72-002-X) (the "Index").
- c) Commencing April 1, of each applicable Government of Canada Fiscal Year and once the September Economic Indicator has been published, the rates will be calculated as indicated below.

$R(x) = R(o) \times \text{Index}(x) / \text{Index}(o)$ , where

$R(x)$  = Adjusted Rate based on period 1 October to 30 September.

$R(o)$  = Base Rate for the period 1 October 201X to 30 September 201X.

$\text{Index}(x)$  = The average (mean) of the Economic Indicator for the 12 months ending in September, 201X (indices for each month summed together and divided by 12)

$\text{Index}(o)$  = The average (mean) of the Economic Indicator for the 12 months ending in September (insert year from paragraph 1 above 201X. (indices for each month summed together and divided by 12)

- d) Subsequent to the initial 4-year period of the Contract, Economic price adjustments will be paid retroactively on an annual basis. The reconciliation claim must be calculated and submitted to the Crown within 60 days after Statistics Canada has posted the actual annual index for the year being claimed.
- e) Economic price adjustments will be calculated only on the labour portion of the base MMF and the Fully Loaded Labour Rates and the Fully Loaded Overtime Labour Rates without general and administrative expenses, profit, or overhead.
- f) All calculations will be performed to eight (8) decimal points and the resulting rates applicable for the next Contract Year will be rounded to the nearest dollar.
- g) If the Economic Indicator referred to in this clause is discontinued, or if the basis for reporting this Economic Indicator is changed from that in existence on the award date of the Contract, the Contractor and Canada must immediately thereafter agree to and establish a replacement economic indicator, or formulate adjustments, consistent with the intent of those set forth in this clause, and in default of such agreement, Canada will determine the appropriate method of adjustment.
- h) Until the economically adjusted hourly rates and Management Fee have been formalized by Contract amendment, the parties will use the firm hourly rates and Management Fee applicable to the period immediately prior, and will adjust after the Contract amendment. There will be no adjustment to firm price Task Authorizations.

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## 10. Method of Payment

Canada will pay the Contractor on a monthly basis for all work performed during the month covered by the invoice in accordance with the payment provisions of the Contract if:

- a) an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract
- b) all such documents have been verified by Canada;
- c) the Work performed has been accepted by Canada.

### 10.1 Management Functions and Core Work

Canada will make milestone payments in accordance with Schedule B – Milestone Payments detailed in the Contract and the payment provisions of the Contract, up to ninety-five percent (95%) of the amount claimed and approved by Canada if:

- a) an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
- b) the total amount for all milestone payments paid by Canada does not exceed ninety-five percent (95%) of the total amount to be paid under the Contract;
- c) all the certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives;
- d) all work associated with the milestone and as applicable any deliverable required have been completed and accepted by Canada.
- e) The balance of the amount payable will be paid in accordance with the payment provisions of the Contract upon completion of the annual performance review for the applicable initial period year or for each year during which the contract is extended, if:
  - i. the Work has been accepted by Canada and a final claim for the payment is submitted; and
  - ii. the Contractor's performance in the management of the Work that is identified and approved in the Annual Operating Plan, achieves the Measured Performance Minimum (MPmin), in accordance with Annex B Appendix 6, Performance Specification Requirement.

If the Contractor does not achieve the Measured Performance Minimum (MPmin), the balance of the amount payable will be released to the Contractor upon improvement of the Contractor's performance measured against the MPmin. Partial release of the Performance Holdback may be made at the discretion of Canada prior to the Contractor's reaching the MPmin.

### 10.2 Emergent Work and Additional Maintenance Support

For Schedule A UWSU In-Service Support Pricing Article 3.4, and should optional extension years be exercised, Appendix 1 to Schedule A Article 2.3:

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Payments for Emergent Work and Additional Maintenance Support will be stipulated on each authorized individual Task Authorization (DND626). Each Basis and Method of Payment will be dependent on the nature of the work if the scope is known or unknown and may include:

1. Milestone Payments: If applicable, as indicated in the Task Authorization for the specific Emergent Work and Additional Maintenance Support, Canada will make Milestone Payments in accordance with the following:
  - a) Canada will make milestone payments in accordance with the agreed upon Schedule of Milestones detailed in the Task Authorization and the payment provisions of the Contract, up to ninety percent (90%) of the amount claimed and approved by Canada if:
    - i. an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
    - ii. the total amount for all milestone payments paid by Canada does not exceed ninety percent (90%) of the total amount to be paid under the Task Authorization;
    - iii. all the certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives;
    - iv. all work associated with the milestone and as applicable any deliverable required have been completed and accepted by Canada.
  - b) The balance of the amount payable will be paid in accordance with the payment provisions of the Contract upon completion and delivery of all Work required under the Task Authorization if the Work has been accepted by Canada and a final claim for the payment is submitted.
2. Progress Payments: If applicable, as indicated in the Task Authorization for the specific Emergent Work and Additional Maintenance Support, Canada will make Progress Payments in accordance with the following:
  - a) Canada will make progress payments in accordance with the payment provisions of the Contract, no more than once a month, for cost incurred in the performance of the Work in the Task Authorization, up to ninety percent (90%) of the amount claimed and approved by Canada if:
    - i. an accurate and complete claim for payment using form PWGSC-TPSGC 1111, Claim for Progress Payment, and any other document required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
    - ii. the amount claimed is in accordance with the basis of payment;
    - iii. the total amount for all progress payments paid by Canada does not exceed ninety percent (90%) of the applicable Task Authorization paid under the Contract;
    - iv. all certificates appearing on form PWGSC-TPSGC 1111 have been signed by the respective authorized representatives.

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- b) The balance of the amount payable will be paid in accordance with the payment provisions of the Contract upon completion and delivery of all Work required under the Task Authorization if the Work has been accepted by Canada and a final claim for the payment is submitted.
- c) Progress payments are interim payments only. Canada may conduct a government audit and interim time and cost verifications and reserves the rights to make adjustments to the Contract from time to time during the performance of the Work. Any overpayment resulting from progress payments or otherwise must be refunded promptly to Canada.
3. Single Payment: If applicable, as indicated in the Task Authorization for the specific Emergent Work and Additional Maintenance Support, Canada will make Payments in accordance with the following:
- a) Canada will pay the Contractor upon completion and delivery of the Work in accordance with the payment provisions of the Contract if:
- i. an accurate and complete invoice and any other documents required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
  - ii. all such documents have been verified by Canada;
  - iii. the Work delivered has been accepted by Canada
4. Multiple Payments: If applicable, as indicated in the Task Authorization for the specific Emergent Work and Additional Maintenance Support, Canada will make Payments in accordance with the following:
- a) Canada will pay the Contractor upon completion and delivery of the Work in accordance with the payment provisions of the Contract if:
- i. an accurate and complete invoice and any other documents required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
  - ii. all such documents have been verified by Canada;
  - iii. the Work delivered has been accepted by Canada.

### 10.3 Performance Incentive Fee

- a) Canada will pay the Contractor a Performance Incentive Fee upon completion and delivery of the Work in accordance with the payment provisions of the Contract if:
- i. an accurate and complete invoice and any other documents required by the Contract have been submitted in accordance with the invoicing instructions provided in the Contract;
  - ii. all such documents have been verified by Canada;
  - iii. the Work delivered has been accepted by Canada.

## 11. Invoicing Instructions

1. The Contractor must submit a claim for payment, no more than once a month, using form PWGSC-TPSGC 1111, Claim for Progress Payment. The claim can be submitted electronically via email and must be in a Portable Document Format (PDF).

Each claim must show:

- a. all information required on form PWGSC-TPSGC 1111;
- b. all applicable information detailed under the section entitled "Invoice Submission" of the general conditions;
- c. a list of all expenses;
- d. Calculated Performance Incentive fee, if applicable;
- e. the description and value of the milestone claimed as detailed in the Contract.

Each claim must be supported by:

- a. a copy of time sheets to support the time claimed;
  - b. a copy of the invoices, receipts, vouchers for all direct expenses, travel and living expenses;
  - c. a copy of the monthly progress report.
1. Applicable Taxes must be calculated on the total amount of the claim before the holdback is applied. At the time the holdback is claimed, there will be no Applicable Taxes payable as it was claimed and payable under the previous claims for progress payments.
  2. The Contractor must prepare and certify one original of the claim on form PWGSC-TPSGC 1111, and forward it to the Procurement Authority identified under the section entitled "Authorities" of the Contract for appropriate certification by the Project Authority after inspection and acceptance of the Work takes place. The Procurement Authority will then forward the original of the claim to the Contracting Authority for certification and onward submission to the Procurement Authority for the remaining certification and payment action.
  3. The Contractor must not submit claims until all work identified in the claim is completed.

## 12. Shipping

### 12.1 Shipping Instructions (Department of National Defence)

1. Delivery will be FCA Free Carrier at Contractor's facility, Incoterms 2010. The Contractor must load the goods onto the carrier designated by the Department of National Defence (DND). Onward shipment from the delivery point to the consignee will be Canada's responsibility.
2. Before shipping the goods, the Contractor must contact the following DND Inbound Logistics Coordination Center by facsimile or e-mail, to arrange for shipment, and provide the information detailed at paragraph 3.

*For all Bidders located between Kingston inclusive and westward to the Ontario/Manitoba border:*

Inbound Logistics Central Area (ILCA)  
Telephone: 1-866-371-5420 (toll free)  
Facsimile: 1-866-419-1627 (toll free)  
E-mail: [ILCA@forces.gc.ca](mailto:ILCA@forces.gc.ca)

*For all Bidders located in Manitoba, Saskatchewan, Alberta, British Columbia, and the National Capital Region inclusive to east of Kingston:*

Inbound Logistics Coordination Center (ILCC)  
Telephone: 1-877-877-7423 (toll free)

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Facsimile: 1-877-877-7409 (toll free)  
E-mail: [ILHQOttawa@forces.gc.ca](mailto:ILHQOttawa@forces.gc.ca)

*For all Bidders located in Quebec:*

Inbound Logistics Quebec Area (ILQA)  
Telephone: 1-866-935-8673 (toll free), or  
1-514-252-2777, ext. 4673, 2852  
Facsimile: 1-866-939-8673 (toll free), or  
1-514-252-2911  
E-mail: [25DAFCTrafficQM@forces.gc.ca](mailto:25DAFCTrafficQM@forces.gc.ca)

For Bidders located in Atlantic (New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador):

Inbound Logistics Atlantic Area (ILAA)  
Telephone: 1-902-427-1438  
Facsimile: 1-902-427-6237  
E-mail: [BlogILAA@forces.gc.ca](mailto:BlogILAA@forces.gc.ca)

*For Bidders located in the United States (U.S.):*

Inbound Logistics Coordination Center (ILCC):  
Telephone: 1-877-447-7701 (toll free)  
Facsimile: 1-877-877-7409 (toll free)  
E-mail: [ILHQOttawa@forces.gc.ca](mailto:ILHQOttawa@forces.gc.ca)

*For Bidders located in United Kingdom (UK) and Ireland:*

Inbound Logistics United Kingdom (ILUK):  
Telephone: 011-44-1895-613023, or 011-44-1895-613024, or  
Facsimile: 011-44-1895-613047  
E-mail: [CFSUEDetUKMovements@forces.gc.ca](mailto:CFSUEDetUKMovements@forces.gc.ca)

In addition, the Contractor must send to ILUK the completed form "Shipping Advice and Export Certificate" by e-mail to: [CFSUEDetUKMovements@forces.gc.ca](mailto:CFSUEDetUKMovements@forces.gc.ca).

The shipment of any items above the value of 600 GBP (pound sterling) being exported from the United Kingdom and Ireland will be cleared by DND using Her Majesty's Customs & Excise (HMCE) New Export Systems (NES). The Contractor must comply with HMCE requirements by registering with HMCE or by having a freight forwarder complete the entry. A printed copy of the NES entry Export Declaration clearly displaying the Declaration Unique Consignment Reference Number must be provided by the Contractor and attached to the consignment. The Contractor must ensure that this procedure is carried out for all stores whether they be initial purchase or repair and overhaul export items. HMCE will authorize Canadian Forces Support Unit (Europe) to ship the goods only if the procedure has been adhered to completely and properly by the Contractor.

*For Bidders located in a country other than Canada, the U.S., the UK and Ireland:*

Inbound Logistics Europe Area (ILEA):  
Telephone: +49-(0)-2451-717199 or 717200  
Facsimile: +49-(0)-2451-717189  
Email: [ILEA@forces.gc.ca](mailto:ILEA@forces.gc.ca)

3. The Contractor must provide the following information to the DND Inbound Logistics contact when arranging for shipment:

- a) the Contract number;
- b) consignee address (if multiple addresses, items must be packaged and labeled separately with each consignee address);
- c) description of each item;
- d) the number of pieces and type of packaging (e.g. carton, crate, drum, skid);
- e) actual weight and dimensions of each piece type, including gross weight;
- f) full details of dangerous material, as required for the applicable mode of transportation, signed certificates for dangerous material as required for shipment by the International Maritime Dangerous Goods Code, or International Air Transport Association regulations or the applicable Canadian *Dangerous Goods Shipping Regulations* and a copy of the material safety data sheet.

*Additional for all Foreign non-Canadian Bidders (g) (h) and (i):*

- g) copy of the commercial invoice (in accordance with clause C2608C, section 4, of the *Standard Acquisition Clauses and Conditions Manual*) or a copy of the Canada Border Services Agency form C11 *Canada Customs Invoice* (PDF 429KB) - (*Help on File Formats*);
  - h) *Schedule B* codes (for exports) and the Harmonized Tariff Schedule codes (for imports);
  - i) North American Free Trade Agreement Certificate of Origin (in accordance with clause C2608C, section 2) for the U.S. and Mexico only;
4. Following receipt of this information by Canada, Canada will provide the appropriate shipping instructions, which may include the requirement for specific consignee address labelling, the marking of each piece with a Transportation Control Number and customs documentation.
  5. The Contractor must not ship goods before receiving shipping instructions from the DND Inbound Logistics contact.
  6. If the Contractor delivers the goods at a place and time that are not in accordance with the given delivery instructions or fail to fulfill reasonable delivery instructions given by Canada, the Contractor must reimburse Canada any additional expenses and costs incurred.
  7. If Canada is responsible for delays in delivering the goods, ownership and risk will be transferred to Canada upon expiry of either thirty (30) days following the date on which a duly completed shipping application is received by Canada or by its appointed forwarding agent, or thirty (30) days following the delivery date specified in the Contract, whichever is later.

## 12.2 Canadian Customs Documentation

### General

1. The Contractor must provide two (2) copies of the Canada Customs Invoice (CCI) or two (2) copies of the commercial invoice marked "For Customs Purposes Only".
2. For shipments from the United States and Mexico that are of American, Mexican or Canadian origin, as defined by the North American Free Trade Agreement (NAFTA), and for shipments from Israel that are Israeli in origin, as defined by the Canada-Israel Free Trade Agreement (CIFTA), the Contractor must provide proof of origin of the goods. This proof must be in the form of a NAFTA or CIFTA Certificate of Origin for goods

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valued at C\$1,600 or more, or a simple statement on the invoice for goods valued at C\$1,600 or less. In either case, the document must include an original signature and must reference the contract number. For contracts valued at C\$250,000 or more, the proof of origin will not be required.

3. The Contractor must not employ commercial customs brokers to custom clear the goods provided under the Contract, unless authorized by the Canadian Material Support Group / Customs, at National Defence Headquarters, telephone: 1-855-210-5149, facsimile: 1-800-306-1811 or 613-971-7333.

#### Completion of Documents

The CCI or commercial invoice must include the following information:

- a) complete description of the goods being shipped, including the applicable United States "Schedule B" codes or United States Harmonized Tariff Schedule codes;
- b) value and terms of sale for each item (e.g. sale, loan, warranty, Incoterms 2000), including value of repairs, warranty repairs or replacement costs;
- c) the Contract number and financial codes (use Field 3 on the CCI form);
- d) country of origin of goods;
- e) when a NAFTA/CIFTA Certificate of Origin has been prepared, the "Description" field of the CCI or commercial invoice must include a statement confirming that it has been completed and is attached to that invoice.

#### Distribution of Documents

1. The Contractor must attach the following to shipping container No. 1 of all shipments using a waterproof envelope marked "Canada Customs Documentation":
  - a) one (1) copy of the CCI or one (1) copy of the commercial invoice as applicable, and;
  - b) one (1) copy of the NAFTA Certificate of Origin (if applicable).
2. The second copy of each of the above-mentioned forms must be attached to the shipping documents.
3. A copy of the CIFTA Certificate of Origin must be faxed to 1-800-306-1811 or emailed to [DCBSCustoms@forces.gc.ca](mailto:DCBSCustoms@forces.gc.ca).

#### 12.3 Customs Duties - Department of National Defence – Importer

1. As the goods to be supplied under the Contract are defence supplies, customs duties on importation to Canada may be remitted under the Tariff Item Number 9982.00.00 of the Schedule to the *Customs Tariff*.
2. Remission of customs duties payable may be granted under the Tariff Item Number 9982.00.00 when the total contract value of the defence supplies is C\$250,000 or more. This reflects the import value of the goods plus the duty that would be applicable in the absence of the *Customs Tariff*.
3. The Department of National Defence (DND) will be responsible for prearranging remission on importation or for paying customs duties on importation and applying to Canada Border Services Agency for a refund. DND is also responsible for applying to Public Works and Government Services Canada in good time for the certification required by the *Customs Tariff*.

#### 12.4 Packaging Requirement using Specification D-LM-008-036/SF-000

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The Contractor must prepare all deliveries in accordance with the latest issue of the Canadian Forces Packaging Specification *D-LM-008-036/SF-000*, DND Minimum Requirements for Manufacturer's Standard Pack.

## 12.5 Marking

The Contractor must ensure that the manufacturer's name and part number are clearly stamped or etched on each item for positive identification purposes.

## 12.6 Wood Packaging Materials

All wood packaging materials used in shipping must conform to the *International Standards for Phytosanitary Measures No. 15: Regulation of Wood Packaging Material in International Trade (ISPM 15)*.

Pertinent additional information on Canada's import and export programs is provided in the following Canadian Food Inspection Agency policy directives:

*D-98-08 - Entry Requirements for Wood Packaging Materials Produced in All Areas Other Than the Continental United States*

*D-01-05 - The Canadian Wood Packaging Certification Program (CWPCP)*

## 12.7 Palletization

1. For all shipments exceeding 0.566 m<sup>3</sup> or 15.88 kg (20 ft<sup>3</sup> or 35 lbs), except for those shipped by courier, the following applies:
  - a) The Contractor must strap, and if necessary wrap, shipments on standard 1.22 m x 1.02m (48 in. x 40 in.) wood pallets. The four-way forklift entry pallet must be supplied at no charge to Department of National Defence. Total height, including pallet, must not exceed 1.19 m (47 in.). The pallet load must not extend further than 2.54 cm (1 in.) from any edge of the pallet.
  - b) The Contractor must group items by stock number (on the same pallet) within consolidated shipments. Pallet loads composed of more than one stock number must be marked as "Mixed Items".
  - c) Individual items exceeding 1.22 m (48 in.) in length or 453.6 kg (1000 lbs) must be secured to larger pallets or must have 10.16 cm x 10.16 cm (4 in. x 4 in.) skids securely fastened to the bottom of the item. Skids must be separated by a minimum of 71.12 cm (28 in.).
2. Any exception requires the prior approval of the Contracting Authority.

## 12.8 Incomplete Assemblies

The Contractor must not ship incomplete assemblies unless the authorization for such shipment has been obtained before from the Contracting Authority.

## 12.9 Delivery of Dangerous Goods / Hazardous Products

1. The Contractor must mark dangerous goods/hazardous products material which is classed as dangerous / hazardous as follows:
  - a) shipping container - in accordance with the *Transportation of Dangerous Goods Act*, 1992, c. 34; and
  - b) immediate product container - in accordance with the *Hazardous Products Act*, R.S., 1985, c. H-3.

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2. The Contractor must provide bilingual Material Safety Data Sheets, indicating the NATO Stock Number as follows:
    - a) two (2) hard copies:
      - (i) one (1) copy to be enclosed with the shipment, and
      - (ii) one (1) copy to be mailed to:

National Defence Headquarters  
MGen George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, Ontario K1A 0K2

Attention: DSCO 5-4-2
    - b) one (1) copy sent by email to the following address: [MSDS-FS@FORCES.GC.CA](mailto:MSDS-FS@FORCES.GC.CA) in word processing format (i.e. MS Word or WordPerfect).
  3. The Contractor will be responsible for any damages caused by improper packaging, labelling or carriage of goods/products.
  4. The Contractor must ensure they adhere to all levels of regulations regarding dangerous goods/hazardous products as set forth by federal, provincial and municipal laws and by-laws.
  5. The Contractor must contact the consignee (i.e. Supply Depot Traffic Section) at least 48 hours before shipping dangerous goods/hazardous products in order to schedule a receiving time.

#### 12.10 Labelling

The Contractor must ensure that the manufacturer's and specification numbers appear on each item, either printed on the container or on an adhesive label of highest commercial standard affixed to the container.

##### 12.10.1 Dangerous Goods / Hazardous Products - Labelling and Packaging Compliance

1. The Contractor must ensure proper labelling and packaging in the supply and shipping of dangerous goods/hazardous products to the Government of Canada.
2. The Contractor will be held liable for any damages caused by improper packaging, labelling or carriage of dangerous goods/hazardous products.
3. The Contractor must clearly mark all merchandise labels with the percentage of volume that is a hazardous item. Failure to do so will result in the Contractor being held responsible for damages caused in the movement of goods/products by government vehicles or government personnel.
4. The Contractor must adhere to all applicable laws regarding dangerous goods/hazardous products.

#### 13. Certifications and Additional Information

##### 13.1 Compliance

The continuous compliance with the certifications provided by the Contractor in its bid or precedent to contract award, and the ongoing cooperation in providing additional information are conditions of the Contract and failure to comply will constitute the Contractor in default. Certifications are subject to verification by Canada during the entire period of the Contract.



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## 18. Foreign Nationals (Canadian Contractor)

The Contractor must comply with Canadian immigration requirements applicable to foreign nationals entering Canada to work temporarily in fulfillment of the Contract. If the Contractor wishes to hire a foreign national to work in Canada to fulfill the Contract, the Contractor should immediately contact the nearest Service Canada regional office to enquire about Citizenship and Immigration Canada's requirements to issue a temporary work permit to a foreign national. The Contractor is responsible for all costs incurred as a result of non-compliance with immigration requirements.

Or

Foreign Nationals (Foreign Contractor)

The Contractor must comply with Canadian immigration legislation applicable to foreign nationals entering Canada to work temporarily in fulfillment of the Contract. If the Contractor wishes to hire a foreign national to work in Canada to fulfill the Contract, the Contractor should immediately contact the nearest Canadian Embassy, Consulate or High Commission in the Contractor's country to obtain instructions, information on Citizenship and Immigration Canada's requirements and any required documents. The Contractor is responsible to ensure that foreign nationals have the required information, documents and authorizations before performing any work under the Contract in Canada. The Contractor is responsible for all costs incurred as a result of non-compliance with immigration requirements.

## 19. Insurance Requirements

The Contractor is responsible for deciding if insurance coverage is necessary to fulfill its obligation under the Contract and to ensure compliance with any applicable law. Any insurance acquired or maintained by the Contractor is at its own expense and for its own benefit and protection. It does not release the Contractor from or reduce its liability under the Contract.

## 20. Controlled Goods

The Contract involves controlled goods as defined in the Schedule to the *Defence Production Act*. The Contractor must identify those controlled goods to the Department of National Defence.

### 20.1 Controlled Goods Program

1. As the Contract requires production of or access to controlled goods that are subject to the *Defence Production Act* R.S. 1985, c. D-1, the Contractor and any subcontractor are advised that, within Canada, only persons who are registered, exempt or excluded under the Controlled Goods Program (CGP) are lawfully entitled to examine, possess or transfer controlled goods. Details on how to register under the CGP are available at: [Controlled Goods Program](#)
2. When the Contractor and any subcontractor proposed to examine, possess or transfer controlled goods are not registered, exempt or excluded under the CGP at time of contract award, the Contractor and any subcontractor must, within seven (7) working days from receipt of written notification of the contract award, ensure that the required application(s) for registration or exemption are submitted to the CGP. No examination, possession or transfer of controlled goods must be performed until the Contractor has provided proof, satisfactory to the Contracting Authority, that the Contractor and any subcontractor are registered, exempt or excluded under the CGP.

Failure of the Contractor to provide proof, satisfactory to the Contracting Authority, that the Contractor and any subcontractor are registered, exempt or excluded under the CGP, within thirty (30) days from receipt of written notification of contract award, must be considered a default under the Contract except to the extent that Canada is responsible for the failure due to delay in processing the application.

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3. The Contractor and any subcontractor must maintain registration, exemption or exclusion from the CGP for the duration of the Contract and in any event for so long as they will examine, possess or transfer controlled goods.

**21. (Removed)**

**22. Inspection and Acceptance**

The Technical Authority is the Inspection Authority. All reports, deliverable items, documents, goods and all services rendered under the Contract are subject to inspection by the Inspection Authority or representative. Should any report, document, good or service not be in accordance with the requirements of the Annex B, Performance Work Statement and to the satisfaction of the Inspection Authority, as submitted, the Inspection Authority must have the right to reject it or require its correction at the sole expense of the Contractor before recommending payment.

**23. Quality Assurance**

**23.1 ISO 9001:2008 Quality Management Systems - Requirements (QAC Q)**

In the performance of the Work described in the Contract, the Contractor must comply with the requirements of:

ISO 9001:2008 - Quality management systems - Requirements, published by the International Organization for Standardization (ISO), current edition at date of submission of Contractor's bid.

It is not intended that the Contractor be registered to ISO 9001; however, the Contractor's quality management system must address all requirements appropriate to the scope of the Work. Only exclusions in accordance with clause 1.2 of ISO 9001 are acceptable.

**Assistance for Government Quality Assurance (GQA)**

The Contractor must provide the Quality Assurance Representative (QAR) with the accommodation and facilities required for the proper accomplishment of GQA and must provide any assistance required by the QAR for evaluation, verification, validation, documentation or release of product.

The QAR must have the right of access to any area of the Contractor's or subcontractor's facilities where any part of the Work is being performed. The QAR must be afforded unrestricted opportunity to evaluate and verify Contractor conformity with quality system procedures and to validate product conformity with the requirements of the Contract. The Contractor must make available for reasonable use by the QAR the equipment necessary for all validation purposes. Contractor personnel must be made available for operation of such equipment as required.

When the QAR determines that GQA is required at a subcontractor's facilities, the Contractor must provide for this in the purchasing document and forward copies to the QAR, together with relevant technical data as the QAR may request.

The Contractor must notify the QAR of non-conforming product received from a subcontractor when the product has been subject to GQA.

For the design, development or maintenance of software, the Contractor must interpret the requirements of ISO 9001:2008 "Quality management systems - Requirements", according to the guidelines of the latest issue (at contract date) of ISO/IEC 90003:2004 "Software engineering - Guidelines for the application of ISO 9001:2000 to computer software".

Additionally, the design, development or maintenance must include software quality assurance processes in accordance with ISO/IEC 33001:2015 and the ISO/IEC 330xx family of technical standards documents for the computer software development process and related business management functions.

## 23.2 Quality Assurance Authority (DND)

### For all Canadian Bidders:

All Work is subject to Government Quality Assurance performed at the Contractor's or subcontractor's facility, and at the installation site, by the Director of Quality Assurance, or its designated Quality Assurance Representative (QAR).

Director of Quality Assurance  
National Defence Headquarters  
MGen George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, ON K1A 0K2  
E-mail: [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)

Within forty-eight (48) hours of contract award, the Contractor must contact the QAR. The name, location and phone number of the QAR can be obtained from the nearest National Defence Quality Assurance Region (NDQAR) listed below:

Atlantic - Halifax 902-427-7224 or 902-427-7150  
Quebec - Montreal 514-732-4410 or 514-732-4477  
Quebec - Quebec City 418-694-5998, ext. 5996  
National Capital Region - Ottawa 819-939-0168  
Ontario - Toronto 416-635-4404, ext. 6081 or 2754  
Ontario - London 519-964-5757  
Manitoba/Saskatchewan - Winnipeg 204-833-2500, ext. 6574  
Alberta - Calgary 403-410-2320, ext. 3830  
Alberta - Edmonton 780-973-4011, ext. 2276  
British Columbia - Vancouver 604-225-2520, ext. 2460  
British Columbia - Victoria 250-363-5662

The Contractor is responsible for performing, or having performed, all inspections and tests necessary to substantiate that the material or services provided conform to the requirements of the Contract.

The Contractor must provide, at no additional cost, all applicable test data, all technical data, test pieces and samples as may reasonably be required by the QAR to verify conformity to the requirements of the Contract. The Contractor must forward at its expense such technical data, test data, test pieces and samples to such location as the QAR may direct.

Quality control, inspection and test records that substantiate conformity to the specified requirements, including records of corrective actions, must be retained by the Contractor for three (3) years from the date of completion or termination of the Contract and must be made available to the QAR upon request.

### OR, for all foreign (non-Canadian) Bidders:

All Work is subject to Government Quality Assurance performed at the Contractor's or subcontractor's facility, and at the installation site, by the Director of Quality Assurance, or its designated Quality Assurance Representative (QAR).

Director of Quality Assurance  
National Defence Headquarters  
Major-General George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, ON K1A 0K2

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E-mail: [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca)

If the Contractor has not been contacted by the QAR performing GQA in the Contractor's facility or area within forty-five (45) working days of award of the Contract, the Contractor must notify the Contracting Authority.

Where no official arrangements for mutual GQA have been concluded, the Department of National Defence will arrange for the GQA services to be conducted by a National Quality Assurance Authority acceptable to the Director of Quality Assurance. If the GQA services must be provided on a cost-recovery basis, the costs for the services must be accrued against the Contract and be discharged through separate invoicing.

The Contractor is responsible for performing, or having performed, all inspections and tests necessary to substantiate that the materiel or services provided conform to the requirements of the Contract.

The Contractor must provide, at no additional cost, all applicable test data, all technical data, test pieces and samples as may reasonably be required by the QAR to verify conformity to the requirements of the Contract. The Contractor must forward at its expense such technical data, test data, test pieces and samples to such location as the QAR may direct.

Quality control, inspection and test records that substantiate conformity to the specified requirements, including records of corrective actions, must be retained by the Contractor for three (3) years from the date of completion or termination of the Contract and must be made available to the QAR upon request.

### 23.3 Release Documents (DND)

*For all Canadian Bidders:*

Unless otherwise directed by the Department of National Defence (DND) Quality Assurance Authority, the signature of the DND Quality Assurance Representative on the release document is not required.

Material must be released for shipment using either DND form CF 1280, Certificate of Release, Inspection and Acceptance, or a release document containing the same information. The Contractor must prepare the release document(s).

For return of repair and overhaul material to the Canadian Forces Supply System Upgrade, use forms DND 2227/DND 2228 in lieu of DND form CF 1280.

*OR, for all U.S.A. Bidders:*

Material must be released for shipment using a DD Form 250, Material Inspection and Receiving Report, or a release document containing the same information and acceptable to the Quality Assurance Representative. The Contractor must prepare the release document(s).

*OR, for all non-Canadian and non - U.S.A Bidders:*

Material must be released for shipment using a Certificate of Conformity in accordance with NATO STANAG 4107 which must be prepared by the Contractor.

### 23.4 Release Documents - Distribution

The Contractor must prepare the release documents in a current electronic format and distribute them as follows:

- a) One (1) copy mailed to consignee marked: "Attention: Receipts Officer";
- b) Two (2) copies with shipment (in a waterproof envelope) to the consignee;

- c) One (1) copy to the Contracting Authority;
- d) One (1) copy to:
  - National Defence Headquarters
  - Mgen George R. Pearkes Building
  - 101 Colonel By Drive
  - Ottawa, ON K1A OK2
  - Attention: (TBD)
- e) One (1) copy to the Quality Assurance Representative;
- f) One (1) copy to the Contractor; and
- g) For all non-Canadian contractors, one (1) copy to:

DQA/Contract Administration

National Defence Headquarters  
Mgen George R. Pearkes Building  
101 Colonel By Drive  
Ottawa, ON K1A OK2

E-mail: [ContractAdmin.DQA@forces.gc.ca](mailto:ContractAdmin.DQA@forces.gc.ca).

## 24. Priority Rating

*For all Bidders based in the United States:*

Canada is a participant in the United States Defense Priorities and Allocations System and this defence contract is eligible for a priority rating. The Defence Priorities and Allocations Officer, Public Works and Government Services Canada, will advise the Contractor as to the appropriate priority rating within sixty (60) days of the date of the Contract.

### 24.1 Priority Rating - Canadian-based Contractors

*For all Canadian based Bidders:*

1. The Contract concerns a Canadian defence requirement and therefore is eligible to be assigned a "U.S. Priority Rating" for any materials/services imported from the United States which may be required in the performance of the Work. Accordingly, the Contractor must:
  - a) make an application to the Defence Priorities and Allocations Officer, Public Works and Government Services Canada (PWGSC), either by e-mail at: [DGAPrioritesdedefense.ACQBDefencePriorities@pwgsc-tpsgc.gc.ca](mailto:DGAPrioritesdedefense.ACQBDefencePriorities@pwgsc-tpsgc.gc.ca) ; or by facsimile: 819-956-1459; and
  - b) include this clause in subcontracts with Canadian-based contractors, and quote the PWGSC Contract Number indicated in the Contract.
2. Failure to comply with the above may impact on the Contractor's delivery commitments. Therefore, the Contractor is responsible for any breach of the Contract that arises from such a failure.

## 25. T1204 – Direct Request by Customer Department

- a) Pursuant to paragraph 221 (1)(d) of the *Income Tax Act*, R.S. 1985, c. 1 (5<sup>th</sup> Supp.), payments made by departments and agencies to contractors under applicable services contracts (including contracts involving a mix of goods and services) must be reported on a T1204 Government Service Contract Payments slip.
- b) To enable departments and agencies to comply with this requirement, the Contractor must provide Canada, upon request, its business number or Social Insurance Number, as applicable. (These requests may take the form of a general call-letter to contractors, in writing or by telephone).

## 26. Lien - Section 427 of the Bank Act

For Canadian Based Bidders:

1. If any lien under section 427 of the *Bank Act*, S.C.. 1991, c. 46, exists in respect to any materials, parts, work-in-process, or finished Work for which the Contractor intends to claim payment, the Contractor agrees to inform the Contracting Authority without delay and agrees, unless instructed otherwise by the Contracting Authority, either:
  - a) to cause the bank to remove such lien and to provide the Contracting Authority with written confirmation from the bank; or,
  - b) to provide to the Contracting Authority an undertaking from the bank that the bank will not make any claim under section 427 of the *Bank Act* on materials, parts, work-in-process, or finished Work in respect of which payment is made to the Contractor under the Contract.
2. Failure to inform the Contracting Authority of such lien or failure to implement paragraph 1(a) or (b) above will constitute default under the default section of the general conditions and will entitle Canada to terminate the Contract.

## 27. Taxes – Foreign-based Contractor

- a) Unless specified otherwise in the Contract, the price includes no amount for any federal excise tax, state or local sales or use tax, or any other tax of a similar nature, or any Canadian tax whatsoever. The price, however, includes all other taxes. If the Work is normally subject to federal excise tax, Canada will, upon request, provide the Contractor a certificate of exemption from such federal excise tax in the form prescribed by the federal regulations.
- b) Canada will provide the Contractor evidence of export that may be requested by the tax authorities. If, as a result of Canada's failure to do so, the Contractor has to pay federal excise tax, Canada will reimburse the Contractor if the Contractor takes such steps as Canada may require to recover any payment made by the Contractor. The Contractor must refund to Canada any amount so recovered.

## 28. Changes in the Contractor's Team

1. Should an entity or person named in the Bid submitted by the Contractor as an entity or person who is to perform part of the Work, as a subcontractor, be unable to perform or complete that part of the Work, the Contractor must obtain the concurrence of the Contracting Authority prior to performing or completing the subcontracted work, or entering into an agreement with another equally qualified entity or person to perform or complete the subcontracted part of the Work, such concurrence not to be unreasonably withheld.
2. In seeking to obtain the concurrence of the Contracting Authority referred to in subsection 1 above, the Contractor must provide notice in writing to the Contracting Authority containing:
  - a) the reason for the inability of the entity or person to perform the part of the Work for which they were subcontracted to perform;

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- b) the name, qualifications and experience of the proposed replacement entity or person, and
  - c) if applicable, proof that the entity or person has the required security clearance(s) granted by Canada.
3. The Contractor must not, in any event, allow performance of any part of the Work by unauthorized replacement entities or persons, and acceptance of a replacement entity or person by the Contracting Authority must not relieve the Contractor from responsibility to perform the Work.
  4. The Contracting Authority, with the authority of Canada, may order the removal from the Contractor's Team of any unauthorized replacement entity or person and the Contractor must immediately remove the entity or person from the performance of the Work and must, in accordance with subsections 1 and 2 above, secure a further replacement.
  5. The fact that the Contracting Authority does not order the removal of a replacement entity or person from the performance of the Work must not relieve the Contractor from the responsibility to meet all the Contractor's obligations in the performance of the Work.

## 29. Non-disclosure Agreement

The Contractor must obtain from its employee(s) or subcontractor(s) the completed and signed non-disclosure agreement, attached at Annex H, and provide it to the Contracting Authority before they are given access to information by or on behalf of Canada in connection with the Work.

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## SCHEDULE A – UWSU In-Service Support Pricing

Customs duties are excluded and applicable taxes extra, if applicable. Should a discrepancy exist between unit price and an extended unit price, the unit pricing will govern.

### 1. Currency

All prices provided in Schedule A, UWSU In-Service Support Pricing, are provided in Canadian Currency.

### 2. UWSU In-Service Support Requirements

2.1 The six (6) year initial period of the contract consists of two (2) phases, the Start-up Phase (including an Initial Start-up Sub Phase and a Transitional Sub Phase), and the Steady-State Phase. A third phase (Close-out Phase) may apply if invoked by Canada. The categories of services for each phase are defined in the following sections and will include either Management Functions, Core Work, Emergent Work, Additional Maintenance Support, or a combination thereof.

#### 2.1.1 Management Functions

- a) For the satisfactory performance of the management functions specified in Annex B, the Contractor will be paid firm Management Fees reimbursable monthly in arrears. Management Fees are all-inclusive and include direct labour, overhead, general and administrative expenses, and profit.
- b) The Management Fees will be firm for the first four (4) years of the contract Initial Period (Start-up Phase). Thereafter the Management Fees will be negotiated and firm for initial period years five (5) and six (6). If a contract extension is exercised, the Management Fees for extension years will be subject to the Economic Price Escalation Adjustment formula. This will continue to the end of the contract or upon termination of the contract.
- c) The Management Fees may be amended in any given Contract period through mutual agreement if the scope of the services are changed by Canada through the addition or removal of work.

#### 2.1.2 Core Work Services

- a) For the satisfactory performance of the services required to maintain the UWSU Equipment Group (UWSU EG) in accordance with Annex B, which is approved by Canada in the Annual Operating Plan, the Contractor will be paid firm Core Work Fees reimbursable

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monthly in arrears. Core Work Fees include direct labour, overhead, general and administrative expenses, and profit, excluding the costs related to Management Functions.

- b) Core Work Fees will be firm for the first four (4) years of the contract Initial Period (Start-up Phase). Thereafter the Core Work Fees will be negotiated and firm for initial period years five (5) and six (6). Prior to the end of the initial period, if a contract extension will be exercised, Core Work Fees will be negotiated and firm for extension years. This will continue to the end of the contract or upon termination of the contract.

### 2.1.3 Emergent Work and Additional Maintenance Support

- a) Emergent Work is work within a contract which is generally unplanned or unquantifiable, although of a known type.
- b) The scope and cost of emergent work will be negotiated between Canada and the Contractor and will be authorized and issued in accordance with the requirements specified in Annex G – Task Authorization Process. Payment will be made in accordance with the Basis and Method of Payment specified in the each Task Authorization (DND 626) issued for this category of Work.
- c) Mark-up rates and hourly rates for labour in accordance with Schedule A Article 3 and Appendix 1 to Schedule A Article 2, if applicable to the work to be carried out, Contract Cost Principles 1031-2 and Chapter 10 Cost and Profit will be considered in the negotiation of emergent work tasks. Travel and Living Expenses will be reimbursed in accordance with Schedule A Article 3 and Appendix 1 to Schedule A Article 2.
- d) Emergent work that is procured on a non-competitive basis will require price certification that labour rates and costs are computed respecting the principles of Contract Cost Principles 1031-2 and Chapter 10 of the Supply Manual – Cost and Profit.
- e) Material cost for Emergent Work – The Contractor must furnish all material goods necessary to complete the emergent work task. The Contractor will be reimbursed for its reasonable costs incurred of such goods, plus the applicable mark-up as stated in Schedule A Article 3 and Appendix 1 to Schedule A Article 2.
- f) Subcontractor Cost for Emergent Work - For the performance of the work in the Task Authorization by authorized Subcontractors, other than corporate affiliates of the Contractor, the Contractor will be reimbursed its actual costs plus a firm mark-up as identified in Schedule A Article 3 and Appendix 1 to Schedule A Article 2.

## 2.2 Phases and Sub Phases

Initial Period Year 5 and 6 Negotiations							
Firm Fixed Monthly Price For Each Year (MGT/CORE/Emergent or Combination thereof)					Negotiated		
Initial Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Phase	Start-up Phase				Steady State Phase		
	Initial Start-up Sub Phase	Transitional Sub Phase					

When a Phase or Sub Phase is activated, pricing for the first month will be prorated against the Monthly fees for that month, using the date of activation and the remaining number of Calendar Days in that particular month, rounded to the nearest tenth.

For Example:

The Initial Start-up Sub Phase ends on 5 January 2017. The Transitional Sub-phase begins on 6 January 2017, therefore, for demonstration purposes, a monthly fee of \$50 will be prorated as follows.

- Number of Calendar days in the month: 31
- Cost per Calendar day is \$50 / 31, rounded to the nearest tenth = \$1.60
- Remaining Calendar Days for Transitional Sub Phase activities: 26
- Monthly Fee for the first month (January 2017) of the activated Transitional Sub Phase:  $\$1.60 \times 26 = \mathbf{\$41.60}$

Or

The Initial Start-up Sub Phase ends on 5 January 2017 therefore, for demonstration purposes, a monthly fee of \$50 will be prorated as follows.

- Number of Calendar days in the month the Sub Phase was active: 5
- Cost per Calendar day is \$50 / 31, rounded to the nearest tenth = \$1.60
- Monthly Fee for the last month (January 2017) of the activated Initial Start-up Sub Phase:  $\$1.60 \times 5 = \mathbf{\$8.00}$

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### 2.2.1 Start-up Phase

The Start-up Phase will consist of an Initial Start-up Sub Phase, and a Transitional Sub Phase. The Initial Start-up Sub Phase is estimated to be one (1) year in duration, and the Transitional Sub Phase is estimate to be three (3) years in duration, bringing the potential duration of the Start-up Phase to the first four (4) years of the Initial period.

- a) Upon completion of the Initial Start-up Sub Phase in accordance with the Contract (whether completed early, or work extends beyond the estimated one (1) year duration), pricing for Initial Period Year 2 of the Transitional Sub Phase, begins immediately and will continue until the end of Initial Period Year 2.
- b) If the Transitional Sub Phase exceeds Initial Period Year 4, pricing for Initial Period Year 4 of the Transitional Sub Phase will continue until the completion of the Transitional Sub Phase in accordance with the Contract.
- c) If the Transitional Sub Phase is completed earlier than the estimated completion within Initial Period Year 4, negotiated rates in accordance with the Contract will be established to reflect an earlier start of the Steady-State Phase.

#### 2.2.1.1 Initial Start-up Sub Phase

The services required for the Initial Start-Up Sub Phase are Management Functions and Emergent Work:

- a) Management Functions

The Basis of Payment for Initial Start-up Sub Phase Management functions is a one (1) year firm fixed monthly Initial Start-up Sub Phase Management Fee.

- b) Core Work

The Basis of Payment for Initial Start-up Sub Phase Core Work is a one (1) year, firm fixed monthly Initial Start-up Sub Phase Core Work Fee.

- c) Emergent Work (*Additional Maintenance Support not required in this sub phase*)

The Basis of Payment for Initial Start-up Sub Phase Emergent Work will be defined in each authorized Task Authorization.

#### 2.2.1.2 Transitional Sub Phase

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The services required for the Transitional Sub Phase are Management Functions, Core Work, Emergent Work and Additional Maintenance Support:

d) Management Functions

The Basis of Payment for Transitional Sub Phase Management Functions is three (3), one (1) year, firm fixed monthly Transitional Sub Phase Management Fees. Initial Periods Year 3 and Year 4 are each escalated and not to exceed 3% annual escalation.

e) Core Work

The Basis of Payment for Transitional Sub Phase Core Work is three (3), one (1) year, firm fixed monthly Transitional Sub Core Work Fees.

f) Emergent Work and Additional Maintenance Support

The Basis of Payment for Transitional Sub Phase Emergent Work and Additional Maintenance Support will be defined in each authorized Task Authorization.

## 2.2.2 Steady-State Phase

The Steady State Phase is estimated to be two (2) years in duration (years 5 and 6 of the Initial Period).

### 2.2.2.1 The services required for the Steady-State Phase are Management Functions, Core Work, Emergent Work and Additional Maintenance Support:

a) Management Functions

The Basis of Payment for Steady-State Phase Management Functions are two (2), one (1) year, firm fixed monthly Steady-State Phase Management Fees. The value of the Management Fees will be based on a negotiated level of effort using the Contract rates identified in Schedule A, UWSU In-Service Support Pricing Article 3 and its appendices. All negotiations are in accordance with Schedule A, Appendix 2 Price Negotiation Methodology for Initial Period and Optional Extension Periods. If contract extensions are exercised, the Management fee will be subject to the Economic Price Adjustment formula.

b) Core Work

The Basis of Payment for Steady-State Phase Core Work is two (2), one (1) year, firm fixed monthly Steady-State Phase Core Work Fees. The value of the Core Work Fees will be based on a negotiated level of effort using the Contract rates identified in Schedule A, UWSU In-Service Support Pricing Article 3 and its appendices. All negotiations in accordance with Schedule A, Appendix 2 Price

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Negotiation Methodology for Initial Period and Optional Extension Periods. If contract extensions are exercised, the Core Work fee will be negotiated.

c) Emergent Work and Additional Maintenance Support

The Basis of Payment for Steady-State Phase Emergent Work and Additional Maintenance Support will be defined in each authorized Task Authorization.

2.2.3 Close-out Phase

The final phase of the Contract, Close-out Phase, will be treated as an Emergent Work Task. The Basis of Payment for Emergent Work and Additional Maintenance Support will be defined in each Task Authorization.

**3. UWSU In-Service Support Requirements Pricing**

3.1 Initial Start-up Sub Phase

Item N°	Description	Initial Period Year 1 (Initial Start-up Sub Phase)
1	Initial Start-up Sub Phase Monthly Management Fee	\$
2	Initial Start-up Sub Phase Monthly Core Work Fee	\$

3.2 Transitional Sub Phase

Item N°	Description	Initial Period Year 2 (Transitional Sub Phase)	Fees must not exceed 3% escalation of year 2	Fees must not exceed 3% escalation of year 3
			Initial Period Year 3 (Transitional Sub Phase)	Initial Period Year 4 (Transitional Sub Phase)
1	Transitional Sub Phase Monthly Management Fee	\$	\$	\$
2	Transitional Sub Phase Monthly Core Work Fee	\$	\$	\$

3.3 Steady-State Phase

Item N°	Description	Initial Period Year 5 (Steady State Phase)	Initial Period Year 6 (Steady State Phase)
1	Steady State Phase Monthly Management Fee	To Be Negotiated	To Be Negotiated
2	Steady State Phase Monthly Core Work Fee	To Be Negotiated	To Be Negotiated

3.4 Labour Rates, Mark-up Rates and Travel for Emergent Work and Additional Maintenance Support

3.4.1 Firm Hourly Labour Rates (*Other proposed labour categories will not be accepted*)

Firm hourly labour rates are fully burdened, inclusive of all direct labour, General & Administrative expense, overheads and profit.

Labour Categories and the Minimal Mandatory Qualifications are listed as follows:

- 
- \* *working knowledge is defined as theoretical and practical knowledge of the subject matter required to successfully perform duties and work efficiently and effectively.*

### Engineering

Systems Engineer: The Senior Systems Engineer has the following qualifications:

- A university degree in engineering from a recognized institution;
- Significant experience in development and maintenance of a complex real-time naval tactical Combat Systems or Naval Sonar Systems and in is systems engineering work comparable to that described in the applicable In-service Support Performance Work Statement or Acquisition Statement of Work; and
- A minimum of thirty-six (36) months of demonstrated experience within the last seven (7) years in an applicable engineering field.

Software Engineer: The Software Engineer has the following qualifications:

- A university degree in computer engineering or computer sciences from a recognized institution; and
- A minimum of forty-eight (48) months of demonstrated work experience in a related software support field within the last eight (8) years.

Mechanical Engineer: The Mechanical Engineer has the following qualifications:

- A university degree in mechanical engineering from a recognized institution;
- Significant experience in design and development of a complex real-time naval electro-mechanical systems or Naval Sonar Systems and in is mechanical engineering work comparable to that described in the applicable In-service Support Performance Work Statement or Acquisition Statement of Work; and
- A minimum of 48 months of demonstrated experience within the last seven (7) years in a mechanical engineering field.

### Senior Technologists

Senior Technologist Life Cycle Material Manager Specialist: The Senior Technologist Life Cycle Material Manager Specialist has the following qualifications:

- Graduation from a three year technical program offered by a recognized technical institute or former Canadian Forces personnel qualified to the QL6 trade level or higher in a technical field;
- A minimum of 36 months of demonstrated practical hands-on experience in a maintenance management related or in Life Cycle Material Manager activities;
- Working knowledge of evaluation, preparation and implementation of technical documentation;
- Working knowledge in the preparation and distribution of Integrated Logistics support documentation;

- 
- Working knowledge of any DND environment Engineering, Technical maintenance management Systems; and
  - Working knowledge of the DND Defence Resource Management Information System.

Senior Technologist Field Service Representative Specialist: The Senior Technologist Field Service Representative Specialist has the following qualifications:

- Graduation from a three year technical program offered by a recognized technical institute or former Canadian Forces personnel qualified to the QL6 trade level or higher in a technical field;
- A minimum of Sixty (60) months demonstrated experience within the last ten (10) years of practical hands on experience in a providing equipment maintenance and support services; and
- Working knowledge of general ship board safety and safety procedures applicable to onboard maintenance and work activities.

#### Senior Technicians

Senior Technician Technical Writer Specialist: The Senior Technician Technical Writer Specialist has the following qualifications:

- A Secondary School Diploma or equivalent accreditation;
- A minimum of twelve (12) months of demonstrated experience writing and formatting technical documentation through the use of MS Office and related applications within the last three years.
- A minimum of thirty-six (36) months demonstrated experience within the last seven (7) years in technical data and publications related activities; and
- Working knowledge of the theory, practices, procedures and techniques applicable to technical data and publications management in support of DND equipment systems.

Senior Technician Logistic Support Analyst Specialist: The Senior Technician Logistic Support Analyst Specialist has the following qualifications:

- Graduation from a two year technical program offered by a recognized technical institute or former Canadian Forces personnel qualified to the QL5 trade level or higher in a Supply management related field;
- A minimum of 36 months of demonstrated practical hands-on experience in a maintenance management related or in Logistical Support or Supply warehousing Management activities;
- Working knowledge of evaluation, preparation and implementation of technical documentation;
- Working knowledge in the preparation and distribution of Integrated Logistics support documentation;
- A demonstrated ability to conduct planning and implementation of logistic support elements including maintenance tasks, sparing, training, technical publications and inventorying; and
- A demonstrated ability to conduct: level of spares analysis, forecasting sparing requirements, projecting sparing requirements and usage rates and generating Equipment Breakdown Structures and Bills of Materials and in conducting material review and analysis.

Senior Technician Installer Specialist: The Senior Technician Installer Specialist has the following qualifications:

- A Secondary School Diploma or equivalent accreditation;
- A minimum of Sixty (60) months demonstrated experience within the last ten (10) years of practical hands on experience in conducting equipment systems installations, set-to-work and trials activities and services within a Ship board or marine environment;
- Working knowledge of general shipboard structural, electrical and ventilation arrangements; and
- Working knowledge of general ship board safety and safety procedures applicable to onboard installation activities during Specified Work periods.

Senior Technician Material Support Clerk: The Senior Technician Material Support Clerk has the following qualifications:

- A Secondary School Diploma or equivalent accreditation;
- A minimum of Sixty (60) months demonstrated experience within the last ten (10) years of practical hands on experience in a supply related activity including no less than thirty-six (36) months of demonstrated experience managing a Nationally Managed Equipment of not less than 1500 items.
- Working knowledge of DND supply, financial and procurement procedures for equipment support; and
- Working knowledge of the theory, practices and techniques applicable to supply support for DND inventory, equipment and systems.

Training Specialist

Training Specialist: The Training Specialist has the following qualifications:

- A Bachelor of Sciences degree in training or Human Resources from a recognized university or a Canadian Forces Instructor Supervisor training certificate or equivalent;
- A minimum of Sixty (36) months demonstrated experience within the last ten (7) years of practical;
- A demonstrated ability to present complex information and technical training doctrine to a variety of skilled and semi-skilled audiences;
- Working knowledge of the Canadian Forces Integrated Training Education System (CFITES); and
- Extensive knowledge in instructional design, theory and delivery techniques and the knowledge of learning management software.

Item N°	Labour Category	Initial Period					
		Year 1 Hourly Rate	Year 2* Hourly Rate	Year 3* Hourly Rate	Year 4* Hourly Rate	Year 5* Hourly Rate	Year 6* Hourly Rate
1	Systems Engineer	\$	\$	\$	\$	\$	\$
2	Software Engineer	\$	\$	\$	\$	\$	\$

Item N°	Labour Category	Initial Period					
		Year 1 Hourly Rate	Year 2* Hourly Rate	Year 3* Hourly Rate	Year 4* Hourly Rate	Year 5* Hourly Rate	Year 6* Hourly Rate
3	Mechanical Engineer	\$	\$	\$	\$	\$	\$
4	Senior Technologist Life Cycle Material Manager Specialist	\$	\$	\$	\$	\$	\$
5	Senior Technologist Field Service Representative Specialist	\$	\$	\$	\$	\$	\$
6	Senior Technician Technical Writer Specialist	\$	\$	\$	\$	\$	\$
7	Senior Technician Logistic Support Analyst Specialist	\$	\$	\$	\$	\$	\$
8	Senior Technician Installer Specialist	\$	\$	\$	\$	\$	\$
9	Senior Technician Material Support Clerk	\$	\$	\$	\$	\$	\$
10	Training Specialist	\$	\$	\$	\$	\$	\$

\* Hourly rate must not exceed 3% escalation of the previous year

#### 3.4.1.1 Overtime

The Contractor must not perform any overtime under the Contract unless authorized in advance and in writing by the Contracting Authority. Any Request for payment must be accompanied by a copy of the overtime authorization and a report containing the details of the overtime performed pursuant to the written authorization. Payment for authorized overtime will be calculated as follows:

- a) The Contractor will be paid the Hourly Rates plus authorized overtime hours paid at a premium of 1.5 times of the appropriate Labour Category under Article 3.4.1, Firm Hourly Labour Rates.
- b) The premium will be calculated by taking the hourly Rates times 1.5, plus Overhead Rate, plus Profit Rate. These rates will remain firm for the duration of the Contract, including all amendments and are subject to audit if considered necessary by Canada.

#### 3.4.2 Firm Mark-up Rates (*Other proposed mark-up rates will not be accepted*)

- a) Mark-up on Materials for Emergent Work and Additional Maintenance Support (excluding Repair and Overhaul activities):

<b>Item N°</b>	<b>Description</b>	<b>Rate (%)</b> Initial Period Years one (1) through four (4)	<b>Rate (%)</b> Initial Period Years five (5) and six (6)
<b>1</b>	Material valued less than \$100,000.00		To Be Negotiated
<b>2</b>	Material valued between \$100,000.00 and \$499,999.99		To Be Negotiated
<b>3</b>	Material valued \$500,000.00 and over		To Be Negotiated

b) Markup on Repair and Overhaul (R&O) Material Flow through:

<b>Item N°</b>	<b>Description</b>	<b>Rate (%)</b> Initial Period Years one (1) through four (4)	<b>Rate (%)</b> Initial Period Years five (5) and six (6)
<b>1</b>	R&O Material less than \$500,000.00		To Be Negotiated
<b>2</b>	R&O Material value between \$500,000.00 and \$999,999.99		To Be Negotiated
<b>3</b>	R&O Material valued \$1,000,000.00 and over		To Be Negotiated

3.4.3 Travel and Living Expenses - National Joint Council Travel Directive

- a) The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of the Work, at cost, without any allowance for profit and/or administrative overhead, in accordance with the meal, private vehicle and incidental expenses provided in Appendices B, C and D of the National Joint Council Travel Directive and with the other provisions of the directive referring to "travellers", rather than those referring to "employees".
- b) All travel must have the prior authorization of the Project Authority.
- c) All payments are subject to government audit.

## Appendix 1 to Schedule A - Optional Requirements and Optional Contract Extensions

### 1. Optional requirement to add In-Service Support for Additional *Halifax*-class Ships

An optional requirement to add up to six (6) additional *Halifax*-class ships to the Contract scope, either in one of the following configurations, or a combination thereof, at the discretion of Canada:

- a) Additional Underwater Warfare Sensor Systems fitted ships;
- b) Fitted for But Not With – Training and Torpedo Detection fitted Ships; and/or
- c) Fitted for But Not With – Wires and Racks fitted ships

#### 1.1 Initial Start-up Sub Phase Increase

The following tables (a), (b) and (c) represent the price increase to the corresponding Schedule A, Article 3 UWSU In-Service Support Requirements Pricing for the Initial Start-up Sub Phase, should additional ships be added to the scope of work.

IMMF = Increase to Monthly Management Fee

IMCWF = Increase to Monthly Core Work Fee

a) Additional Underwater Warfare Sensor Systems fitted ships

<i>Halifax</i> -class	Initial Period Year 1	
	IMMF	IMCWF
1 ship	\$	\$
2 ships	\$	\$
3 ships	\$	\$
4 ships	\$	\$
5 ships	\$	\$
6 ships	\$	\$

b) Fitted for But Not With – Training and Torpedo Detection fitted Ships

<i>Halifax</i> -class	Initial Period Year 1	
	IMMF	IMCWF
1 ship	\$	\$
2 ships	\$	\$
3 ships	\$	\$
4 ships	\$	\$
5 ships	\$	\$
6 ships	\$	\$

c) Fitted for But Not With – Wires and Racks

<i>Halifax</i> -class	Initial Period Year 1	
	IMMF	IMCWF
1 ship	\$	\$
2 ships	\$	\$
3 ships	\$	\$
4 ships	\$	\$
5 ships	\$	\$
6 ships	\$	\$

1.2 Transitional Sub Phase Increase

The following tables (a), (b) and (c) represent the price increase to the corresponding Schedule A, Article 3 UWSU In-Service Support Requirements Pricing for the Transitional Sub Phase, should additional ships be added to the scope of work.

IMMF = Increase to Monthly Management Fee

IMCWF = Increase to Monthly Core Work Fee

a) Additional Underwater Warfare Sensor Systems fitted ships

<i>Halifax-class</i>	Initial Period Year 2		Initial Period Year 3		Initial Period Year 4	
	IMMF	IMCWF	IMMF	IMCWF	IMMF	IMCWF
<b>1 ship</b>	\$	\$	\$	\$	\$	\$
<b>2 ships</b>	\$	\$	\$	\$	\$	\$
<b>3 ships</b>	\$	\$	\$	\$	\$	\$
<b>4 ships</b>	\$	\$	\$	\$	\$	\$
<b>5 ships</b>	\$	\$	\$	\$	\$	\$
<b>6 ships</b>	\$	\$	\$	\$	\$	\$

b) Fitted for But Not With – Training and Torpedo Detection fitted Ships

<i>Halifax-class</i>	Initial Period Year 2		Initial Period Year 3		Initial Period Year 4	
	IMMF	IMCWF	IMMF	IMCWF	IMMF	IMCWF
<b>1 ship</b>	\$	\$	\$	\$	\$	\$
<b>2 ships</b>	\$	\$	\$	\$	\$	\$
<b>3 ships</b>	\$	\$	\$	\$	\$	\$
<b>4 ships</b>	\$	\$	\$	\$	\$	\$
<b>5 ships</b>	\$	\$	\$	\$	\$	\$
<b>6 ships</b>	\$	\$	\$	\$	\$	\$

c) Fitted for But Not With – Wires and Racks fitted ships

<i>Halifax-class</i>	Initial Period Year 2		Initial Period Year 3		Initial Period Year 4	
	IMMF	IMCWF	IMMF	IMCWF	IMMF	IMCWF
<b>1 ship</b>	\$	\$	\$	\$	\$	\$
<b>2 ships</b>	\$	\$	\$	\$	\$	\$
<b>3 ships</b>	\$	\$	\$	\$	\$	\$
<b>4 ships</b>	\$	\$	\$	\$	\$	\$
<b>5 ships</b>	\$	\$	\$	\$	\$	\$
<b>6 ships</b>	\$	\$	\$	\$	\$	\$

1.3 Steady State Phase Increase

Initial Period Years five (5) and six (6) to be negotiated if optional requirement to add In-Service Support for Additional *Halifax-class* Ships is exercised.

**2. Optional Contract Extensions**

If the Contract is extended, the services required for the Steady-State Phase extension periods are Management Functions, Core Work, Emergent Work and Additional Maintenance Support.

- a) Extension year pricing for Management Functions and Core Work will be negotiated in accordance Schedule A, Appendix 1 Price Negotiation Methodology for Initial Period and Optional Extension Periods.
- b) Firm Hourly Labour Rates will be subject to annual economic adjustments in accordance with Article 7.10 of the Contract.

2.2 Steady-State Phase (Optional Extension Years)

\*STEPA= Subject to Economic Price Adjustment Formula

Item N°	Description	Steady State Phase Monthly Management Fee	Steady State Phase Monthly Core Work Fee
1	Optional Contract Extension (Year 7) (Steady State Phase)	*STEPA	To Be Negotiated
2	Optional Contract Extension (Year 8) (Steady State Phase)	*STEPA	To Be Negotiated
3	Optional Contract Extension (Year 9) (Steady State Phase)	*STEPA	To Be Negotiated
4	Optional Contract Extension (Year 10) (Steady State Phase)	*STEPA	To Be Negotiated
5	Optional Contract Extension (Year 11) (Steady State Phase)	*STEPA	To Be Negotiated
6	Optional Contract Extension (Year 12) (Steady State Phase)	*STEPA	To Be Negotiated
7	Optional Contract Extension (Year 13) (Steady State Phase)	*STEPA	To Be Negotiated
8	Optional Contract Extension (Year 14) (Steady State Phase)	*STEPA	To Be Negotiated
9	Optional Contract Extension (Year 15) (Steady State Phase)	*STEPA	To Be Negotiated
10	Optional Contract Extension (Year 16) (Steady State Phase)	*STEPA	To Be Negotiated
11	Optional Contract Extension (Year 17) (Steady State Phase)	*STEPA	To Be Negotiated
12	Optional Contract Extension (Year 18) (Steady State Phase)	*STEPA	To Be Negotiated
13	Optional Contract Extension (Year 19) (Steady State Phase)	*STEPA	To Be Negotiated
14	Optional Contract Extension (Year 20) (Steady State Phase)	*STEPA	To Be Negotiated

2.3 Labour Rates, Mark-up Rates and Travel for Emergent Work and Additional Maintenance Support (Optional Extension Years)

a) Firm Hourly Labour Rates

Firm hourly labour rates are fully burdened, inclusive of all direct labour, General & Administrative expense, overheads and profit.

		Optional Extension Periods *STEPSA= Subject to Economic Price Adjustment Formula									
Item N°	Optional Contract Extension Year	Systems Engineer	Software Engineer	Mechanical Engineer	Senior Technologist Life Cycle Material Manager Specialist	Senior Technologist Field Service Representative Specialist	Senior Technician Technical Writer Specialist	Senior Technician Logistic Support Analyst Specialist	Senior Technician Installer Specialist	Senior Technician Material Support Clerk	Training Specialist
1	Optional Contract Extension (Year 7)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
2	Optional Contract Extension (Year 8)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
3	Optional Contract Extension (Year 9)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
4	Optional Contract Extension (Year 10)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
5	Optional Contract Extension (Year 11)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
6	Optional Contract Extension (Year 12)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA
7	Optional Contract Extension (Year 13)	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA	*STEPSA

		<b>Optional Extension Periods</b> *STEPA= Subject to Economic Price Adjustment Formula									
<b>Item N°</b>	<b>Optional Contract Extension Year</b>	<b>Systems Engineer</b>	<b>Software Engineer</b>	<b>Mechanical Engineer</b>	<b>Senior Technologist Life Cycle Material Manager Specialist</b>	<b>Senior Technologist Field Service Representative Specialist</b>	<b>Senior Technician Technical Writer Specialist</b>	<b>Senior Technician Logistic Support Analyst Specialist</b>	<b>Senior Technician Installer Specialist</b>	<b>Senior Technician Material Support Clerk</b>	<b>Training Specialist</b>
<b>8</b>	Optional Contract Extension (Year 14)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>9</b>	Optional Contract Extension (Year 15)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>10</b>	Optional Contract Extension (Year 16)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>11</b>	Optional Contract Extension (Year 17)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>12</b>	Optional Contract Extension (Year 18)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>13</b>	Optional Contract Extension (Year 19)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA
<b>14</b>	Optional Contract Extension (Year 20)	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA	*STEPA

### 2.3.1 Firm Mark-up Rates

a) Mark-up on Materials for Emergent Work and Additional Maintenance Support (excluding Repair and Overhaul activities):

<b>Item N°</b>	<b>Description</b>	<b>Rate (%)</b> Initial Period Years one (1) through four (4)	<b>Rate (%)</b> Initial Period Years five (5) and six (6)
<b>1</b>	Material valued less than \$100,000.00		To Be Negotiated
<b>2</b>	Material valued between \$100,000.00 and \$499,999.99		To Be Negotiated
<b>3</b>	Material valued \$500,000.00 and over		To Be Negotiated

b) Markup on Repair and Overhaul (R&O) Material Flow through:

<b>Item N°</b>	<b>Description</b>	<b>Rate (%)</b> Initial Period Years one (1) through four (4)	<b>Rate (%)</b> Initial Period Years five (5) and six (6)
<b>1</b>	R&O Material less than \$500,000.00		To Be Negotiated
<b>2</b>	R&O Material value between \$500,000.00 and \$999,999.99		To Be Negotiated
<b>3</b>	R&O Material valued \$1,000,000.00 and over		To Be Negotiated

### 2.3.2 Travel and Living Expenses - National Joint Council Travel Directive

a) The Contractor will be reimbursed its authorized travel and living expenses reasonably and properly incurred in the performance of the Work, at cost, without any allowance for profit and/or administrative overhead, in accordance with the meal, private vehicle and incidental expenses provided in Appendices B, C and D of the National Joint Council Travel Directive and with the other provisions of the directive referring to "travellers", rather than those referring to "employees".

Solicitation No. - N° de l'invitation  
W8472-135462/002/qf  
Client Ref. No. - N° de réf. du client  
W8472-135462

Amd. No. - N° de la modif.  
File No. - N° du dossier  
101qfW8472-135462

Buyer ID - Id de l'acheteur  
101qf  
CCC No./N° CCC - FMS No./N° VME

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- b) All travel must have the prior authorization of the Project Authority.
- c) All payments are subject to government audit.

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## Schedule A, Appendix 2

### Price Negotiation Methodology for Initial Period and Optional Extension Periods

#### 1. General

- 1.1 The Fees, Labour Rates and Mark-up Rates for Initial Period years five (5) and (6), and each optional extension period if exercised by Canada, will be negotiated prior to the commencement of any Work.
- 1.2 The first negotiation will take place during Initial Period Years three (3) and Year (4) of the Contract to establish the Fees, and Mark-up Rates for a five (5) year contract pricing window (Initial Period year five (5), year six (6), and three (3) years of optional extension periods), in accordance with the Articles as detailed in this Appendix.
- 1.3 Further negotiations, if required, will be conducted in the same manner.
- 1.4 The Contractor agrees that the negotiated Fees, Labour Rates and Mark-up Rates must be fair and justifiable. The Contractor agrees that the price negotiation methodology and conditions expressed herein will apply for the duration of the Contract.

#### 2. Pricing Negotiation Methodology

- 2.1 The Contractor must submit a proposal to the Contract Authority no later than twelve (12) months prior to the end of the Period of Contract, containing the following:
  - a) description of the Work expected to be required over the Option Period supported by a detailed Workload analysis,
  - b) for each year Option Period, the proposed Prices, Rates and Mark-up as specified in the Basis-of-Payment;
  - c) detailed breakdowns, including all appropriate and applicable Cost elements plus profit, for the proposed firm rates and prices;
  - d) the Contractor's actual costing data related to the firm rates, for each of the last five (5) years prior to submission of the proposal (except for the first negotiation: only the last three (3) years will be required);
  - e) the Contractor's projected actual costing data related to the firm rates for the remaining period of the Contract;

- 
- f) the Contractor's three (3) most recent audited unconsolidated financial statements as of the date of submission of the proposal; and
  - g) any of the Contractor's general company costing data or other information required by the Contracting Authority to establish revised rates and prices in accordance with the paragraph below.

2.2 Taking into consideration the Contractor's proposal, the Contracting Authority will determine the revised rates and prices based on the procedures outlined below:

- a) For Canadian Based Contractor, the Contractor must propose prices or rates based on the estimated costs computed in accordance with the General Conditions Contract Cost Principles 1031-2.
- b) For Foreign Based Contractor, the Contractor must propose as per one of these options:
  - i. if the Government of the Contractor has negotiated price or rates in place with the Contractor and or the Principle Sub-Contractor, the then current annually negotiated rates must be used; or
  - ii. the Contractor must propose prices or rates based on the estimated costs computed in accordance with their Government equivalent of Contract Cost Principals 1031-2; or
  - iii. the Contractor must propose prices or rates based on the estimated costs computed in accordance with the General Conditions Contract Cost Principles 1031-2.

Whichever is more beneficial to Canada.

- c) The Contractor must propose a profit rate computed in accordance with the Public Works and Government Services Canada Supply Manual Chapter 10, Cost and Profit.

2.3 The Contractor will also be required to provide the rate certification, the price certification and the price justifications described below.

### **3. Interim Prices**

3.1 Where negotiated Fees and Mark-up rates are not yet negotiated between the Contractor and Canada by the time the next period (or Option Period) commences then the Fees and Mark-up rates of last Year of the negotiated period must be used as interim Prices, Rates and Mark-ups until these Prices, Rates and Mark-ups are negotiated between the Contractor and Canada.

#### **4. Additional Requirements**

- 4.1 Under no circumstances will the escalation rate exceed 3% between two Consecutive fiscal years. In the case where an agreement exists between the Contractor and its own Government (Government negotiated rates), these rates may be used by Canada should it be in the best interest of Canada to do so.

#### **5. Price Support**

- 5.1 The Contractor will be required to provide one or more of the following price support below.

#### **6. Price and Rates Certification**

- 6.1 The Bidder certifies that the price and rates proposed are based on costs computed in accordance with Contract Cost Principles 1031-2, and includes an estimated profit amount of \$

#### **7. Price Certification**

- 7.1 The Bidder certifies that the price proposed is not in excess of the lowest price charged anyone else, including the Bidder's most favoured customer, for the like quality and quantity of the goods, services or both.

#### **8. Price Certification Commercial Goods and/or Services**

- 8.1 The Contractor certifies that the price proposed:
- a) is not in excess of the lowest price charged anyone else, including the Contractor's most favoured customer, for the like quality and quantity of the goods, services or both; and
  - b) does not include an element of profit on the sale in excess of that normally obtained by the Contractor on the sale of goods, services or both of like quality and quantity.

#### **9. Rate Certification - Commercial Services**

- 9.1 The Contractor certifies that the rate proposed:
- a) is not in excess of the lowest rate charged anyone else, including the Contractor's most favoured customer, for the like quality and quantity of the service;

- 
- b) does not include an element of profit on the sale in excess of that normally obtained by the Contractor on the sale of services of like quality and quantity, and
  - c) does not include any provision for discounts to selling agents.

## **10. Price Justification**

10.1 The Contractor must provide, on Canada's request, one or more of the following price justification:

- a) Current published price list indicating the percentage discount available to Canada; Or a copy of paid invoices for the like quality and quantity of the goods, services or both sold to other customers, or
- b) a price breakdown showing the cost of direct labour, direct materials, purchased items, engineering and plant overheads, general and administrative overhead, transportation, etc., and profit; or
- c) any other supporting documentation as requested by Canada.

## **11. Discretionary Audit**

- 11.1 The Contractor's certification that the price or rate is not in excess of the lowest price or rate charged anyone else, including the Contractor's most favoured customer, for the like quality and quantity of the goods, services or both, is subject to verification by government audit, at the discretion of Canada, before or after payment is made to the Contractor.
- 11.2 If the audit demonstrates that the certification is in error after payment is made to the Contractor, the Contractor must, at the discretion of Canada, make repayment to Canada in the amount found to be in excess of the lowest price or rate or authorize the retention by Canada of that amount by way of deduction from any sum of money that may be due or payable to the Contractor pursuant to the Contract.
- 11.3 If the audit demonstrates that the certification is in error before payment is made, the Contractor agrees that any pending invoice will be adjusted by Canada in accordance with the results of the audit. It is further agreed that if the Contract is still in effect at the time of the verification, the price or rate will be lowered in accordance with the results of the audit.

**Schedule B- Milestone Payments (Management Fees and Core Work Fees)**

1. The schedule of milestones which claims must be made on Schedule A, UWSU In-Service Support Pricing Article 3.1, Article 3.2:

a) Management Fees

Month	Initial Period Year 1			Initial Period Year 2			Initial Period Year 3			Initial Period Year 4		
	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount
1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
4	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
6	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
7	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
8	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

b) Core Work Fees

Month	Initial Period Year 1			Initial Period Year 2			Initial Period Year 3			Initial Period Year 4		
	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount	Monthly Fee	5% Holdback Amount	Claimable Amount
1	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
4	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
6	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
7	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
8	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
10	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
12	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

2. The schedule of milestones which claims must be made on Appendix 1 to Schedule A, Optional Requirements and Optional Contract Extensions Article 2.2:

*\* Monthly Milestones will be inserted if contract extensions are exercised.*