

## **ANNEX B**

### **LAND COMMAND, CONTROL, COMMUNICATIONS, COMPUTERS, INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE**

### **SYSTEM OF SYSTEMS – ENGINEERING & INTEGRATION SUSTAINMENT SERVICES**

## **BASIS OF PAYMENT**

## 1. DEFINITIONS

- 1.1. **Fixed Hourly Rate** means a fixed hourly labour rate to be charged for each hour worked and prorated for any period less than an hour.
- 1.2. **Laid-Down Cost** is the cost incurred by a supplier to acquire a specific product or service for resale to the government. This includes the supplier's invoice price (less trade discounts), plus any applicable charges for incoming transportation, foreign exchange, customs duty and brokerage, but excludes the Goods and Services Tax and the Harmonized Sales Tax.
- 1.3. **Markup** is defined as the difference between the Contractor's laid-down cost for a product and its resale price to Canada, Goods and Services Tax and/or the Harmonized Sales Tax excluded. Mark-up includes applicable purchasing expense, internal handling and general and administrative expenses, plus profit.
- 1.4. **Fixed Price** is a method of pricing in which the total amount payable is a fixed lump sum or is an amount determinable in accordance with fixed unit prices.
- 1.5. **Ceiling Price** is a method of pricing in which the maximum amount of money to be paid to the Contractor for the prescribed work as established in the contract. When a ceiling price is used in a contract, the Contractor is not entitled to additional compensation. A ceiling price is used when the level of effort or quantity can be realistically estimated, and there is full agreement between the parties as to what constitutes the prescribed work.
- 1.6. **Limitation of Expenditure Price** is a method in which the maximum amount of money that may be paid to a Contractor for the prescribed work. The limitation of expenditure is normally used in service requirements where the level of effort cannot be accurately estimated at the outset. At the client's request, the contracting authority will amend the contract to provide additional funds or request the Contractor to complete the work to the extent that the allocated funding permits.
- 1.7. **Level of Effort** is defined as the total number of hours allocated to either expend on a task or complete a task that may include one or multiple labour categories.
- 1.8. **General and Administrative Expenses** are defined as the estimated general and administrative expenses are a percentage of material, labour and overhead costs.
- 1.9. **Fully Loaded Labour Rate** is defined as a rate that includes General and Administration expenses, overheads and profit, however, it excludes applicable taxes.
- 1.10. **Materials**, including raw materials, parts and equipment, purchased or manufactured by the Contractor specifically for the Contract.

## 2. GENERAL

*This missing pricing information shall be incorporated at the contract award stage in accordance with the financial bid selected for a contract award.*

In consideration of the Contractor satisfactorily completing all of its obligations under the Contract, the Contractor will be paid as per the following paragraphs.

### 3. LABOUR CATEGORIES DEFINITIONS

- 3.1 **Junior Co-Op Student** is defined as a resource who must be pursuing a college certification or a bachelor's degree from an accredited college or university in a relevant field and is within the first two years of the program.
- 3.2 **Senior Co-Op Student** is defined as a resource who must be pursuing a college certification or a bachelor's degree from an accredited college or university in a relevant field and is within the third to fourth years of the program. Co-Op Students perusing a master's degree are considered as senior resource.
- 3.3 **Junior resource** is defined as a resource who must have a minimum two (2) years of relevant experience in the specified field within the last five (5) years. For all Engineering and Architect categories a resource must also have a bachelor's degree in Science, Technology, Engineering or Mathematics (STEM).
- 3.4 **Intermediate resource** is defined as a resource who must have a minimum five (5) years of relevant experience in the specified field within the last ten (10) years. For all Engineering and Architect categories a resource must also have a bachelor's degree in STEM.
- 3.5 **Senior resource** is defined as a resource who must have a minimum seven (7) years of relevant experience in the specified field within the last ten (10) years. For all Engineering and Architect categories a resource must also have a bachelor's degree in STEM.
- 3.6 **Certified TEMPEST Professional I** is defined as a resource who has successfully completed the government-administered exam and received the Certification as a TEMPEST Professional Level I.
- 3.7 **Certified TEMPEST Professional II** is defined as a resource who has successfully completed the government-administered exam and received the Certification as a TEMPEST Professional Level II.

### 4. RAMP-UP PERIOD FOR THE SOS E&I FACILITY

- 4.1 The Fixed Monthly Fee for the SoS E&I Facility will come into effect as soon as the facility is fully functional and accepted by Canada.
- 4.2 The payment of the SoS E&I Facility will be made in accordance with Appendix B2 to Annex B until the facility is deemed as fully functional and accepted by Canada.

*Fully functional means that all SoS E&I deliverables described in Appendix A5, including the Certificate of Occupancy and items necessary for DND Project staff to access the SoS E&I (i.e., keys, badges, and any other items deemed necessary by the contractor), are delivered to the Technical Authority and the DND Acceptance Criteria is fully satisfied by the Contractor.*

## 5. CORE WORK

- 5.1 Upon satisfactorily delivering the Core Management Work and the Core Engineering Management Work, the Contractor will be paid the Fixed Monthly Fee in accordance with Table 1 below.

Table 1 – Core Work

Core Work		
Fixed Monthly Fee		
<b>Firm Period</b>	Year 1	As per the bid
	Year 2	As per the bid
	Year 3	As per the bid
	Year 4	As per the bid
	Year 5	As per the bid
	Year 6	As per the bid
<b>Option Period 1</b>	Year 7	CPI
	Year 8	CPI
<b>Option Period 2</b>	Year 9	CPI
	Year 10	CPI
<b>Option Period 3</b>	Year 11	CPI
	Year 12	CPI
<b>Option Period 4</b>	Year 13	CPI
	Year 14	CPI
<b>Option Period 5</b>	Year 15	CPI

## 6. SoS E&I FACILITY

- 6.1 Payment for the SoS E&I Facility will be made in accordance with the Monthly Payment provisions of the Contract. The Facility charges must be based on Fixed Monthly Rates identified in Table 2 below.

Table 2 – SoS E&I Facility

Item No.	Activity	Fixed Monthly Fee						
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Option Period 1-3
1	SoS E&I Facility	As per the bid	As per the bid	As per the bid	As per the bid	As per the bid	As per the bid	CPI

## 7. ADDITIONAL WORK REQUIREMENTS

- 7.1 Payment for Additional Work Requirements will be made in accordance with the Progress Payment provisions of the Contract. Canada will make monthly payments for Additional Work Requirements as follows:
- a. Labour charges for authorized Work must be based on Fixed Hourly Labour Rates, in accordance with Table 3 below, Goods and Services Tax or Harmonized Sales Tax extra as applicable.
  - b. The Contractor will be paid Mark-up charges on its Laid-down cost for authorized acquisition of material, rental and maintenance of the material, the Contractor will be paid for its cost reasonably and properly incurred in the performance of the Work plus a mark-up, in Table 4 below, Goods and Services Tax or Harmonized Sales Tax extra as applicable.
    - i. The Contractor will be reimbursed all transportation and Shipping costs without any allowance for profit and/or administrative overhead. Goods and Services Tax or Harmonized Sales Tax extra as applicable.
    - ii. Shipping and Transportation charges must be shown as separate item on the Contractor's invoice.
    - iii. The charges for the material, rental and maintenance will be charged in the year in which they were delivered.
  - c. The Contractor will be paid Mark-up on its Laid-down Cost reasonably and properly incurred for authorized sub-contracted services, in accordance with Table 5. Goods and Services Tax or Harmonized Sales Tax are extra, as applicable.
    - i. Should the Contractor subcontract any of the Resource Categories that are covered by the BoP, the Contractor will be paid the Labour Rates in accordance with the Contract.
  - d. The Contractor will be reimbursed for 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, and private vehicle allowances specified in Appendices B, C, D and E of the [National Joint Council Travel Directive](#). All travel must have prior authorization of the Technical Authority.
- 7.2 Payment for AWR will be subject to 10% Holdback.

Table 3–Fixed Hourly Labour Rates

Resource Category	Resource Level	Fixed Hourly Labour Rates						
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Option Years
A- Systems Engineer	1. Junior	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
	2. Intermediate	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
	3. Senior	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
B- Systems Technician	4. Junior	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
	5. Intermediate	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
	6. Senior	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
C- Systems Architect	7. Junior	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI
	8. Intermediate	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	<i>As per the bid</i>	CPI

	9. Senior	<i>As per the bid</i>	CPI					
<b>D- Hardware Engineer</b>	10. Junior	<i>As per the bid</i>	CPI					
	11. Intermediate	<i>As per the bid</i>	CPI					
	12. Senior	<i>As per the bid</i>	CPI					
<b>E- Hardware Technician</b>	13. Junior	<i>As per the bid</i>	CPI					
	14. Intermediate	<i>As per the bid</i>	CPI					
	15. Senior	<i>As per the bid</i>	CPI					
<b>F- Software Architect</b>	16. Junior	<i>As per the bid</i>	CPI					
	17. Intermediate	<i>As per the bid</i>	CPI					
	18. Senior	<i>As per the bid</i>	CPI					
<b>G- Software/ Firmware Engineer</b>	19. Junior	<i>As per the bid</i>	CPI					

	20. Intermediate	<i>As per the bid</i>	CPI					
	21. Senior	<i>As per the bid</i>	CPI					
<b>H- Software/ Firmware Developer</b>	22. Junior	<i>As per the bid</i>	CPI					
	23. Intermediate	<i>As per the bid</i>	CPI					
	24. Senior	<i>As per the bid</i>	CPI					
<b>I- Network Architect</b>	25. Junior	<i>As per the bid</i>	CPI					
	26. Intermediate	<i>As per the bid</i>	CPI					
	27. Senior	<i>As per the bid</i>	CPI					
<b>J- Network Engineer</b>	28. Junior	<i>As per the bid</i>	CPI					
	29. Intermediate	<i>As per the bid</i>	CPI					
	30. Senior	<i>As per the bid</i>	CPI					

<b>K- Network Administrator</b>	31. Junior	<i>As per the bid</i>	CPI					
	32. Intermediate	<i>As per the bid</i>	CPI					
	33. Senior	<i>As per the bid</i>	CPI					
<b>L- Network Technician</b>	34. Junior	<i>As per the bid</i>	CPI					
	35. Intermediate	<i>As per the bid</i>	CPI					
	36. Senior	<i>As per the bid</i>	CPI					
<b>M- Radio Frequency Architect</b>	37. Junior	<i>As per the bid</i>	CPI					
	38. Intermediate	<i>As per the bid</i>	CPI					
	39. Senior	<i>As per the bid</i>	CPI					
<b>N- Radio Frequency Engineer</b>	40. Junior	<i>As per the bid</i>	CPI					
	41. Intermediate	<i>As per the bid</i>	CPI					

	42. Senior	<i>As per the bid</i>	CPI					
<b>O- Radio Frequency Technician</b>	43. Junior	<i>As per the bid</i>	CPI					
	44. Intermediate	<i>As per the bid</i>	CPI					
	45. Senior	<i>As per the bid</i>	CPI					
	46. Junior	<i>As per the bid</i>	CPI					
<b>P- Cybersecurity Architect</b>	47. Intermediate	<i>As per the bid</i>	CPI					
	48. Senior	<i>As per the bid</i>	CPI					
	49. Junior	<i>As per the bid</i>	CPI					
<b>Q- Cybersecurity Engineer</b>	50. Intermediate	<i>As per the bid</i>	CPI					
	51. Senior	<i>As per the bid</i>	CPI					
	52. Junior	<i>As per the bid</i>	CPI					
<b>R- Cybersecurity Specialist</b>	52. Junior	<i>As per the bid</i>	CPI					

	53. Intermediate	<i>As per the bid</i>	CPI					
	54. Senior	<i>As per the bid</i>	CPI					
<b>S- Cybersecurity Analyst</b>	55. Junior	<i>As per the bid</i>	CPI					
	56. Intermediate	<i>As per the bid</i>	CPI					
	57. Senior	<i>As per the bid</i>	CPI					
<b>T- Security Assessment and Authorization Specialist</b>	58. Junior	<i>As per the bid</i>	CPI					
	59. Intermediate	<i>As per the bid</i>	CPI					
	60. Senior	<i>As per the bid</i>	CPI					
<b>U- Incident Management Specialist</b>	61. Junior	<i>As per the bid</i>	CPI					
	62. Intermediate	<i>As per the bid</i>	CPI					
	63. Senior	<i>As per the bid</i>	CPI					

<b>V- Information Management Specialist</b>	64. Junior	<i>As per the bid</i>	CPI					
	65. Intermediate	<i>As per the bid</i>	CPI					
	66. Senior	<i>As per the bid</i>	CPI					
<b>W- Information Management Analyst</b>	67. Junior	<i>As per the bid</i>	CPI					
	68. Intermediate	<i>As per the bid</i>	CPI					
	69. Senior	<i>As per the bid</i>	CPI					
<b>X- Configuration Management Specialist</b>	70. Junior	<i>As per the bid</i>	CPI					
	71. Intermediate	<i>As per the bid</i>	CPI					
	72. Senior	<i>As per the bid</i>	CPI					
<b>Y- Configuration Management Analyst</b>	73. Junior	<i>As per the bid</i>	CPI					
	74. Intermediate	<i>As per the bid</i>	CPI					

	75. Senior	<i>As per the bid</i>	CPI					
<b>Z- Test Technician</b>	76. Junior	<i>As per the bid</i>	CPI					
	77. Intermediate	<i>As per the bid</i>	CPI					
	78. Senior	<i>As per the bid</i>	CPI					
<b>AA- Quality Management Analyst</b>	79. Junior	<i>As per the bid</i>	CPI					
	80. Intermediate	<i>As per the bid</i>	CPI					
	81. Senior	<i>As per the bid</i>	CPI					
<b>BB- Integrated Logistics Support Technician</b>	82. Junior	<i>As per the bid</i>	CPI					
	83. Intermediate	<i>As per the bid</i>	CPI					
	84. Senior	<i>As per the bid</i>	CPI					
<b>CC- Training Material Developer</b>	85. Junior	<i>As per the bid</i>	CPI					

	86. Intermediate	<i>As per the bid</i>	CPI					
	87. Senior	<i>As per the bid</i>	CPI					
<b>DD- Technical Draftsperson</b>	88. Junior	<i>As per the bid</i>	CPI					
	89. Intermediate	<i>As per the bid</i>	CPI					
	90. Senior	<i>As per the bid</i>	CPI					
<b>EE- Human Factors Specialist</b>	91. Junior	<i>As per the bid</i>	CPI					
	92. Intermediate	<i>As per the bid</i>	CPI					
	93. Senior	<i>As per the bid</i>	CPI					
<b>FF- Field Support Representative</b>	94. Junior	<i>As per the bid</i>	CPI					
	95. Intermediate	<i>As per the bid</i>	CPI					
	96. Senior	<i>As per the bid</i>	CPI					

<b>GG- Manufacturing Engineer</b>	97. Junior	<i>As per the bid</i>	CPI					
	98. Intermediate	<i>As per the bid</i>	CPI					
	99. Senior	<i>As per the bid</i>	CPI					
<b>HH- Manufacturing Technician</b>	100. Junior	<i>As per the bid</i>	CPI					
	101. Intermediate	<i>As per the bid</i>	CPI					
	102. Senior	<i>As per the bid</i>	CPI					
<b>II- Geospatial Engineer</b>	103. Junior	<i>As per the bid</i>	CPI					
	104. Intermediate	<i>As per the bid</i>	CPI					
	105. Senior	<i>As per the bid</i>	CPI					
<b>JJ- Geospatial Technician</b>	106. Junior	<i>As per the bid</i>	CPI					
	107. Intermediate	<i>As per the bid</i>	CPI					

	108.	Senior	<i>As per the bid</i>	CPI					
<b>KK- TEMPEST Professional I</b>	109.	Junior	<i>As per the bid</i>	CPI					
	110.	Intermediate	<i>As per the bid</i>	CPI					
	111.	Senior	<i>As per the bid</i>	CPI					
	112.	Junior	<i>As per the bid</i>	CPI					
<b>LL- TEMPEST Professional II</b>	113.	Intermediate	<i>As per the bid</i>	CPI					
	114.	Intermediate	<i>As per the bid</i>	CPI					
<b>MM- Database Manager</b>	115.	Senior	<i>As per the bid</i>	CPI					
	116.	Intermediate	<i>As per the bid</i>	CPI					
<b>NN- Test Engineer</b>	117.	Senior	<i>As per the bid</i>	CPI					
	118.	Intermediate	<i>As per the bid</i>	CPI					
<b>OO- Integrated Logistics Support Manager</b>			<i>As per the bid</i>	CPI					

	119. Senior	<i>As per the bid</i>	CPI					
<b>PP- Supply Manager</b>	120. Intermediate	<i>As per the bid</i>	CPI					
	121. Senior	<i>As per the bid</i>	CPI					
<b>QQ- Supply Technician</b>	122. Intermediate	<i>As per the bid</i>	CPI					
<b>RR- Training Material Manager</b>	123. Intermediate	<i>As per the bid</i>	CPI					
<b>SS- Technical Writer</b>	124. Intermediate	<i>As per the bid</i>	CPI					
	125. Senior	<i>As per the bid</i>	CPI					
<b>TT- Field Support Manager</b>	126. Intermediate	<i>As per the bid</i>	CPI					
	127. Senior	<i>As per the bid</i>	CPI					
<b>UU- Geospatial Architect</b>	128. Intermediate	<i>As per the bid</i>	CPI					
	129. Senior	<i>As per the bid</i>	CPI					

<b>VV- Co-Op Student</b>	130.	Junior	<i>As per the bid</i>	CPI					
	131.	Senior	<i>As per the bid</i>	CPI					

Table 4 – Material Mark-up Percentage

<b>Material Mark-up</b>		
<b>Item</b>	<b>Activity</b>	<b>Mark-up For Firm and Option Periods (Percentage)</b>
<b>1</b>	<b>Material</b>	<i>As per the bid</i>

Table 5 – Sub-Contracted Services Mark-up Percentage

<b>Sub-Contracted Services Mark-up</b>		
<b>Item</b>	<b>Activity</b>	<b>Mark-up For Firm and Option Periods (Percentage)</b>
<b>1</b>	<b>Sub-Contracted Services</b>	<i>As per the bid</i>

## **ITEM 6 - ECONOMIC PRICE ADJUSTMENT FOR OPTION PERIODS**

6.1 Adjusted Prices and Labour Rates for the Option Periods will be incorporated in this document prior to exercising the options. The Labour Rates and Prices for the period of contract shall provide the baseline for the Labour Rates and Prices for Option Periods 1 to 5.

6.2 The Labour Rates and Prices for Option Period 1 shall be the average of the Firm Period, which will be used as the baseline for escalation Labour Rates and Prices in the contract, to be escalated or de-escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase or decrease, as applicable, for the one-year period ending two months prior to the contract's anniversary date. The Contractor will continue to be paid on the current rates until the new rates have been agreed upon between the Contractor and Canada. All ongoing tasks will be reconciled once closed.

- 6.3 The Labour Rates and Prices for Option Period 2 shall be the average of the Firm Period, which will be used as the baseline for escalation Labour Rates and Prices in the contract, to be escalated or de-escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase or decrease, as applicable, for the one-year period ending two months prior to the contract's anniversary date. The Contractor will continue to be paid on the current rates until the new rates have been agreed upon between the Contractor and Canada. All ongoing tasks will be reconciled once closed.
- 6.4 The Labour Rates and Prices for Option Period 3 shall be the average of the Firm Period, which will be used as the baseline for escalation Labour Rates and Prices in the contract, to be escalated or de-escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase or decrease, as applicable, for the one-year period ending two months prior to the contract's anniversary date. The Contractor will continue to be paid on the current rates until the new rates have been agreed upon between the Contractor and Canada. All ongoing tasks will be reconciled once closed.
- 6.5 The Labour Rates and Prices for Option Period 4 shall be the average of the Firm Period, which will be used as the baseline for escalation Labour Rates and Prices in the contract, to be escalated or de-escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase or decrease, as applicable, for the one-year period ending two months prior to the contract's anniversary date. The Contractor will continue to be paid on the current rates until the new rates have been agreed upon between the Contractor and Canada. All ongoing tasks will be reconciled once closed.
- 6.6 The Labour Rates and Prices for Option Period 5 shall be the average of the Firm Period, which will be used as the baseline for escalation Labour Rates and Prices in the contract, to be escalated or de-escalated by no more than a percentage equal to Canada's Consumer Price Index (CPI) increase or decrease, as applicable, for the one-year period ending two months prior to the contract's anniversary date. The Contractor will continue to be paid on the current rates until the new rates have been agreed upon between the Contractor and Canada. All ongoing tasks will be reconciled once closed.
- 6.7 The CPI to be used for Rates and Prices calculation will be the annual average for "All Items including major components and special aggregates, Canada – Not seasonally adjusted, which is published by Statistics Canada.
- 6.8 The Labour Rates and Prices for all Option Periods will be escalated or de-escalated on yearly basis regardless the length of the Option Periods. The Contractor will continue to be paid on the current CPI rate until the new rate has been finalized.
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