

SOLICITATION / CONTRACT / ORDER FOR COMMERCIAL ITEMS
OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24, & 30

1. REQUISITION NUMBER
 PRSAR080610

PAGE 1 OF 19

2. CONTRACT NO. 3. AWARD/EFFECTIVE DATE 09/10/2008 4. ORDER NUMBER DTMA2P08150 5. SOLICITATION NUMBER 6. SOLICITATION ISSUE DATE

7. FOR SOLICITATION INFORMATION CALL: a. NAME b. TELEPHONE NUMBER (No collect calls) 8. OFFER DUE DATE/ LOCAL TIME

9. ISSUED BY CODE 00092
 DOT/Maritime Administration, SAR Acquisition
 Office of Acquisition, MRG-7200
 7737 Hampton Boulevard, Building 4D, Room 211
 Norfolk, VA 23505
 TEL: (757) 441-3245 ext.
 FAX: (757) 441-6080 ext.

10. THIS ACQUISITION IS
 UNRESTRICTED OR SET ASIDE: 0.00% FOR:
 SMALL BUSINESS EMERGING SMALL BUSINESS
 HUBZONE SMALL BUSINESS 8(A)
 SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS
 NAICS:
 SIZE STANDARD:

11. DELIVERY FOR FOB DESTINATION UNLESS BLOCK IS MARKED
 SEE SCHEDULE

12. DISCOUNT TERMS
 13a. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 700)
 13b. RATING
 14. METHOD OF SOLICITATION
 RFQ IFB RFP

15. DELIVER TO CODE
 James River Reserve Fleet, Fleet Operations Group, MRG-7715
 End of Harrison Road, Bldg. 2606
 Fort Eustis, VA 23604
Attn: Calvin Ferguson

16. ADMINISTERED BY CODE 00092
 DOT/Maritime Administration, SAR Acquisition
 Office of Acquisition, MRG-7200, 7737 Hampton Boulevard, Building 4D, Room 211
 Norfolk, VA 23505

17a. CONTRACTOR/OFFEROR CODE * FACILITY CODE
 PAPCO, INC
 4920 SOUTHERN BLVD
 VIRGINIA BEACH, VA 23462-5314
 TELEPHONE NO.(757) 321-4453 ext.

18a. PAYMENT WILL BE MADE BY CODE
 DOT/ Enterprise Services Center (ESC) OFO/FAA, Oklahoma City
 MARAD A/P SAR Invoices Branch, AMZ-150 PO Box 25710,
 Oklahoma City, OK 73125

17b. CHECK IF REMITTANCE IS DIFFERENT AND PUT SUCH ADDRESS IN
 OFFER

18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BLOCK BELOW IS CHECKED
 SEE ADDENDUM

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT
(Use Reverse and/or Attach Additional Sheets as Necessary)					

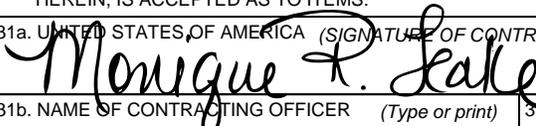
25. ACCOUNTING AND APPROPRIATION DATA 2008 - - X4303 - 971 - 76 - NDA0 - 0 - 0000 - 000000 - 70 - 086171 - 76 - NDA0 - 26370 - 6100 - 6600 - 26. TOTAL AWARD AMOUNT (For Govt. Use Only) \$ 60,000.00

27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4. FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA ARE ARE NOT ATTACHED
 27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4. FAR 52.212-5 IS ATTACHED. ADDENDA ARE ARE NOT ATTACHED

28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN _____ COPIES TO ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED HEREIN.

29. AWARD OF CONTRACT: REF. _____ your e-mail _____ OFFER
 DATED 09/09/2008. YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN, IS ACCEPTED AS TO ITEMS:

30a. SIGNATURE OF OFFEROR/CONTRACTOR
 30b. NAME AND TITLE OF SIGNER (Type or print)
 30c. DATE SIGNED

31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER)

 31b. NAME OF CONTRACTING OFFICER (Type or print) Monique Leake
 31c. DATE SIGNED 09/10/2008

19. ITEM NO.	20. SCHEDULE OF SUPPLIES/SERVICES	21. QUANTITY	22. UNIT	23. UNIT PRICE	24. AMOUNT

32a. QUANTITY IN COLUMN 21 HAS BEEN

RECEIVED INSPECTED ACCEPTED, AND CONFORMS TO THE CONTRACT, EXCEPT AS NOTED: _____

32b. SIGNATURE OF AUTHORIZED GOVERNMENT REPRESENTATIVE	32c. DATE	32d. PRINTED NAME AND TITLE OF AUTHORIZED GOVERNMENT REPRESENTATIVE
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32e. MAILING ADDRESS OF AUTHORIZED GOVERNMENT REPRESENTATIVE	32f. TELEPHONE NUMBER OF AUTHORIZED GOVERNMENT REPRESENTATIVE
	32g. E-MAIL OF AUTHORIZED GOVERNMENT REPRESENTATIVE

33. SHIP NUMBER <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	34. VOUCHER NUMBER	35. AMOUNT VERIFIED CORRECT FOR	36. PAYMENT <input type="checkbox"/> COMPLETE <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL	37. CHECK NUMBER
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38. S/R ACCOUNT NUMBER	39. S/R VOUCHER NUMBER	40. PAID BY
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41a. I CERTIFY THIS ACCOUNT IS CORRECT AND PROPER FOR PAYMENT	42a. RECEIVED BY <i>(Print)</i>	
41b. SIGNATURE AND TITLE OF CERTIFYING OFFICER	41c. DATE	42b. RECEIVED AT <i>(Location)</i>
		42c. DATE REC'D <i>(YY/MM/DD)</i>

Line Item Summary	Document Number DTMA2P08150	Title FOG-Marine Diesel #2 Fuel	Page 3 of 19
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Total Funding: \$60,000.00

FYs	Fund	Budget Org	Sub	Object Class	Sub	Program	Cost Org	Sub	Proj/Job No.	Sub	Reporting Category
2008	X4303	971	76	NDA0	0	0000	000000	70	086171	76	NDA0
Division	Closed FYs		Cancelled Fund								
26370	6100	6600									

Line Item Number	Description	Delivery Date (Start Date to End Date)	Quantity	Unit of Issue	Unit Price	Total Cost (Includes Discounts)
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DUNS #050987460

0001	FUEL OIL BURNER #2 (Red Dye) FS2		1.00	LOT	\$60,000.000	\$ 60,000.00
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(09/15/2008 to 09/14/2009)

Fuel Oil Burner #2 (Red Dye) Product Code FS2. Individual deliveries pierside by tank truck in the amount of 4,800 gallons per load with pump and minimum of 100' of hose, to vessels pierside, James River Reserve Fleet, End of Harrison Road, Ft. Eustis, VA.

The Contracting Officer's Technical Representative (COTR) for this order is Calvin Ferguson, 757-887-3233, x17. The COTR is authorized to schedule individual deliveries, specifying the quantity, schedule and delivery instructions not to exceed the total amount of this order.

The base reference unit price per gallon in effect on the date of this order is \$3.3207. The prices to be invoiced hereunder shall be computed in accordance with the "Economic Price Adjustment" clause. In addition, a \$0.1230 differential will be added to the computed price for the cost of delivery and profit, provided the quantity ordered is at least 4,000 gallons. The differential for lesser quantities will be subject to negotiation. Invoices shall include a copy of the published Oil Price Information Service (OPIS) price in effect on the date of delivery.

Ref Req No: PRSAR080610

Funding Information:

2008 - - X4303 - 971 - 76 - NDA0 - 0 - 0000 - 000000 - 70 - 086171 -
76 - NDA0 - 26370 - 6100 - 6600 -
\$60,000.00

Total Cost: \$60,000.00

In order for an invoice to be processed for payment must include your Federal ID Number, Purchase Order Number, and Invoice Number. Without these numbers your invoice will be returned and payment will be delayed.

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COMMERCIAL CLAUSES

1 INVOICE SUBMISSION

INVOICE SUBMISSION - MARAD/SAR

The Contractor may submit invoices in either electronic or paper format. Electronic submission is preferred.

(1) Electronic invoices shall be addressed to MARADInvoices@faa.gov

Electronic invoices shall conform to the following criteria, or be subject to rejection:

- a. Invoice and supporting documentation shall be in Adobe Acrobat (pdf) format.
- b. The e-mail subject shall include the contract/purchase order number and invoice number. If this information is omitted from the invoice, then invoice will be returned and payment will be delayed.
- c. The transmitting e-mail shall include the following information: Name of the Contractor; Invoice date and number; Invoice amount; Contract number and, if applicable, the order or modification number; Terms of any discount for prompt payment offered; Payment instructions (i.e., financial institution, ABA routing #, account #)

(2) Paper invoices shall be submitted to one of the following addresses. Multiple copies are not required.

MARAD A/P SAR Invoices Branch
AMZ-150
PO Box 25710
Oklahoma City, OK 73125

If a street address is required for delivery (i.e., Federal Express), the following address may be used in lieu of the post office box:

MARAD A/P SAR Invoices Branch
AMZ-150
6500 S MacArthur Blvd.
Oklahoma City, OK 73169

2 ECONOMIC PRICE ADJUSTMENT

ECONOMIC PRICE ADJUSTMENT

(a) **WARRANTIES.** The Contractor warrants that--

(1) The unit prices set forth in the Schedule do not include allowances for any portion of the contingency covered by this clause; and

(2) The prices to be invoiced hereunder shall be computed daily in accordance with the provisions of this clause.

(b) **DEFINITIONS.** As used throughout this clause, the term--

(1) Base reference price means the reference price for item as published on the date of this order.

(2) Reference price means that published reference price or combination of published reference prices designated for price adjustment by product, market area, and publication as specified in (f) below.

(3) Date of delivery means--

The date product is received on a truck-by-truck basis.

(4) Published means issued in either print or electronic format by the service designated to be employed as an escalator, unless otherwise specifically stated. In the event of a conflict between the prices set forth in the print version and those set forth in the electronic version for

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the same date, the electronic version shall prevail, unless otherwise specified in (c)(1) below.

(c) PUBLICATION.

(i) OIL PRICE INFORMATION SERVICE (OPIS). The reference price in effect on the date of delivery shall be the end of day OPIS contract average effective that day. In the event there is no price published for date of delivery, then it shall be the item's reference price as last previously published.

(2) CALCULATIONS. The prices payable hereunder shall be determined by adding to the award price the same number of cents, or fraction thereof, that the daily reference price increases or decreases, per like unit of measure. All arithmetical calculations, including the final adjusted unit price, shall be carried to six decimal places, truncated.

(3) REVISION OF PUBLISHED REFERENCE PRICE. In the event--

(i) Any applicable reference price is discontinued or its method of derivation is altered substantially; or

(ii) The Contracting Officer determines that the reference price consistently and substantially failed to reflect market conditions--

the parties shall mutually agree upon an appropriate and comparable substitute for determining the price adjustments hereunder. The contract shall be

modified to reflect such substitute effective on the date the reference price was discontinued, altered, or began to consistently and substantially fail to

reflect market conditions. If the parties fail to agree on an appropriate substitute, the matter shall be resolved in accordance with paragraph (d),

Disputes, of the CONTRACT TERMS AND CONDITIONS - COMMERCIAL ITEMS clause of this contract.

(4) FAILURE TO DELIVER. Notwithstanding any other provisions of this clause, no upward adjustment shall apply to product scheduled under the contract to be delivered before the effective date of the adjustment, unless the Contractor's failure to deliver according to the

delivery schedule results from causes beyond the Contractor's control and without its fault or negligence within the meaning of paragraphs (f),

Excusable Delays, and (m), Termination for Cause, of the CONTRACT TERMS AND CONDITIONS - COMMERCIAL ITEMS clause of this

contract, or is the result of an allocation made in accordance with the terms of the ALLOCATION clause of this contract, in which case the contract

shall be amended to make an equitable extension of the delivery schedule.

(5) UPWARD CEILING ON ECONOMIC PRICE ADJUSTMENT. The Contractor agrees that the total increase in any contract unit price pursuant to these economic price adjustment provisions shall not exceed 120 percent of the base price.

(i) If at any time the Contractor has reason to believe that within the near future a price adjustment under the provisions of this clause will be required that will exceed the current contract ceiling price for any item, the Contractor shall promptly notify the Contracting Officer in

writing of the expected increase. The notification shall include a revised ceiling the Contractor believes is sufficient to permit completion of

remaining contract performance, along with an appropriate explanation and documentation as required by the Contracting Officer.

(ii) If an actual increase in the reference price would raise a contract unit price above the current ceiling, the Contractor shall have no obligation under this contract to fill pending or future orders for such item, as of the effective date of the increase, unless the Contracting Officer issues a contract modification to raise the ceiling. If the contract ceiling will not be raised, the Contracting Officer

shall so

promptly notify the Contractor in writing.

(d) EXAMINATION OF RECORDS. The Contractor agrees that the Contracting Officer or designated representatives shall have the right to examine the Contractor's books, records, documents, or other data the Contracting Officer deems necessary to verify Contractor adherence

to the provisions of this clause.

(e) FINAL INVOICE. The Contractor shall include a statement on final invoice that the amounts invoiced hereunder have applied all decreases required by this clause.

(f) PUBLICATION: The following index is to be used:

OPIS – Oil Price Information Service PAD Reports (average daily price for Norfolk, VA, Fuel Oil Burner #2)

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(a) Inspection/Acceptance. (1) The Government has the right to inspect and test all materials furnished and services performed under this contract, to the extent practicable at all places and times, including the period of performance, and in any event before acceptance. The Government may also inspect the plant or plants of the Contractor or any subcontractor engaged in contract performance. The Government will perform inspections and tests in a manner that will not unduly delay the work.

(2) If the Government performs inspection or tests on the premises of the Contractor or a subcontractor, the Contractor shall furnish and shall require subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(3) Unless otherwise specified in the contract, the Government will accept or reject services and materials at the place of delivery as promptly as practicable after delivery, and they will be presumed accepted 60 days after the date of delivery, unless accepted earlier.

(4) At any time during contract performance, but not later than 6 months (or such other time as may be specified in the contract) after acceptance of the services or materials last delivered under this contract, the Government may require the Contractor to replace or correct services or materials that at time of delivery failed to meet contract requirements. Except as otherwise specified in paragraph (a)(6) of this clause, the cost of replacement or correction shall be determined under paragraph (i) of this clause, but the "hourly rate" for labor hours incurred in the replacement or correction shall be reduced to exclude that portion of the rate attributable to profit. Unless otherwise specified below, the portion of the "hourly rate" attributable to profit shall be 10 percent. The Contractor shall not tender for acceptance materials and services required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken. [Insert portion of labor rate attributable to profit.]

(5)(i) If the Contractor fails to proceed with reasonable promptness to perform required replacement or correction, and if the replacement or correction can be performed within the ceiling price (or the ceiling price as increased by the Government), the Government may-

(A) By contract or otherwise, perform the replacement or correction, charge to the Contractor any increased cost, or deduct such increased cost from any amounts paid or due under this contract; or

(B) Terminate this contract for cause.

(ii) Failure to agree to the amount of increased cost to be charged to the Contractor shall be a dispute under the Disputes clause of the contract.

(6) Notwithstanding paragraphs (a)(4) and (5) above, the Government may at any time require the Contractor to remedy by correction or replacement, without cost to the Government, any failure by the Contractor to comply with the requirements of this contract, if the failure is due to-

(i) Fraud, lack of good faith, or willful misconduct on the part of the Contractor's managerial personnel; or

(ii) The conduct of one or more of the Contractor's employees selected or retained by the Contractor after any of the Contractor's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

(7) This clause applies in the same manner and to the same extent to corrected or replacement materials or services as to materials and services originally delivered under this contract.

(8) The Contractor has no obligation or liability under this contract to correct or replace materials and services that at time of delivery do not meet contract requirements, except as provided in this clause or as may be otherwise specified in the contract.

(9) Unless otherwise specified in the contract, the Contractor's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

(b) Assignment. The Contractor or its assignee may assign its rights to receive payment due as a result of performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency in accordance with the Assignment of Claims Act (31 U.S.C. 3727). However, when a third party makes payment (e.g., use of the Governmentwide commercial purchase card), the Contractor may not assign its rights to receive payment under this contract.

(c) Changes. Changes in the terms and conditions of this contract may be made only by written agreement of the parties.

(d) Disputes. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613). Failure of the parties to this contract to reach agreement on any request for equitable adjustment, claim, appeal or action arising under or relating to this contract shall be a dispute to be resolved in accordance with the clause at FAR 52.233-1, Disputes, which is incorporated herein by reference. The Contractor shall proceed diligently with performance of this contract, pending final resolution of any dispute arising under the contract.

(e) Definitions. (1) The clause at FAR 52.202-1, Definitions, is incorporated herein by reference. As used in this clause-

(i) Direct materials means those materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product or service.

(ii) Hourly rate means the rate(s) prescribed in the contract for payment for labor that meets the labor category qualifications of a labor category specified in the contract that are-

(A) Performed by the contractor;

(B) Performed by the subcontractors; or

(C) Transferred between divisions, subsidiaries, or affiliates of the contractor under a common control.

(iii) Materials means-

(A) Direct materials, including supplies transferred between divisions, subsidiaries, or affiliates of the contractor under a common control;

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- (B) Subcontracts for supplies and incidental services for which there is not a labor category specified in the contract;
- (C) Other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.);
- (D) The following subcontracts for services which are specifically excluded from the hourly rate: [Insert any subcontracts for services to be excluded from the hourly rates prescribed in the schedule.]; and
- (E) Indirect costs specifically provided for in this clause.
- (iv) Subcontract means any contract, as defined in FAR Subpart 2.1, entered into with a subcontractor to furnish supplies or services for performance of the prime contract or a subcontract including transfers between divisions, subsidiaries, or affiliates of a contractor or subcontractor. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.
- (f) Excusable delays. The Contractor shall be liable for default unless nonperformance is caused by an occurrence beyond the reasonable control of the Contractor and without its fault or negligence such as, acts of God or the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, unusually severe weather, and delays of common carriers. The Contractor shall notify the Contracting Officer in writing as soon as it is reasonably possible after the commencement of any excusable delay, setting forth the full particulars in connection therewith, shall remedy such occurrence with all reasonable dispatch, and shall promptly give written notice to the Contracting Officer of the cessation of such occurrence.
- (g) Invoice.
- (1) The Contractor shall submit an original invoice and three copies (or electronic invoice, if authorized) to the address designated in the contract to receive invoices. An invoice must include-
- (i) Name and address of the Contractor;
- (ii) Invoice date and number;
- (iii) Contract number, contract line item number and, if applicable, the order number;
- (iv) Description, quantity, unit of measure, unit price and extended price of the items delivered;
- (v) Shipping number and date of shipment, including the bill of lading number and weight of shipment if shipped on Government bill of lading;
- (vi) Terms of any discount for prompt payment offered;
- (vii) Name and address of official to whom payment is to be sent;
- (viii) Name, title, and phone number of person to notify in event of defective invoice; and
- (ix) Taxpayer Identification Number (TIN). The Contractor shall include its TIN on the invoice only if required elsewhere in this contract.
- (x) Electronic funds transfer (EFT) banking information.
- (A) The Contractor shall include EFT banking information on the invoice only if required elsewhere in this contract.
- (B) If EFT banking information is not required to be on the invoice, in order for the invoice to be a proper invoice, the Contractor shall have submitted correct EFT banking information in accordance with the applicable solicitation provision, contract clause (e.g., 52.232-33, Payment by Electronic Funds Transfer-Central Contractor Registration, or 52.232-34, Payment by Electronic Funds Transfer-Other Than Central Contractor Registration), or applicable agency procedures.
- (C) EFT banking information is not required if the Government waived the requirement to pay by EFT.
- (2) Invoices will be handled in accordance with the Prompt Payment Act (31 U.S.C. 3903) and Office of Management and Budget (OMB) prompt payment regulations at 5 CFR Part 1315.
- (h) Patent indemnity. The Contractor shall indemnify the Government and its officers, employees and agents against liability, including costs, for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark or copyright, arising out of the performance of this contract, provided the Contractor is reasonably notified of such claims and proceedings.
- (i) Payments. (1) Services accepted. Payment shall be made for services accepted by the Government that have been delivered to the delivery destination(s) set forth in this contract. The Government will pay the Contractor as follows upon the submission of commercial invoices approved by the Contracting Officer:
- (i) Hourly rate.
- (A) The amounts shall be computed by multiplying the appropriate hourly rates prescribed in the contract by the number of direct labor hours performed. Fractional parts of an hour shall be payable on a prorated basis.
- (B) The rates shall be paid for all labor performed on the contract that meets the labor qualifications specified in the contract. Labor hours incurred to perform tasks for which labor qualifications were specified in the contract will not be paid to the extent the work is performed by individuals that do not meet the qualifications specified in the contract, unless specifically authorized by the Contracting Officer.
- (C) Invoices may be submitted once each month (or at more frequent intervals, if approved by the Contracting Officer) to the Contracting Officer or the authorized representative.
- (D) When requested by the Contracting Officer or the authorized representative, the Contractor shall substantiate invoices (including any subcontractor hours reimbursed at the hourly rate in the schedule) by evidence of actual payment, individual daily job timecards, records that verify the employees meet the qualifications for the labor categories specified in the contract, or other substantiation specified in the contract.

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(E) Unless the Schedule prescribes otherwise, the hourly rates in the Schedule shall not be varied by virtue of the Contractor having performed work on an overtime basis.

(1) If no overtime rates are provided in the Schedule and the Contracting Officer approves overtime work in advance, overtime rates shall be negotiated.

(2) Failure to agree upon these overtime rates shall be treated as a dispute under the Disputes clause of this contract.

(3) If the Schedule provides rates for overtime, the premium portion of those rates will be reimbursable only to the extent the overtime is approved by the Contracting Officer.

(ii) Materials.

(A) If the Contractor furnishes materials that meet the definition of a commercial item at FAR 2.101, the price to be paid for such materials shall be the contractor's established catalog or market price, adjusted to reflect the-

(1) Quantities being acquired; and

(2) Any modifications necessary because of contract requirements.

(B) Except as provided for in paragraph (i)(1)(ii)(A) and (D)(2) of this clause, the Government will reimburse the Contractor the actual cost of materials (less any rebates, refunds, or discounts received by the contractor that are identifiable to the contract) provided the Contractor-

(1) Has made payments for materials in accordance with the terms and conditions of the agreement or invoice; or

(2) Makes these payments within 30 days of the submission of the Contractor's payment request to the Government and such payment is in accordance with the terms and conditions of the agreement or invoice.

(C) To the extent able, the Contractor shall-

(1) Obtain materials at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and

(2) Give credit to the Government for cash and trade discounts, rebates, scrap, commissions, and other amounts that are identifiable to the contract.

(D) Other Costs. Unless listed below, other direct and indirect costs will not be reimbursed.

(1) Other Direct Costs. The Government will reimburse the Contractor on the basis of actual cost for the following, provided such costs comply with the requirements in paragraph (i)(1)(ii)(B) of this clause: [Insert each element of other direct costs (e.g., travel, computer usage charges, etc. Insert "None" if no reimbursement for other direct costs will be provided. If this is an indefinite delivery contract, the Contracting Officer may insert "Each order must list separately the elements of other direct charge(s) for that order or, if no reimbursement for other direct costs will be provided, insert 'None'."]

(2) Indirect Costs (Material Handling, Subcontract Administration, etc.). The Government will reimburse the Contractor for indirect costs on a pro-rata basis over the period of contract performance at the following fixed price: [Insert a fixed amount for the indirect costs and payment schedule. Insert "\$0" if no fixed price reimbursement for indirect costs will be provided. (If this is an indefinite delivery contract, the Contracting Officer may insert "Each order must list separately the fixed amount for the indirect costs and payment schedule or, if no reimbursement for indirect costs, insert 'None'.")]

(2) Total cost. It is estimated that the total cost to the Government for the performance of this contract shall not exceed the ceiling price set forth in the Schedule and the Contractor agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this contract within such ceiling price. If at any time the Contractor has reason to believe that the hourly rate payments and material costs that will accrue in performing this contract in the next succeeding 30 days, if added to all other payments and costs previously accrued, will exceed 85 percent of the ceiling price in the Schedule, the Contractor shall notify the Contracting Officer giving a revised estimate of the total price to the Government for performing this contract with supporting reasons and documentation. If at any time during the performance of this contract, the Contractor has reason to believe that the total price to the Government for performing this contract will be substantially greater or less than the then stated ceiling price, the Contractor shall so notify the Contracting Officer, giving a revised estimate of the total price for performing this contract, with supporting reasons and documentation. If at any time during performance of this contract, the Government has reason to believe that the work to be required in performing this contract will be substantially greater or less than the stated ceiling price, the Contracting Officer will so advise the Contractor, giving the then revised estimate of the total amount of effort to be required under the contract.

(3) Ceiling price. The Government will not be obligated to pay the Contractor any amount in excess of the ceiling price in the Schedule, and the Contractor shall not be obligated to continue performance if to do so would exceed the ceiling price set forth in the Schedule, unless and until the Contracting Officer notifies the Contractor in writing that the ceiling price has been increased and specifies in the notice a revised ceiling that shall constitute the ceiling price for performance under this contract. When and to the extent that the ceiling price set forth in the Schedule has been increased, any hours expended and material costs incurred by the Contractor in excess of the ceiling price before the increase shall be allowable to the same extent as if the hours expended and material costs had been incurred after the increase in the ceiling price.

(4) Access to records. At any time before final payment under this contract, the Contracting Officer (or authorized representative) will have access to the following (access shall be limited to the listing below unless otherwise agreed to by the Contractor and the Contracting Officer):

(i) Records that verify that the employees whose time has been included in any invoice meet the qualifications for the labor categories specified in the contract;

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(ii) For labor hours (including any subcontractor hours reimbursed at the hourly rate in the schedule), when timecards are required as substantiation for payment-

- (A) The original timecards (paper-based or electronic);
- (B) The Contractor's timekeeping procedures;
- (C) Contractor records that show the distribution of labor between jobs or contracts; and
- (D) Employees whose time has been included in any invoice for the purpose of verifying that these employees have worked the hours shown on the invoices.

(iii) For material and subcontract costs that are reimbursed on the basis of actual cost-

- (A) Any invoices or subcontract agreements substantiating material costs; and
- (B) Any documents supporting payment of those invoices.

(5) Overpayments/Underpayments. (i) Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by the Contracting Officer not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments. The Contractor shall promptly pay any such reduction within 30 days unless the parties agree otherwise. The Government within 30 days will pay any such increases, unless the parties agree otherwise. The contractor's payment will be made by check. If the Contractor becomes aware of a duplicate invoice payment or that the Government has otherwise overpaid on an invoice payment, the Contractor shall immediately notify the Contracting Officer and request instructions for disposition of the overpayment.

(ii) Upon receipt and approval of the invoice designated by the Contractor as the "completion invoice" and supporting documentation, and upon compliance by the Contractor with all terms of this contract, any outstanding balances will be paid within 30 days unless the parties agree otherwise. The completion invoice, and supporting documentation, shall be submitted by the Contractor as promptly as practicable following completion of the work under this contract, but in no event later than 1 year (or such longer period as the Contracting Officer may approve in writing) from the date of completion.

(6) Release of claims. The Contractor, and each assignee under an assignment entered into under this contract and in effect at the time of final payment under this contract, shall execute and deliver, at the time of and as a condition precedent to final payment under this contract, a release discharging the Government, its officers, agents, and employees of and from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions.

(i) Specified claims in stated amounts, or in estimated amounts if the amounts are not susceptible to exact statement by the Contractor.
(ii) Claims, together with reasonable incidental expenses, based upon the liabilities of the Contractor to third parties arising out of performing this contract, that are not known to the Contractor on the date of the execution of the release, and of which the Contractor gives notice in writing to the Contracting Officer not more than 6 years after the date of the release or the date of any notice to the Contractor that the Government is prepared to make final payment, whichever is earlier.

(iii) Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable incidental expenses, incurred by the Contractor under the terms of this contract relating to patents.

(7) Prompt payment. The Government will make payment in accordance with the Prompt Payment Act (31 U.S.C. 3903) and prompt payment regulations at 5 CFR part 1315.

(8) Electronic Funds Transfer (EFT). If the Government makes payment by EFT, see 52.212-5(b) for the appropriate EFT clause.

(9) Discount. In connection with any discount offered for early payment, time shall be computed from the date of the invoice. For the purpose of computing the discount earned, payment shall be considered to have been made on the date that appears on the payment check or the specified payment date if an electronic funds transfer payment is made.

(j) Risk of loss. Unless the contract specifically provides otherwise, risk of loss or damage to the supplies provided under this contract shall remain with the Contractor until, and shall pass to the Government upon:

- (1) Delivery of the supplies to a carrier, if transportation is f.o.b. origin; or
- (2) Delivery of the supplies to the Government at the destination specified in the contract, if transportation is f.o.b. destination.

(k) Taxes. The contract price includes all applicable Federal, State, and local taxes and duties.

(l) Termination for the Government's convenience. The Government reserves the right to terminate this contract, or any part hereof, for its sole convenience. In the event of such termination, the Contractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of this contract, the Contractor shall be paid an amount for direct labor hours (as defined in the Schedule of the contract) determined by multiplying the number of direct labor hours expended before the effective date of termination by the hourly rate(s) in the contract, less any hourly rate payments already made to the Contractor plus reasonable charges the Contractor can demonstrate to the satisfaction of the Government using its standard record keeping system that have resulted from the termination. The Contractor shall not be required to comply with the cost accounting standards or contract cost principles for this purpose. This paragraph does not give the Government any right to audit the Contractor's records. The Contractor shall not be paid for any work performed or costs incurred that reasonably could have been avoided.

(m) Termination for cause. The Government may terminate this contract, or any part hereof, for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any contract terms and conditions, or fails to provide the Government, upon request, with adequate assurances of future performance. In the event of termination for cause, the Government shall not be liable to the Contractor for any amount for supplies or services not accepted, and the Contractor shall be liable to the Government for any and

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all rights and remedies provided by law. If it is determined that the Government improperly terminated this contract for default, such termination shall be deemed a termination for convenience.

- (n) Title. Unless specified elsewhere in this contract, title to items furnished under this contract shall pass to the Government upon acceptance, regardless of when or where the Government takes physical possession.
- (o) Warranty. The Contractor warrants and implies that the items delivered hereunder are merchantable and fit for use for the particular purpose described in this contract.
- (p) Limitation of liability. Except as otherwise provided by an express warranty, the Contractor will not be liable to the Government for consequential damages resulting from any defect or deficiencies in accepted items.
- (q) Other compliances. The Contractor shall comply with all applicable Federal, State and local laws, executive orders, rules and regulations applicable to its performance under this contract.
- (r) Compliance with laws unique to Government contracts. The Contractor agrees to comply with 31 U.S.C. 1352 relating to limitations on the use of appropriated funds to influence certain Federal contracts; 18 U.S.C. 431 relating to officials not to benefit; 40 U.S.C. 3701, et seq., Contract Work Hours and Safety Standards Act; 41 U.S.C. 51-58, Anti-Kickback Act of 1986; 41 U.S.C. 265 and 10 U.S.C. 2409 relating to whistleblower protections; 49 U.S.C. 40118, Fly American; and 41 U.S.C. 423 relating to procurement integrity.
- (s) Order of precedence. Any inconsistencies in this solicitation or contract shall be resolved by giving precedence in the following order:
- (1) The schedule of supplies/services.
 - (2) The Assignments, Disputes, Payments, Invoice, Other Compliances, and Compliance with Laws Unique to Government Contracts paragraphs of this clause.
 - (3) The clause at 52.212-5.
 - (4) Addenda to this solicitation or contract, including any license agreements for computer software.
 - (5) Solicitation provisions if this is a solicitation.
 - (6) Other paragraphs of this clause.
 - (7) The Standard Form 1449.
 - (8) Other documents, exhibits, and attachments.
 - (9) The specification.
- (t) Central Contractor Registration (CCR).
- (1) Unless exempted by an addendum to this contract, the Contractor is responsible during performance and through final payment of any contract for the accuracy and completeness of the data within the CCR database, and for any liability resulting from the Government's reliance on inaccurate or incomplete data. To remain registered in the CCR database after the initial registration, the Contractor is required to review and update on an annual basis from the date of initial registration or subsequent updates its information in the CCR database to ensure it is current, accurate and complete. Updating information in the CCR does not alter the terms and conditions of this contract and is not a substitute for a properly executed contractual document.
- (2)(i) If a Contractor has legally changed its business name, "doing business as" name, or division name (whichever is shown on the contract), or has transferred the assets used in performing the contract, but has not completed the necessary requirements regarding novation and change-of-name agreements in FAR Subpart 42.12, the Contractor shall provide the responsible Contracting Officer a minimum of one business day's written notification of its intention to (A) change the name in the CCR database; (B) comply with the requirements of Subpart 42.12; and (C) agree in writing to the timeline and procedures specified by the responsible Contracting Officer. The Contractor must provide with the notification sufficient documentation to support the legally changed name.
- (ii) If the Contractor fails to comply with the requirements of paragraph (t)(2)(i) of this clause, or fails to perform the agreement at paragraph (t)(2)(i)(C) of this clause, and, in the absence of a properly executed novation or change-of-name agreement, the CCR information that shows the Contractor to be other than the Contractor indicated in the contract will be considered to be incorrect information within the meaning of the "Suspension of Payment" paragraph of the electronic funds transfer (EFT) clause of this contract.
- (3) The Contractor shall not change the name or address for EFT payments or manual payments, as appropriate, in the CCR record to reflect an assignee for the purpose of assignment of claims (see Subpart 32.8, Assignment of Claims). Assignees shall be separately registered in the CCR database. Information provided to the Contractor's CCR record that indicates payments, including those made by EFT, to an ultimate recipient other than that Contractor will be considered to be incorrect information within the meaning of the "Suspension of payment" paragraph of the EFT clause of this contract.
- (4) Offerors and Contractors may obtain information on registration and annual confirmation requirements via the internet at <http://www.ccr.gov> or by calling 1-888-227-2423 or 269-961-5757.

(End of clause)

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COMMERCIAL ITEMS

(a) The Contractor shall comply with the following Federal Acquisition Regulation (FAR) clauses, which are incorporated in this contract by reference, to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

- (1) 52.233-03, Protest after Award (AUG 1996) (31 U.S.C. 3553).
- (2) 52.233-04, Applicable Law for Breach of Contract Claim (OCT 2004) (Pub. L. 108-77, 108-78)

(b) The Contractor shall comply with the FAR clauses in this paragraph (b) that the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

[Contracting Officer shall check as appropriate.]

 X (1) 52.203-06, Restrictions on Subcontractor Sales to the Government (Sept 2006), with Alternate I (Oct 1995) (41 U.S.C. 253g and 10 U.S.C. 2402).

 (2) 52.219-03, Notice of Total HUBZone Small Business Set-Aside (Jan 1999) (15 U.S.C 657a).

 (3) 52.219-04, Notice of Price Evaluation Preference for HUBZone Small Business Concerns (JULY 2005) (if the offeror elects to waive the preference, it shall so indicate in its offer) (15 U.S.C 657a).

 (4) [Reserved]

 (5)(i) 52.219-06, Notice of Total Small Business Set-Aside (June 2003) (15 U.S.C. 644).

 (ii) Alternate I (Oct 1995) of 52.219-6.

 (iii) Alternate II (Mar 2004) of 52.219-6.

 (6)(i) 52.219-07 Notice of Partial Small Business Set-Aside (June 2003) (15 U.S.C. 644).

 (ii) Alternate I (Oct 1995) of 52.219-7.

 (iii) Alternate II (Mar 2004) of 52.219-7.

 (7) 52.219-08, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637 (d)(2) and (3)).

 (8)(i) 52.219-09, Small Business Subcontracting Plan (APR 2008) (15 U.S.C. 637(d)(4)).

 (ii) Alternate I (Oct 2001) of 52.219-9.

 (iii) Alternate II (Oct 2001) of 52.219-9.

 (9) 52.219-14, Limitations on Subcontracting (Dec 1996) (15 U.S.C. 637(a)(14)).

 (10) 52.219-16, Liquidated Damages—Subcontracting Plan (JAN 1999) (15 U.S.C. 637(d)(4)(F)(i)).

 (11)(i) 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns (SEPT 2005) (10 U.S.C. 2323) (if the offeror elects to waive the adjustment, it shall so indicate in its offer).

 (ii) Alternate I (June 2003) of 52.219-23.

 (12) 52.219-25, Small Disadvantaged Business Participation Program--Disadvantaged Status and Reporting (APR 2008) (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).

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___ (13) 52.219-26, Small Disadvantaged Business Participation Program--Incentive Subcontracting (Oct 2000) (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).

___ (14) 52.219-27, Notice of Total Service-Disabled Veteran-Owned Small Business Set-Aside (May 2004) (15 U.S.C. 657 f).

___ (15) 52.219-28, Post Award Small Business Program Rerepresentation (JUNE 2007) (15 U.S.C. 632(a)(2)).

X (16) 52.222-03, Convict Labor (June 2003) (E.O. 11755).

X (17) 52.222-19, Child Labor-Cooperation with Authorities and Remedies (FEB 2008) (E.O. 13126).

X (18) 52.222-21, Prohibition of Segregated Facilities (Feb 1999).

X (19) 52.222-26, Equal Opportunity (MAR 2007) (E.O. 11246).

X (20) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEPT 2006) (38 U.S.C. 4212).

___ (21) 52.222-36, Affirmative Action for Workers with Disabilities (Jun 1998) (29 U.S.C. 793).

___ (22) 52.222-37, Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEPT 2006) (38 U.S.C. 4212).

___ (23) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201).

___ (24)(i)52.222-50, Combating Trafficking in Persons (AUG 2007) (Applies to all contracts).

___ (ii) Alternate I (AUG 2007) of 52.222-50.

___ (25)(i) 52.223-09, Estimate of Percentage of Recovered Material Content for EPA-Designated Items (MAY 2008) (42 U.S.C. 6962(c)(3)(A)(ii)).

___ (ii) Alternate I (MAY 2008) of 52.223-09 (42 U.S.C. 6962(i)(2)(C)).

___ (26) 52.223-15, Energy Efficiency in Energy-Consuming Products (DEC 2007) (42 U.S.C. 8259b).

___(27)(i) 52.223-16, IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products (DEC 2007) (E.O. 13423).

___(ii) Alternate I (DEC 2007) of 52.223-16.

___ (28) 52.225-01, Buy American Act—Supplies (June 2003) (41 U.S.C. 10a-10d).

___ (29)(i)52.225-03, Buy American Act—Free Trade Agreements—Israeli Trade Act (AUG 2007) (41 U.S.C. 10a-10d, 19 U.S.C. 3301 note, 19 U.S.C. 2112 note, Pub. L. 108-77, 108-78, 108-286, 109-53 and 109-169).

___ (ii) Alternate I (Jan 2004) of 52.225-3.

___ (iii) Alternate II (Jan 2004) of 52.225-3.

___ (30) 52.225-05, Trade Agreements (NOV 2007) (19 U.S.C. 2501, et seq., 19 U.S.C. 3301 note).

___ (31) 52.225-13, Restrictions on Certain Foreign Purchases (JUNE 2008) (E.O.'s, proclamations, and statutes administered by the Office of Foreign Assets Control of the Department of the Treasury).

___ (32) 52.226-04, Notice of Disaster or Emergency Area Set-Aside (NOV 2007) (42 U.S.C. 5150).

___ (33) 52.226-05, Restrictions on Subcontracting Outside Disaster or Emergency Area (NOV 2007) (42 U.S.C. 5150).

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___ (34) 52.232-29, Terms for Financing of Purchases of Commercial Items (Feb 2002) (41 U.S.C. 255(f), 10 U.S.C. 2307(f)).

___ (35) 52.232-30, Installment Payments for Commercial Items (Oct 1995) (41 U.S.C. 255(f), 10 U.S.C. 2307(f)).

X (36) 52.232-33, Payment by Electronic Funds Transfer-Central Contractor Registration (Oct 2003) (31 U.S.C. 3332).

___ (37) 52.232-34, Payment by Electronic Funds Transfer-Other than Central Contractor Registration (May 1999) (31 U.S.C. 3332).

___ (38) 52.232-36, Payment by Third Party (May 1999) (31 U.S.C. 3332).

___ (39) 52.239-01, Privacy or Security Safeguards (Aug 1996) (5 U.S.C. 552a).

___ (40)(i) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) (46 U.S.C. Appx 1241(b) and 10 U.S.C. 2631).

___ (ii) Alternate I (Apr 2003) of 52.247-64.

(c) The Contractor shall comply with the FAR clauses in this paragraph (c), applicable to commercial services, that the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

[Contracting Officer check as appropriate.]

___ (1) 52.222-41, Service Contract Act of 1965 (NOV 2007) (41 U.S.C. 351, et seq.).

___ (2) 52.222-42, Statement of Equivalent Rates for Federal Hires (May 1989) (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

___ (3) 52.222-43, Fair Labor Standards Act and Service Contract Act--Price Adjustment (Multiple Year and Option Contracts) (NOV 2006) (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

___ (4) 52.222-44, Fair Labor Standards Act and Service Contract Act--Price Adjustment (Feb 2002) (29 U.S.C. 206 and 41 U.S.C. 351, et seq.).

___ (5) 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment--Requirements (NOV 2007) (41 U.S.C. 351, et seq.).

___ (6) 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services--Requirements (NOV 2007) (41 U.S.C. 351, et seq.).

___ (7) 52.237-11, Accepting and Dispensing of \$1 Coin (AUG 2007) (31 U.S.C. 5112(p)(1)).

(d) Comptroller General Examination of Record. The Contractor shall comply with the provisions of this paragraph (d) if this contract was awarded using other than sealed bid, is in excess of the simplified acquisition threshold, and does not contain the clause at 52.215-2, Audit and Records--Negotiation.

(1) The Comptroller General of the United States, or an authorized representative of the Comptroller General, shall have access to and right to examine any of the Contractor's directly pertinent records involving transactions related to this contract.

(2) The Contractor shall make available at its offices at all reasonable times the records, materials, and other evidence for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in FAR Subpart 4.7, Contractor Records Retention, of the other clauses of this contract. If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement. Records relating to appeals under the disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.

(3) As used in this clause, records include books, documents, accounting procedures and practices, and other data, regardless of type and regardless of form. This does not require the Contractor to create or maintain any record that the Contractor does not maintain in the ordinary course of business or pursuant to a provision of law.

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(e)(1) Notwithstanding the requirements of the clauses in paragraphs (a), (b), (c) and (d) of this clause, the Contractor is not required to flow down any FAR clause, other than those in paragraphs (i) through (vii) of this paragraph in a subcontract for commercial items. Unless otherwise indicated below, the extent of the flow down shall be as required by the clause--

(i) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$550,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (MAR 2007) (E.O. 11246).

(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (SEPT 2006) (38 U.S.C. 4212).

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (June 1998) (29 U.S.C. 793).

(v) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201).

(vi) 52.222-41, Service Contract Act of 1965 (NOV 2007)(41 U.S.C. 351, et seq.).

(vii) 52.222-50, Combating Trafficking in Persons (AUG 2007) (22 U.S.C. 7104(g)). Flow down required in accordance with paragraph (f) of FAR clause 52.222-50.

(viii) 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements (NOV 2007) (41 U.S.C. 351, et seq.).

(ix) 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements (NOV 2007) (41 U.S.C. 351, et seq.).

(xI) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) (46 U.S.C. Appx. 1241(b) and 10 U.S.C. 2631). Flow down required in accordance with paragraph (d) of FAR clause 52.247-64.

(2) While not required, the contractor may include in its subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(End of Clause)

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SECTION H -- SPECIAL CONTRACT REQUIREMENTS

H.1 MCL.H-5 MARAD RESERVE FORCE SAFETY RULES FOR CONTRACT PERSONNEL AUGUST 2005

1. Personnel shall be protected by personal flotation devices (life vests) while in the act of embarking or disembarking from any fleet vessel where the possibility of falling into the water exists; while working from small boats, skiffs, or floats; while working near unguarded edges of decks of vessels afloat; or while engaged in any over-water work. At Fleet sites, the flotation devices will be provided by the Fleet and must be returned each day upon departing the Fleet. At outported ships, contractors must furnish their own flotation devices.
2. All passengers riding in personnel boats in MARAD's Reserve Fleet locations shall ride below topside while the boat is in transit, and shall remain below until the boat is properly secured either alongside the accommodation ladder or the pier side, and until the operator notifies the employees to disembark.
3. Personnel aboard all craft shall remain inside of the bulwarks and railings and at no time ever will anyone sit on top of bulwarks or rails.
4. Personnel shall not descend from the deck of any ship onto the accommodation ladder or landing platform to wait for transportation. No more than five (5) descending individuals are permitted on the accommodation ladder at one time and they shall be equally spaced. This directive also applies to ascending ladders. This requirement also pertains to outported ships when personnel descend from the deck of the ship to a pier, or ascend from the pier to the deck of the ship.
5. Ringbuoys with a minimum of 90 feet of nylon line attached are available at the head of each gangway and on the stern of Fleet craft, power barges, tugs, and at the Fleet pier for use by Contractor personnel in emergency situations.
6. When working with mooring lines, all ends of such lines shall be left coiled neatly and areas left clear.
7. Smoking is prohibited aboard vessels except on open decks or in places designated as smoking areas. Smoking is not permitted at all aboard tankers. Also, smoking is prohibited during fueling and cleaning operations of any kind. This includes during the filling or emptying of cans of gasoline, xylene, varsol or any other combustible or flammable liquids or gas.
8. Cigarette butts shall not be thrown over the side of any vessel. While at the dock, no cigarette butts shall be thrown onto the dock or into the water. Sand containers or ashtrays are provided in designated smoking areas. Paper and trash are not to be placed in ashtrays.
9. All debris, oily rags, industrial wipers, etc., will be removed from the ships and working areas. These areas are to be left in clean condition and all materials stowed neatly at the end of each workday. No rags, cups or other trash, oils, fuels, greases, chemicals, lumber, etc., shall be thrown overboard. Fleet Guide will inform personnel of the disposal container locations.
10. Contractor employees are required to wear safety shoes with impact-resistant toes and slip resistant sole material for protection against falling or rolling objects, sharp objects, molten metal, hot surfaces, and oily or wet slippery surfaces. Shoes with loose soles, heels, and laces, or otherwise in poor condition, will not be permitted. Athletic and Cowboy boot-type safety shoes are prohibited.
11. All personnel working at the Fleet shall wear and/or use OSHA/NIOSH approved safety equipment, as required, including personal protective equipment, safety belts and securing lines, and safety glasses.
12. Protective hard hats shall be worn while aboard ships or in any other areas where head injury hazards exist. At MARAD's Reserve Fleet locations, a lighted miner's lamp, supplied by the Fleet, must be worn at all times while in dimly lit areas. The lamps are to be returned to the lamp room each day prior to departing the Fleet. At outported ship locations, contractors are required to provide their own flashlights, etc.
13. Safety glasses or goggles shall be worn while in the vicinity of any operation generating matter which might strike or lodge in the eyes. Such operations include, but are not limited to, scaling rust, water-blasting, Aqua Dyne water-blasting, sandblasting, operating a skill saw, grinding, handling batteries, boiler cleaning, and anchor windlass operations.

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14. Ear protection (plugs or muffs) must be worn whenever exposed to loud noises.
15. Consistent with 29 CFR 1910.134, respirators shall be worn while scraping paint, during sandblasting, spraying, or other operations where dust, fumes, airborne particles, or noxious gases may be present.
16. If waterblasting, protective gear shall be worn consisting of a hard hat, safety glasses, face shields, shin guards (baseball type) and steel rigid guard foot protectors.
17. If sandblasting, protective gear consisting of leather gloves, hood, and leather apron shall be worn.
18. When assisting with welding-burning, metal frame flash goggles/glasses shall be worn. The Welder/Burner shall provide the goggles/glasses and shall instruct personnel in their proper use.
19. Contractors must report all accidents resulting in injury, regardless of how slight it may be, to their supervisor, to the Fleet Superintendent, and to the Safety Assistant, or at outported ship locations to the Ship Manager or MARAD representative so that the injury can be treated, if necessary, and recorded. This must be done before leaving the Fleet site or outported location on the day of injury or at the soonest practical time in the event of severe injury.
20. Asbestos Hazard Considerations - Exposure of unprotected personnel to airborne asbestos fibers shall be prevented. While many studies and air sampling have been conducted under varying conditions within the Reserve Fleet environment, no conditions have been found to require special protective clothing or breathing protection. However, all work requiring direct contact with asbestos, conducted within the environment of asbestos, or work in any other way associated with asbestos will be critically evaluated by the cognizant Contractor's supervisor before proceeding. The following general policies will apply:
 - (a) The Contractor shall inform his/her personnel to be alert to the hazards associated with asbestos and the personnel shall be instructed in the use of respirators.
 - (b) When work requires direct contact with asbestos, is conducted within the environment of asbestos, or work is in any way associated with asbestos, Contractor personnel shall be required to wear a half-mask, air-purifying respirator, other than a disposable respirator, equipped with high-efficiency filters.
 - (c) Air pressure/air hoses shall not be used to blow down engine rooms in the process of cleaning when friable asbestos is known or suspected to be present in the area being cleaned. Also, broom sweeping such debris is prohibited. Only vacuum cleaning equipment with special filter attachment is authorized for this purpose, unless vacuuming and/or wet cleaning are not feasible.
 - (d) Major rip-outs, repairs or removal of asbestos located at any MARAD facility or aboard any vessel under MARAD jurisdiction shall not be conducted by Contractor personnel unless authorized by MARAD.
 - (e) Asbestos warning signs shall be posted at the access door of all regulated areas.
21. No work shall be performed in any void, tank, or compartment until such tank, void, or compartment has been declared gas free and possessing sufficient oxygen after being tested by trained personnel.
22. Contractor personnel shall not inspect or perform work in holds or tanks of ships without another contractor personnel observer standing by to get help, if necessary, nor shall an individual work on a ship upon which no other personnel are present.
23. Contractor personnel shall not be allowed to work aloft on staging, masts, etc., without using OSHA prescribed safety belts and securing lines with approved fastenings and without Contractor supervision and instructions during the operation.
24. No openings shall be left unprotected. This includes the removal of hatch boards, bilges, manhole covers, floor plates, and any other opening into which a person may inadvertently step or fall. All areas with an opening which cannot be closed shall be roped off.
25. Gangway doors and sideports on vessels not equipped with gangways shall be closed and secured. In the event the door is missing or it cannot otherwise be closed, the opening shall be chained off or wired with several strands of heavy wire.
26. When using gasoline powered equipment in enclosed spaces, adequate ventilation for the dissipation of exhaust fumes must be provided.
27. Electrical lines, air lines, hoses, etc., used in preservation work shall be triced up on deck clear of walkways and passage areas.
28. Under no circumstances shall any Contractor personnel cross from ship to ship by any means other than gangways properly fitted with hand rails. Prior to installation of a permanent walkway between ships, a portable walkway with rails shall be utilized.

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29. When ascending or descending ladders, at least one hand shall be free to grasp hand rail.
30. Gasoline, varsol, xylene, and other flammable or combustible liquids brought onto the ship shall be brought to the attention of the Fleet Representative and, on outported ships, to the attention of the Ship Manager or MARAD representative, and shall be stored in, and dispensed from, OSHA or NIOSH approved safety containers. Such cans shall be inspected and properly marked as follows:
- (a) Cans painted red and stenciled: "VAR SOL", "XYLENE" or "GASOLINE", as applicable
 - (b) Cans painted yellow and stenciled: "LUBE OIL" or "PRESERVATION OIL," as applicable
 - (c) Cans painted red with a white band and stenciled: "KEROSENE"
31. Drip tanks or pans shall be used when parts are being cleaned and when draining oil or fuel from motors, engines, etc. Varsol, xylene or other solvents will be used from approved safety cans.
32. Safety can valves and flexible metal hose spouts must never be painted. They are to be treated with preservation oil.
33. At MARAD's Reserve Fleet locations, outboard motor operators must leave gas can vents open when they store them on the access can rack.
34. Under no circumstances shall Contractor personnel wear gloves, jewelry (especially neck chains), neck ties, long sleeves, loose clothing, or wear his/her shirt tail out when working around exposed moving machinery.
35. Metal shavings shall be cleaned up from around machines by means of brushes and properly disposed of.
36. Oil spilled in decks, ladders, etc., shall immediately be wiped up and the decks, if necessary, sanded. On vessels sprayed with an oil or paint mixture, all gangways, passages, and areas in use shall be sanded. Appropriate signs shall be posted at all entrances to areas where slippery conditions are considered to exist.
37. Flame burning/cutting and welding shall be kept to a minimum at the Fleet, and shall be accomplished by qualified Contractor personnel only when duly authorized by Fleet Representative, and in accordance with existing fire prevention regulations. Before any welding or hot work is performed, a permit must be issued by the Fleet representative, and a fire watch set. On outported ships, the Ship Manager shall ensure that all hot work is cooled off and there is no danger of fire.
38. Never look directly at arc welding because of the potential for serious eye injury.
39. At MARAD Reserve Fleet locations, prior to any personnel working over the side of, or in a precarious location or position inside of a service craft at the access dock (where applicable), the warning light at the end of the dock shall be activated.
40. Whenever lumber is removed from a structure, nails shall be withdrawn or bent over immediately as part of the operation to prevent possible injury.
41. Liquid fuel operated space heaters shall be operated only when properly installed and vented to the outside. Propane gas bottles are not to be placed in the area of the heater. Gas bottles must be left on the open decks and fed into the heated spaces by a hose. Space heaters are not to be left on when unattended and a CO2 extinguisher must be in the area of the space heater. All electrical space heaters must be UL approved.
42. Contractor Personnel shall promptly report all potentially dangerous areas and conditions to a MARAD representative.
43. The flooding alarm system carries 110 volts and if wiring is cut accidentally it could cause a fire. If when working in the engine room of a ship it becomes necessary to move the ball switches out of the way of an area which is to be preserved, they should be handled very carefully. Do not tilt or disconnect, but merely lift straight up by the ribbon and then lower into place after the job is completed. See that no damage is done to this equipment by wash down hoses, oil spray hoses, etc.
44. Straight ladders, whenever and wherever used, shall be made of metal, except when performing electrical work, then wooden or other non-conductive ladders shall be used, and shall be rigidly inspected prior to use. Use of such ladders shall be kept to a minimum. Whenever using straight ladders to board ships, metal ladders should be used and secured at top to railing of ship. Also, step ladders of the proper size shall be used where warranted. Boxes, chairs, etc., shall not be used in lieu of step ladders. All ladders shall conform to OSHA standards.

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45. Defective ladders should be brought to the attention of the Fleet/MARAD representative.

46. The proper tool for each job shall be used. Mushroomed chisels, split hammer handles, or other tools that are in any way unsafe are prohibited. Such defective tools and/or equipment must be taken out of service to be repaired or replaced. Tools shall always be laid down in such a manner as to prevent injuries.

47. All portable electrical equipment shall be properly grounded prior to and during use. This includes fueling hoses, portable electrical equipment, etc. Any equipment with damaged wiring and any damaged plugs must either be repaired before using or replaced.

48. Air compressors shall not be operated until ALL installed safety devices are in working order. Only safety devices designed for the specific machine shall be used. Substitute devices will not be installed.

49. Oxygen and acetylene bottles shall be properly secured during transportation and while aboard ship. Bottles shall be lashed upright, caps in place when not in use, and threads shall be SOAPED if leaks are suspected. Be sure bottles and fittings are protected to prevent oil or grease from contacting valve threads and fittings, which could cause bottles to explode. Whenever oxygen and acetylene are not in use, they should be stored separately with a fire wall between them.

50. Extreme precautions shall be taken when compressed air is used in any operation. Pressurized air hoses are not to be directed toward any part of the human body. Whenever a gas/ diesel driven air compressor is used for any breathing apparatus, such as an air line respirator, sand blasting helmet, etc., a gas selector alarm and air purifier must be installed. Gauges and relief values must be in proper working order. Only approved NIOSH and OSHA respirators are to be used.

51. All compressed air hose connections shall be triced together prior to applying compressed air.

52. All hoses and wires (especially oxygen and acetylene hoses) will be disconnected and pulled clear of access doors when workday is over so that the doors may be closed and to prevent leakage of gas into ship. All air hose connections are to be lashed or wired together.

In addition to the foregoing safety rules, other instructions (in writing or orally) may be issued as warranted. Failure to comply with these safety rules can result in disciplinary action to include denial of access to the ship and/or termination for default of the contract.

The contractor shall include this clause in all major subcontracts.