

**CH2M HILL HANFORD GROUP, INC**  
**CONSTRUCTION GENERAL PROVISIONS**  
**Labor Hour/Time and Material Contract Type**

**March 7, 2007**  
**Rev. 2**

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**SUBCONTRACT FLOW-DOWN REQUIREMENTS**

SUBCONTRACTOR shall bind all lower-tier subcontractors, regardless of tier level, to the provisions of this SUBCONTRACT where indicated with an asterisk (\*) as a required flow-down or as stated in the clause text.

**DEFINITIONS**

Whenever used in this document, the following definitions shall apply unless the content indicates otherwise.

**Authorized Procurement Representative** – The term “authorized procurement representative” shall be a CH2M HILL person with authority to enter into and administer Subcontracts and make related determinations and findings. These individuals are identified with the associated authority in the body of the Subcontract.

**Buyer’s Technical Representative (BTR)** – The term “Buyer’s Technical Representative (BTR)” means the individual responsible for providing technical direction to the SUBCONTRACTOR. The BTR does not possess any explicit, apparent or implied authority to modify Subcontract terms and conditions.

**CH2M HILL** – The term “CH2M HILL” means CH2M HILL Hanford Group, Inc.

**Government** – The term “Government” shall mean the United States of America and includes the U.S. Department of Energy (DOE) Office of River Protection (ORP), or any duly authorized representative thereof, including the CH2M HILL Administrative Contracting Officer (ACO).

**Lower-Tier Subcontractors** - The term “lower-tier Subcontractors” refers to companies or individuals with whom the SUBCONTRACTOR has purchase orders and rental agreements for materials or equipment, and other services not performed directly by the SUBCONTRACTOR under this Subcontract.

**SUBCONTRACTOR** – The term SUBCONTRACTOR refers to the company, person or organization, including all lower-tier Subcontractors, performing Work under this Subcontract.

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**Subcontract** – The term Subcontract shall mean this Subcontract or Purchase Order between CH2M HILL Hanford Group, Inc. (CH2M HILL) and SUBCONTRACTOR including its terms, conditions, clauses, provisions, written direction and instructions, releases, and documents.

**Work** – The term “Work” includes all material, labor, tools, and all appliances, machinery, and transportation, necessary to perform and complete the Subcontract’s requirements, and such additional items not specifically indicated or described that can be reasonably inferred as required to complete the Subcontract.

**ARTICLE 1.0 CONTRACT TYPE**

**1.1 Labor Hour**

If identified and provided for in the body of this Subcontract, this Subcontract is a Labor-Hour Contract type and direct labor hours are to be provided at specified fixed hourly rates that include wages, overhead, general and administrative expenses, other indirect costs consistent with the SUBCONTRACTOR’s established accounting practices and profit. No other direct costs (ODCs) will be reimbursed under this Subcontract.

**1.2 Time and Materials**

If identified and provided for in the body of this Subcontract, this Subcontract is a Time and Materials contract type. Labor and other direct costs (ODCs) will be reimbursed under this contract type. Direct labor hours will be provided at specified fixed hourly rates that include wages, overhead, general and administration, other indirect costs consistent with the SUBCONTRACTOR’S established accounting practices, and profit. Reimbursable costs shall not include any costs arising for the letting, administration, or supervision of performance of the Subcontract, if the costs are included in the fully burdened hourly rates identified in the Subcontract’s Compensation Schedule.

ODCs shall only be charged by the SUBCONTRACTOR if specifically identified and authorized by the authorized procurement representative at the time of Subcontract award or by modification to the Subcontract. ODCs that will be reimbursed shall meet the following conditions under this contract type:

- ODCs must be allocable, allowable, and reasonable.
- ODCs include direct materials, purchases, travel, and lower-tier Subcontracting.
- ODCs, as used in this provision, are those materials which enter directly into the service provided, or which are used or consumed directly in connection with the furnishing of the end product.
- The SUBCONTRACTOR may apply a material handling and/or general and administrative expense to ODCs consistent with the SUBCONTRACTOR’s established accounting practices. SUBCONTRACTOR profit or fee shall not be applied to ODCs.
- ODCs must be agreed to and incorporated into the Subcontract's Compensation Schedule.
- The SUBCONTRACTOR must have an established accounting system that accumulates the SUBCONTRACTOR's costs for this element. This ODC account must be exclusive of all other accounts and not be recovered in the fully-burdened hourly direct labor rate(s).
- CH2M HILL will make payments to the SUBCONTRACTOR in amounts determined to be allowable by CH2M HILL in accordance with Federal Acquisition Regulation (FAR) Subpart 31.2 in effect on the date of this Subcontract and the terms of this Subcontract.

To the extent able, the SUBCONTRACTOR shall obtain materials and services at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and obtain all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. Credit shall be given to the authorized procurement representative for cash and trade discounts, rebates, allowances, credits, salvage, the value of any appreciable scrap, commissions, and other amounts that have accrued to the benefit of the SUBCONTRACTOR, or would have accrued except for the fault or neglect of the

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SUBCONTRACTOR. The benefits lost without fault or neglect on the part of the SUBCONTRACTOR, or lost through fault of the authorized procurement representative, shall not be deducted from gross costs.

**ARTICLE 2.0 ORDER OF PRECEDENCE**

In the event of a discrepancy among any of the Subcontract terms, conditions, clauses, provisions, written direction and instructions, and documents (collectively, the "Subcontract"), the following order of precedence shall govern resolution: (i) CH2M HILL's written Subcontract/Purchase Order, modifications/amendments, direction, and instructions; (ii) Special Provisions (iii) General Provisions, (iv) Statement of Work, (v) Technical Instructions, including drawings, exhibits and attachments, and applicable standards; and (vi) other documents identified as being part of the Subcontract.

Nothing recited above shall be construed as superseding or deleting any applicable statute, rule, ordinance, or regulation (collectively, the "Laws"). In the event of a conflict with Laws, the specific conflicting term of the Subcontract shall be considered null and without effect, Laws shall govern. All remaining terms unaffected by said Laws should continue in force.

**ARTICLE 3.0 TERMS OF PAYMENT**

**3.1 General Invoice Requirements**

A. Invoice Submission Requirements: Original invoices and supporting documentation shall be submitted no more than once a month per calendar month to CH2M HILL's Accounts Payable organization at the address below.

CH2M HILL HANFORD GROUP, INC.

Accounts Payable Mail Stop: H6-09

P.O. Box 1500

Richland, WA 99352

Email electronic invoices to: [ch2m\\_ap\\_invoices@rl.gov](mailto:ch2m_ap_invoices@rl.gov)

B. Invoice Payment Terms: SUBCONTRACTOR shall prepare all invoices in a form satisfactory to and approved by CH2M HILL. Except to the extent expressly stated elsewhere in this Subcontract, the invoice is payable thirty (30) calendar days after receipt by CH2M HILL of a properly marked and submitted invoice. Discounts are expected for earlier payments and shall be specifically incorporated in the Subcontract. All unit pricing and payments made shall be in United States dollars only, in the forms of cash, check or electronic transfer as may be agreed upon. Remittance will be made only to the remittance address on file for the SUBCONTRACTOR. Invoices from third parties or with different remittance instructions or addresses will not be processed. Invoices may be submitted electronically, if in an acceptable format. All invoice requirements still apply to electronic invoices.

C. Invoice Certification: Submittal of an invoice constitutes SUBCONTRACTOR's certification that materials, Work and/or services have been delivered as specified on the invoice in accordance with the Subcontract.

D. Separate Invoice Requirements: Each Subcontract or Subcontract Release shall be invoiced separately.

E. Minimum Invoice Requirements: The invoice shall identify the following information:

- SUBCONTRACTOR's name, invoice number, Subcontract number, and Release number.
- SUBCONTRACTOR's name and telephone number of a representative available to respond to invoice questions.
- The total amount due for the billing period (this amount shall be separate from cumulative amounts or subtotals included on the invoice).
- A cost summary identifying all cost elements being invoiced with all indirect cost (rate) allocations clearly identified.
- A synopsis of services performed during the billing period.
- A listing of ODCs invoiced that reconcile to the Subcontract's Compensation Schedule with supporting documentation as required by the authorized procurement representative.
- A corresponding description of each item billed and the associated amount.

F. Fully-Burdened Hourly Rate: Unless specified otherwise, the invoiced amount shall be computed by multiplying the appropriate hourly rate prescribed in the Subcontract's compensation schedule by the number of direct billable labor

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hours. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis.

- G. Time Sheets: To expedite payment for services, time sheets for the SUBCONTRACTOR employee(s) shall be submitted to the Buyer's Technical Representative (BTR) prior to leaving the job unless this requirement is waived by the authorized procurement representative. The Buyer's Technical Representative shall acknowledge on the time sheet receipt of services for the period covered by the time sheet. Time sheets shall be formally approved by the SUBCONTRACTOR. One copy of the approved time sheet is to be attached to the invoice when presented for payment.

CH2M HILL will only reimburse the SUBCONTRACTOR for direct labor hours where productive work is performed in accordance with the Subcontract's Statement of Work (SOW) as required by the Buyer's Technical Representative (BTR).

- H. Identification of Uncompensated Overtime: Uncompensated overtime means the hours worked without additional compensation in excess of an average of 40 hours per week by direct charge employees who are exempt from the Fair Labor Standards Act. Compensated personal absences such as holidays, vacations, and sick leave shall be included in the normal work week for purposes of computing uncompensated overtime hours.

The SUBCONTRACTOR's reporting of uncompensated overtime must be consistent with its established accounting practices used to accumulate and report uncompensated overtime hours.

- I. Rejection of Invoices: Any invoice submitted, which fails to comply with the terms of this Subcontract, including the requirements of form and documentation, may be returned to the SUBCONTRACTOR. Any costs associated with the resubmission of a proper invoice shall be to the SUBCONTRACTOR's account.

- J. Withholding Invoice Payments: CH2M HILL may, at its sole discretion, withhold payment due for, but not limited to, the following reasons:

- Substandard Work or delays in the Work not corrected promptly.
- Evidence that a claim has been or will be filed against SUBCONTRACTOR.
- Evidence that lower tier Subcontractors or suppliers have not been properly paid.
- Failure to provide accrual reports by the 15th of each month as specified in the Subcontract provisions

- K. Accruals: This provision applies to all Subcontracts unless the Subcontract is for one-time work which will be billed during the month the work was performed, if the Subcontract includes automatic payments made by the 15th of each month rather than requiring individual invoices.

The SUBCONTRACTOR shall provide monthly to Accounts Payable an estimate of the total billable cost from inception of the Subcontract through the current calendar month end. This information must be provided by email (preferred), fax, or mail by the 15<sup>th</sup> of each month. This data must be provided for each Subcontract release until all payments are received and the Subcontract is complete.

Email: [Accruals-CHG@rl.gov](mailto:Accruals-CHG@rl.gov)

Fax: (509) 372-8036

Mailing Address:

CH2MHILL Hanford Group, Inc.

ATTN: Accounts Payable / MSIN H6-09

PO Box 1500

Richland, WA 99352

**Monthly Subcontract-to-Date Cost Estimate Form** can be obtained at the following Internet Address:

<http://www.hanford.gov/chmpmm/?page=19&parent=12>

### **3.2 Reimbursement of Travel Expenses**

When authorized as part of the Statement of Work, the SUBCONTRACTOR will be reimbursed travel expenses incurred in performance provided that the expenses are for costs incurred for lodging, meals, and incidental expenses considered reasonable,

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allowable, and allocable to the extent that they do not exceed the maximum per diem rates in effect at the time of travel as set forth in *Federal Travel Regulations* (FTR) for travel within the 48 states. The following are links for referencing the travel guidelines.

[Federal Travel Regulations](#)

Additional guidance can be referenced through the Joint Travel Regulations (JTR) for travel in Alaska, Hawaii, the Commonwealth of Puerto Rico, and territories and possessions of the United States; or the Standardized Regulations (SR) for travel allowances in foreign areas.

A per diem will be paid to SUBCONTRACTOR employees only who are assigned to a project site for twelve (12) months (365 days) or less. SUBCONTRACTOR employees assigned to a project for more than sixty (60) days will be expected to vacate hotel lodging and move into residential accommodations.

A. Short-Term Assignments: Per Diem and lodging will be paid in accordance with the rates established by the Federal Travel Regulations (FTR) unless otherwise specified in this Subcontract. Home visits for less than four (4) consecutive weeks of assignment (on travel status) are not authorized.

B. Temporary Work Assignments (Sixty (60) Days or Less): Expenses associated with temporary work assignments that are sixty (60) days or less will be reimbursed under the following guidelines

1. Transportation Other than Airline: Reimbursement of transportation costs will be at the current Federal Travel Regulations (FTR) per mile rate, for travel made by automobile, or actual fares for other public conveyance, reasonably incurred by SUBCONTRACTOR's personnel in traveling by the shortest and most direct route from his/her home office to (Hanford Site) Richland, Washington, or to other such locations and return, at the request of CH2M HILL. When travel is by automobile the most direct route shall be determined in accordance with the Rand McNally Standard Distance Chart. Local mileage costs while at the Hanford Site will not be reimbursed, unless specifically authorized by CH2M HILL.
2. Transportation by Airline: Every effort shall be made to plan required travel to obtain the lowest fares available. Actual receipts must document all airfare costs being invoiced under this Subcontract.
3. Reimbursement of Labor Hours During Travel Status: The authorized procurement representative will only reimburse the SUBCONTRACTOR for direct productive labor hours associated with the Subcontract's or Release's Statement of Work (SOW). Reimbursement for travel to the job-site is not considered a direct productive labor hour and will not be reimbursed by the authorized procurement representative.
4. Car Rental: Compact or intermediate size cars are to be used as a first choice. Should a compact or intermediate size vehicle not be available, use of a more expensive vehicle must include a certification by the employee of the effort made to obtain the compact or intermediate vehicle. Actual receipts must document all car rental and fuel costs.
5. Lodging: Lodging will be reimbursed at the current FTR rate or at the actual cost if less than the allowable FTR rate. Actual receipts must document all lodging costs being invoiced under this Subcontract.
6. Meals and Incidental Expenses (M&IE): M&IE will be reimbursed at a flat rate per day; not to exceed the limits specified for the geographical location in the FTR. The daily living expense (M&IE) shall be prorated per the FTR during the first and last day of travel, inclusive of weekend trips home. Weekend stay-over(s) are paid when continued work is required during the following week.

C. Temporary Work Assignments – More Than Sixty (60) Days, But Less Than Three Hundred Sixty-five (365) Days: Effective the sixty-first day of the work assignment, the following modifications become effective: CH2M HILL will pay a reduced per diem rate of \$30 per day to compensate lodging/subsistence expenses. Receipts will not be required for lodging/subsistence while under the reduced per diem rate allowance.

Instead of using a rental car, a SUBCONTRACTOR owned vehicle may be used if determined to be more cost effective. However, shipping cost and arrangements must be pre-approved by the authorized procurement representative. CH2M HILL assumes no liability for accidents when SUBCONTRACTOR owned or rental vehicles are used.

One trip home, to the primary residence, after each four (4) consecutive weeks of assignment (on travel status) to the Subcontract will be reimbursed when approved in advance by CH2M HILL as follows:

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- Fourteen (14) day advanced coach airfare via the most direct route in accordance with FTR guidelines. If the project work assignment or an urgent situation prevents the SUBCONTRACTOR employee from obtaining the fourteen- (14) day airfare; approval must be obtained from CH2M HILL. If a personal vehicle is used to return to the primary residence, mileage and lodging will be paid at the current FTR rates, not to exceed the fourteen (14) day advance airfare rate.
- While traveling and at home, per-diem expenses are not reimbursable.
- The trips home are neither “bankable,” transferable nor cumulative.

D. Work Assignments - Three Hundred Sixty-five (365) Days and Over: Unless pre-approved by CH2M HILL, work assignments of more than three hundred sixty-five (365) consecutive days are considered permanent. Any incurred travel and living expenses, after three hundred sixty-five (365) consecutive days, are not reimbursable without written pre-approval from CH2M HILL. This provision shall also apply to SUBCONTRACTOR’s employees who transfer to another Subcontract. The number of consecutive days for a transferred employee shall not restart with the new Subcontract but shall continue from the original Subcontract assignment date.

**3.3 Cash Discounts**

Cash discounts will apply from the date a correct, properly supported invoice is received by CH2M HILL.

**3.4 Refunds**

The SUBCONTRACTOR agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the SUBCONTRACTOR or any assignee, that arise under the materials portion of this Subcontract and for which the SUBCONTRACTOR has received reimbursement, shall be paid by the SUBCONTRACTOR to the authorized procurement representative.

**3.5 Taxes**

The SUBCONTRACTOR shall collect the applicable Washington State sales or use tax from CH2M HILL unless the SUBCONTRACTOR obtains a Direct Pay Permit from CH2M HILL. All other Federal, State, county, municipal or other taxes not excluded by the Washington State Department of Revenue Direct Pay Permit must be included in the Subcontract amount. If as a result of this Subcontract, the SUBCONTRACTOR becomes eligible for Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall take such tax credit and assign such tax credit to CH2M HILL. If the SUBCONTRACTOR applies for the Washington State Business and Occupation Tax Credit for Research and Development spending, the SUBCONTRACTOR shall notify CH2M HILL. The SUBCONTRACTOR shall fully cooperate with CH2M HILL in any tax audits, tax assessment reviews, or tax challenges.

**3.6 Right to Offset**

CH2M HILL, without waiver or limitation of any rights or remedies of CH2M HILL, shall be entitled from time to time to deduct from any amounts due or owing by CH2M HILL to SUBCONTRACTOR in connection with this Subcontract (or any other Subcontract with CH2M HILL), any and all amounts owed by SUBCONTRACTOR to CH2M HILL or the Government in connection with this Subcontract.

**3.7 Interest Payment**

No interest is payable to SUBCONTRACTOR for any claim it may have, except that specifically imposed by a court of competent jurisdiction on any judgment, and then only from the date of the entry of judgment.

**3.8 Liens**

SUBCONTRACTOR will promptly pay for all services, labor, materials, and equipment used or employed in the Work and will maintain the materials, equipment, structures, buildings, and premises, free and clear of mechanics or other liens. SUBCONTRACTOR will, upon completion of the Work and before final payment is due, furnish CH2M HILL, on a form CH2M HILL may require, with reasonable evidence that all services, labor, materials, and equipment have been paid in full.

**3.9 Audit**

At any time before final payment under this Subcontract, the authorized procurement representative may request audit of the invoices and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by the authorized procurement representative not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments.

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**3.10 Final Payment**

Upon completion of the Work, SUBCONTRACTOR will notify CH2M HILL, in writing that the Work is complete and that final payment is due. The final invoice shall be submitted for payment after completion and acceptance of Work by CH2M HILL and compliance by SUBCONTRACTOR with all terms of this Subcontract. The final invoice shall be supported by all requested certifications and releases needed to close out the Subcontract including, but not limited to, the "Subcontractor Release of Claims." If the Work has been completed in accordance with this Subcontract, final payment will be made in accordance with the terms of this Subcontract. Final Payment shall not relieve the SUBCONTRACTOR of any obligation under this Subcontract.

**3.11 Limitation of Funds**

- A. The Subcontract (Subcontract release) specifies the dollar amount authorized on this Subcontract/release, the items covered, and the period of performance the amount will cover. The SUBCONTRACTOR agrees to perform, or have performed, Work on the Subcontract up to the point at which the total amount paid and payable under the Subcontract, approximates, but does not exceed the total amount authorized on the Subcontract.
- B. When the parties have negotiated a total award value which exceeds current funding, the authorized funds on the resulting Subcontract will be limited using a limitation of funding provision.
- C. The authorized funding shall be considered a ceiling price which may not be exceeded until the authorized procurement representative notifies the SUBCONTRACTOR in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Subcontract.
- D. The SUBCONTRACTOR shall notify the authorized procurement representative identified in the Subcontract, in writing whenever it has reason to believe that the costs it expects to incur under this Subcontract in the next 30 days, when added to all costs previously incurred, will exceed 75 percent of the total amount so far allotted to this Subcontract. The notice shall state the estimated date when such allotted amount will be reached and estimated amount of additional funds required to continue performance for the period specified in the Subcontract. If after such notification, additional funds are not obligated by the end of estimated reach date or by an another agreed date, the authorized procurement representative shall upon SUBCONTRACTOR's written request, terminate this Subcontract on the performance end date or the date set forth in the request, whichever is later, pursuant to the provisions of the Termination clause of this Subcontract.
- E. Except as provided by other provisions of this Subcontract, specifically citing and stated to be an exception to this provision:
  - The authorized procurement representative is not obligated to reimburse the SUBCONTRACTOR for costs incurred in excess of the total authorized funding; and
  - The SUBCONTRACTOR is not obligated to continue performance under this Subcontract (including actions under the termination clause) or otherwise incur costs in excess of the allotted amount of this Subcontract, until the authorized procurement representative notifies the SUBCONTRACTOR in writing that the allotted amount has been increased and specifies the revised total allotted amount.
- F. No notice, communication, or representation in any form or by anyone other than the authorized procurement representative shall affect the authorized amount of this Subcontract. In the absence of the SUBCONTRACTOR's notification as described above, the authorized procurement representative is not obligated to reimburse the SUBCONTRACTOR for any costs in excess of the total authorized funding, whether incurred during the course of performance period, a termination, or result of an audit.
- G. When, and to the extent that the amount authorized by the authorized procurement representative is increased, any excess costs the SUBCONTRACTOR incurred before this modification shall be allowable to the same extent as if incurred afterward, unless this Subcontract was terminated.
- H. Change Orders shall not be considered an authorization to exceed the authorized amount specified in the payment schedule, unless they identify an increased funding amount.

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**ARTICLE 4.0 OBLIGATIONS OF SUBCONTRACTOR**

**4.1 Independent Contractor**

SUBCONTRACTOR is an independent contractor and shall maintain complete control of and responsibility for its employees, lower-tier Subcontractors, and agents. SUBCONTRACTOR shall also be solely responsible for the means and methods for carrying out the Work and for the safety of its employees. Nothing contained in this Subcontract shall be construed to create any employer-employee relationship between SUBCONTRACTOR's employees and CH2M HILL or to create a contractual relationship between the Government and SUBCONTRACTOR.

**4.2 Authorization for Lower-Tier Subcontracting\***

SUBCONTRACTOR shall not further Subcontract performance of all or any portion of the Work under this Subcontract, except as disclosed in the SUBCONTRACTOR's proposal, without first notifying CH2M HILL and obtaining CH2M HILL's written acceptance (consent) for subcontracting the Work and approval of the lower-tier Subcontractor.

**4.3 Right of Access\***

CH2M HILL, its Clients, or agents shall have the right to inspect and evaluate SUBCONTRACTOR's facilities at any time during the procurement process and performance (from Subcontract award through final payment). CH2M HILL, its Clients, or agents shall have the right of access to lower-tier Subcontractors for the purpose of verifying the quality of their Work. Access to lower-tier Subcontractors shall be coordinated through the SUBCONTRACTOR and verification may be performed jointly with the SUBCONTRACTOR.

**4.4 SUBCONTRACTOR Responsibility\***

SUBCONTRACTOR agrees that it is as fully responsible to CH2M HILL for the acts and omissions of its lower-tier Subcontractors and of persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by SUBCONTRACTOR. SUBCONTRACTOR shall not be relieved of its responsibility for the Work by virtue of any lower-tier Subcontracts it may place regardless of CH2M HILL's acceptance of such lower-tier Subcontract.

The SUBCONTRACTOR is responsible for the quality of work, material, and equipment supplied under the term of this Subcontract. SUBCONTRACTOR management and employees are expected to learn from experience, prevent adverse operating incidents, and share good work practices and lessons learned. The SUBCONTRACTOR shall be responsible for assuring that all lower-tier Subcontractors implement adequate quality and process control commensurate with importance to safety, cost, schedule, and success of the program, of the products supplied or services rendered. All applicable technical and quality requirements imposed by this Subcontract shall be flowed down to lower-tier Subcontractors through appropriate procurement documents. The SUBCONTRACTOR retains the responsibility for the quality of all Work, material, and equipment provided by lower-tier Subcontractors.

**4.5 SUBCONTRACTOR Certification\***

SUBCONTRACTOR will provide certification that the lower-tier Subcontractor has the necessary permits and licenses for the Work to be performed. The SUBCONTRACTOR guarantees that its lower-tier Subcontractors will comply fully with the terms of this Subcontract applicable to the portion of the Work performed. If any portion of the Work, which has been subcontracted by SUBCONTRACTOR, is not performed in accordance with this Subcontract, on request by CH2M HILL, the lower-tier Subcontractor will be replaced at no additional cost to CH2M HILL and will not be employed again on the Subcontract unless so authorized by CH2M HILL.

**4.6 SUBCONTRACTOR Assignment\***

SUBCONTRACTOR shall include a provision in every lower-tier Subcontract that authorizes assignment of such lower-tier Subcontracts to CH2M HILL or the Government without requiring further consent from such lower-tier Subcontractor.

**4.7 SUBCONTRACTOR Communications\***

CH2M HILL shall have the right from time to time to contact lower-tier Subcontractors, upon notification of the SUBCONTRACTOR, to discuss the lower-tier Subcontractor's progress.

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**4.8 Organizational Conflicts of Interest\***

SUBCONTRACTOR warrants that, to the best of his knowledge and belief, and except as otherwise disclosed, that the SUBCONTRACTOR has disclosed all such relevant information to CH2M HILL prior to award of this Subcontract and that there are no facts which could give rise to an organizational conflict of interest during the Work's performance.

**4.9 Warranties\***

SUBCONTRACTOR warrants that all supplies and services provided under this Subcontract shall conform to the Statement of Work and/or specification included in this Subcontract. SUBCONTRACTOR further warrants that all supplies provided as part of the Work shall be new, not refurbished or reconditioned; preserved, packaged, marked and prepared for shipment in a manner conforming to the requirements of applicable law and regulation and this Subcontract; and of an even kind, quality and quantity within each unit and among all units.

These warranty obligations shall survive for one (1) year after acceptance of the supplies or the completion of the Work performance hereunder unless a longer warranty period is called for in any writing including, without limitation, specifications, drawings or proposals furnished by or to CH2M HILL. CH2M HILL shall notify SUBCONTRACTOR of any warranty claim within thirty (30) days after discovering the basis to raise such claim.

SUBCONTRACTOR shall bear all costs and risk for correction or replacement of defective supplies or services, and in the case of supplies, for the cost of return of conforming supplies to CH2M HILL. Any of the supplies or parts thereof, corrected or furnished in replacement under this Warranty provision, shall also be subject to the terms of this Paragraph to the same extent as the supplies initially delivered. If replacement or correction is not completed promptly after notice of the defect or if a cure does not appear feasible, CH2M HILL shall have the right to either (i) obtain equivalent supplies or services from other sources (or to provide such supplies or services from internal sources) and to charge the cost thereof to SUBCONTRACTOR or (ii) demand a refund of the funds paid by CH2M HILL for the defective supplies or services. At the authorized procurement representative's request, SUBCONTRACTOR shall provide a schedule for completing any proposed cure for defective supplies or services. Failure to provide a schedule within ten (10) working days shall be deemed grounds for CH2M HILL to exercise its rights under this provision.

If SUBCONTRACTOR disputes CH2M HILL's warranty claim, SUBCONTRACTOR shall nevertheless proceed to correct or replace the defective supplies or services. In the event it is later determined that the supplies or services were not defective, CH2M HILL shall equitably adjust the amount paid or to be paid under the Subcontract to compensate SUBCONTRACTOR for the additional supplies or services provided, subject to offset for any conforming supplies returned by CH2M HILL.

SUBCONTRACTOR shall provide instructions for pick up or disposal of defective supplies. Notwithstanding the provision entitled "Notice of Completion and Final Acceptance" hereof, title to, and risk of loss of, defective supplies that are returned for replacement or refund shall revert to SUBCONTRACTOR upon notice of the defect. If SUBCONTRACTOR fails to furnish timely disposition instructions, CH2M HILL may dispose of the defective supplies for SUBCONTRACTOR's account in a reasonable manner. CH2M HILL is entitled to reimbursement from SUBCONTRACTOR, or from the proceeds of such disposal, for the reasonable expenses of the care and disposition of the defective supplies, as well as for excess costs incurred or to be incurred as a result of the breach of warranty. The rights and remedies of CH2M HILL provided in this paragraph are in addition to and do not limit any rights afforded to CH2M HILL by applicable law or any other term of this Subcontract.

Without limiting SUBCONTRACTOR's liability under the warranties set out above, SUBCONTRACTOR shall assign to CH2M HILL all manufacturer's warranties for supplies provided to CH2M HILL or other property acquired by SUBCONTRACTOR at CH2M HILL's expense to which the CH2M HILL takes title under the provision entitled "Final Acceptance."

**4.10 Final Acceptance**

When the SUBCONTRACTOR deems the Work fully completed, including satisfactory completion of such inspections, tests and documentation as are specified in this Subcontract, the SUBCONTRACTOR shall, within ten (10) working days, give a written notice specifying the Work completed and the date it was completed. Within thirty (30) calendar days after receipt of the notice, CH2M HILL may inspect the Work and shall either reject the Work and specify defective or uncompleted portions of the Work, or shall give the SUBCONTRACTOR a written acceptance of the Work either for the purpose of final payment only, or for the purposes of final payment and final acceptance.

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In the event CH2M HILL rejects the Work and specifies defective or uncompleted portions of the Work, SUBCONTRACTOR shall, within five (5) working days, provide for CH2M HILL review and approval, a schedule detailing when all defects will be corrected and/or when the Work will be completed and shall proceed to remedy such defective and uncompleted portions of the Work. Thereafter, the SUBCONTRACTOR shall again give CH2M HILL a written notice of completing of the Work, specifying a new date for the completion of the Work based upon the date such defective or uncompleted portions of the Work were corrected. The foregoing procedure shall apply again and successively thereafter until CH2M HILL has given SUBCONTRACTOR written final acceptance for purposes of final payment.

Any failure by CH2M HILL to inspect or to reject the Work or to reject SUBCONTRACTOR's notice of completion as set forth above, shall not be deemed to be final acceptance of the Work for any purpose by CH2M HILL nor imply acceptance of, or agreement with, said notice.

**4.11 Non-Conformance Reports (NCRs)**

Nonconformance Reports (NCRs) generated by SUBCONTRACTOR, lower-tier Subcontractors and suppliers of items with the proposed disposition of "Use as is" or "Repair" shall be submitted for approval to CH2M HILL Design Authority, Engineering, and Quality Assurance before SUBCONTRACTOR initiates any remedial action on the nonconformance.

**4.12 Price Anderson Amendment Act (PAAA)**

As a government Prime Contractor providing nuclear safety-related services to the Department of Energy, CH2M HILL is required by contract to comply with the nuclear safety rules contained in the following regulations:

- 10 CFR 820, *Procedural Rules for DOE Nuclear Activities*,
- 10 CFR 830, *Nuclear Safety Management*,
- 10 CFR 835, *Occupational Radiation Protection*, and
- 10 CFR 708, *Contractor Employee Protection*.

If specified in the Subcontract, one or more of the nuclear safety regulations identified above have been determined to apply to this Work and therefore compliance is incumbent upon the SUBCONTRACTOR. The SUBCONTRACTOR will flow down these PAAA requirements to its lower-tier Subcontractors for Work performed under this Subcontract.

The SUBCONTRACTOR will accurately, completely, and voluntarily report the nature and actions taken in response to any non-compliance with the nuclear safety rules to the CH2M HILL PAAA Director, via the authorized procurement representative, and will take prompt and comprehensive corrective action to prevent recurrence.

**4.13 Indemnification\***

SUBCONTRACTOR agrees to defend, indemnify, and hold harmless, CH2M HILL and the Government, the affiliated companies of each, and all of their directors, officers, employees, agents, and representatives, from and against:

- A. Any claim, demand, cause of action, liability, loss or expense arising by reason of SUBCONTRACTOR's failure to comply with any law, ordinance, regulation, rule or order. This clause includes, but is not limited to, fines or penalties by Government authorities and claims arising from SUBCONTRACTOR's actual or asserted failure to pay taxes.
- B. Any claim, demand, cause of action, liability, judgment or damages arising from actual or asserted violation or infringement of rights in any patent, copyright, proprietary information, trade secret or other property right caused or alleged to be caused by the use or sale of goods, materials, equipment, methods, processes, designs or information, including construction methods, construction equipment, and temporary construction facilities, furnished by SUBCONTRACTOR or its lower-tier Subcontractors in performance of the Work. Should any goods or services provided by SUBCONTRACTOR become, or appear likely to become, the subject of a claim of infringement of a patent, copyright or other property right, SUBCONTRACTOR shall, at CH2M HILL's option, either procure for CH2M HILL and the Government the right to continue using such goods or services, replace same with equivalent, non-infringing goods or services, or modify the goods or services so that the use thereof becomes non-infringing, provided that any such modification or replacement is of equal quality and provides equal performance to the infringing good or services.
- C. Any claim, demand, cause of action, liability, judgment or damages arising from SUBCONTRACTOR's negligence or acts or omissions which results in injury to or death of persons (including employees of CH2M HILL, the Government,

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SUBCONTRACTOR and SUBCONTRACTOR's lower-tier Subcontractors) or results in damage to or loss of property (including the property of CH2M HILL or the Government). SUBCONTRACTOR's defense and indemnity obligations hereunder include claims and damages arising from non-delegable duties of CH2M HILL or arising from use by SUBCONTRACTOR of construction equipment, tools, scaffolding or facilities furnished to SUBCONTRACTOR by CH2M HILL or the Government.

- D. Any claim, demand, cause of action, liability, judgment or damages arising out of any act or omission by SUBCONTRACTOR that results in contamination, pollution, or public or private nuisance.
- E. SUBCONTRACTOR's defense and indemnity obligations shall include the duty to reimburse any attorney's fees and expenses incurred by CH2M HILL or the Government for legal action to enforce SUBCONTRACTOR's indemnity obligations.
- F. In the event that the indemnity provisions in this Subcontract are contrary to the law governing this Subcontract, then the indemnity obligations applicable hereunder shall be construed to be to the fullest extent allowable by applicable law.
- G. With respect to claims by employees of SUBCONTRACTOR or its lower-tier Subcontractors, the indemnity obligations created under this clause shall not be limited by the fact of, amount, or type of benefits or compensation, payable by or for SUBCONTRACTOR, its lower-tier Subcontractors or suppliers under any workers compensation, disability benefits, or other employee benefits acts or regulations, and SUBCONTRACTOR, specifically and knowingly, waives any limitation of liability arising from workers' compensation or such other acts or regulations.

**4.14 Limitation of Liability\***

Except to the extent that the SUBCONTRACTOR is expressly responsible under this Subcontract for deficiencies in the services required to be performed under the Subcontract (including any materials furnished in conjunction with those services), the SUBCONTRACTOR shall not be liable for loss of or damage to property of the Government that (1) occurs after CH2M HILL acceptance of services performed under this Subcontract and (2) results from any defects or deficiencies in the services performed or materials acceptably furnished.

The limitation of liability shall not apply when a defect or deficiency in, or CH2M HILL's acceptance of, services performed or materials furnished results from willful misconduct or lack of good faith on the part of any of the SUBCONTRACTOR's managerial personnel. The term "SUBCONTRACTOR's Managerial Personnel", as used in this clause, means the SUBCONTRACTOR's directors, officers, and any of the SUBCONTRACTOR's managers, superintendents, or equivalent representatives who have supervision or direction of:

- All or substantially all of the SUBCONTRACTOR's business;
- All or substantially all of the SUBCONTRACTOR's operations at any one plant, laboratory, or separate location at which the Subcontract is being performed; or
- A separate and complete major industrial operation connected with the performance of the Subcontract.

If the SUBCONTRACTOR carries insurance, or has established a reserve for self-insurance, covering liability for loss or damage suffered by the Government or CH2M HILL through the SUBCONTRACTOR's performance of services or furnishing of material under this Subcontract, the SUBCONTRACTOR shall be liable to the Government or CH2M HILL, to the extent of such insurance or reserve, for loss of or damage to property of the Government occurring after CH2M HILL's acceptance of, and resulting from any defects and deficiencies, in services performed or materials furnished under this Subcontract.

The SUBCONTRACTOR shall include this provision, including this paragraph, supplemented as necessary to reflect the relationship of the subcontracting parties, in all lower-tier Subcontracts over \$25,000.

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**4.15 Codes, Laws, and Regulations\***

SUBCONTRACTOR shall comply strictly with local, municipal, state, federal, and governmental laws, orders, codes, and regulations applicable to SUBCONTRACTOR's operations in the performance of the Work hereunder. Prior to offering the item or service for acceptance, the SUBCONTRACTOR shall verify and document that the item or service being furnished complies with the procurement requirements. Where required by code, regulation, or Subcontract requirement, documentary evidence that items conform to procurement documents shall be available at the facility site prior to installation or use.

SUBCONTRACTOR shall not, under any circumstances apply to or enter into negotiations with any governmental authority or agency for acceptance of variations from or revisions to safety or health, or environmental laws or regulations relating to this Subcontract or to the performance thereof, without CH2M HILL's prior written approval.

SUBCONTRACTOR shall not, under any circumstances, cause or permit, in connection with the Work to be performed hereunder, the discharge, emission or release of any hazardous substance and/or waste, pollutant, contaminant or other substance in violation of any applicable laws, rules or regulations which are now or hereafter promulgated by any governmental authorities having jurisdiction over the Work. SUBCONTRACTOR shall comply with all regulatory requirements applicable to the Work performed under this Subcontract and shall be responsible for compliance with all hazardous waste, health and safety, notice, training, and environmental protection laws, rules, regulations, and requirements. "Hazardous waste" includes all substances, which are or may be identified as such in applicable Federal or State laws and regulations. SUBCONTRACTOR shall submit to CH2M HILL material safety data sheets (OSHA Form 20) as required by applicable regulation.

As an inducement to award of this Subcontract, SUBCONTRACTOR warrants full compliance and that it will adhere to all applicable project hazardous waste procedures and, if necessary, obtain or arrange for, at its expense and in accordance with the terms of this Subcontract, all identification numbers, permits, applications, and other requirements in connection with the Work. SUBCONTRACTOR agrees that it will not store any hazardous wastes at the jobsite for periods in excess of ninety (90) days or in violation of the applicable jobsite storage limitations imposed by law, the Government or CH2M HILL, whichever shall be more restrictive. SUBCONTRACTOR further agrees that it will not permit any accumulation in excess of the small quantity generator exclusion of 40 CFR, Part 261, or other applicable laws, as amended. SUBCONTRACTOR agrees to take, at its expense all actions necessary to protect third parties, including without limitation, employees and agents of the Government, and CH2M HILL from any exposure to, or hazards of, hazardous and/or toxic wastes or substances generated or utilized in SUBCONTRACTOR's operations. SUBCONTRACTOR agrees to report to the appropriate governmental agencies all discharges, releases, and spills of hazardous substances, and/or wastes required to be reported by law and to immediately notify CH2M HILL of the same.

**4.16 Foreign Ownership, Control, and Influence\***

For purposes of this provision, a foreign interest is defined as any of the following:

- A foreign government or foreign government agency;
- Any form of business enterprise organized under the laws of any country other than the United States or its possessions;
- Any form of business enterprise organized or incorporated under the laws of the United States, or a State or other jurisdiction within the United States, which is owned, controlled, or influenced by a foreign government, agency, firm, corporation or person; or
- Any person who is not a United States citizen.

Foreign ownership, control, or influence (FOCI) means the situation where the degree of ownership, control, or influence over a SUBCONTRACTOR by a foreign interest is such that a reasonable basis exists for concluding that compromise of classified information or special nuclear material, as defined in 10 CFR Part 710, may result.

The SUBCONTRACTOR shall immediately provide CH2M HILL written notice of any changes in the extent and nature of FOCI over the SUBCONTRACTOR, which would affect the SUBCONTRACTOR's status. Further, notice of changes in ownership or control, which are required to be reported to the Securities and Exchange Commission, the Federal Trade, Commission, or the Department of Justice, shall also be furnished concurrently to CH2M HILL.

In those cases where a SUBCONTRACTOR has changes involving FOCI, CH2M HILL must determine whether the changes will pose an undue risk to the common defense and security. In making this determination, CH2M HILL shall consider proposals made by the SUBCONTRACTOR to avoid or mitigate foreign influences.

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If CH2M HILL at any time determines that the SUBCONTRACTOR is, or is potentially, subject to FOCI, the SUBCONTRACTOR shall comply with such instructions as CH2M HILL shall provide in writing to safeguard any classified information or significant quantity of special nuclear material.

The SUBCONTRACTOR agrees to insert terms that conform substantially to the language of this provision including this paragraph in all lower-tier Subcontracts under this Subcontract that will require access to classified information or a significant quantity of special nuclear material. Additionally, the SUBCONTRACTOR shall require such lower-tier Subcontractors to submit a completed certification prior to award of a lower-tier Subcontract. Information to be provided by a lower-tier Subcontractor pursuant to this provision may be submitted directly to CH2M HILL.

Information submitted by the SUBCONTRACTOR or any affected lower-tier Subcontractor as required pursuant to this clause shall be treated by CH2M HILL to the extent permitted by law, as business or financial information submitted in confidence to be used solely for purposes of evaluating FOCI.

The requirements of this provision are in addition to the requirement that a SUBCONTRACTOR obtain and retain the security clearances required by the Subcontract. This provision shall not operate as a limitation on CH2M HILL's rights, including its rights to terminate this Subcontract.

CH2M HILL may terminate this Subcontract for default either if the SUBCONTRACTOR fails to meet obligations imposed by this provision (e.g., provide the information required by this provision, comply with CH2M HILL's instructions about safeguarding classified information or make this provision applicable to lower-tier Subcontractors) or if, in CH2M HILL's judgment, the SUBCONTRACTOR creates an FOCI situation in order to avoid performance or a termination for default. CH2M HILL may terminate this Subcontract for convenience if the SUBCONTRACTOR becomes subject to FOCI and for reasons other than avoidance of performance of the Subcontract, cannot, or chooses not to, avoid or mitigate the FOCI problem.

**4.17 Publicity\***

SUBCONTRACTOR will not disclose the nature of its Work under this Subcontract or engage in any other publicity or public media disclosures with respect to this Subcontract without the prior written consent of CH2M HILL.

**4.18 Key Personnel**

Certain SUBCONTRACTOR employees may be designated as Key Personnel in this Subcontract. The SUBCONTRACTOR agrees those individuals determined to be key individuals will not be changed or reassigned without the written agreement of CH2M HILL. If any of the designated key personnel become unavailable for assignment for Work under this Subcontract, the SUBCONTRACTOR, with the prior approval of CH2M HILL, will replace the employee with an individual substantially equal in abilities or qualifications.

**4.19 Suspension of Work**

The authorized procurement representative may order the SUBCONTRACTOR, in writing, to suspend, delay, or interrupt all or any part of the Work of this Subcontract for the period of time that the authorized procurement representative determines appropriate for the convenience of CH2M HILL. The notice of suspension shall specify the date of suspension and the estimated duration of the suspension. Such suspensions under this Subcontract shall not exceed one hundred eighty (180) consecutive calendar days each nor in aggregate more than two hundred seventy (270) calendar days.

Upon receiving any such notice of suspension, the SUBCONTRACTOR shall promptly suspend further performance of the Work to the extent specified, and during the period of such suspension shall properly care for and protect all Work in progress and materials, supplies and equipment that the SUBCONTRACTOR has on hand for performance of the Work. Upon the request of CH2M HILL, the SUBCONTRACTOR shall promptly deliver to CH2M HILL copies of outstanding Subcontracts of the SUBCONTRACTOR, and shall take such action relative to such Subcontracts as may be directed by CH2M HILL. The SUBCONTRACTOR shall use its best efforts to utilize its material, labor, and equipment in such a manner as to mitigate costs associated with the suspension.

CH2M HILL may at any time withdraw the suspension of Work as to all or part of the suspended Work by written notice to the SUBCONTRACTOR specifying the effective date and scope of withdrawal, and the SUBCONTRACTOR shall resume diligent performance of the Work for which the suspension is withdrawn on the specified effective date of withdrawal.

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If the performance of all or any part of the Work exceeds the suspension days specified in this provision, an adjustment shall be made for any increase in the cost of performance of this Subcontract (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the Subcontract shall be modified in writing accordingly. However, no adjustment shall be made under this provision for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the SUBCONTRACTOR, or for which an equitable adjustment is provided for or excluded under any other provision of this Subcontract. If SUBCONTRACTOR believes that any such suspension or withdrawal of suspension justifies modification of the Subcontract price or time of completion, the SUBCONTRACTOR shall comply with either the "Changes" or "Claims for Extra Work" provision as determined applicable by the SUBCONTRACTOR. The SUBCONTRACTOR shall not be entitled to any profits or any damages because of such suspension or withdrawals of suspension.

**4.20 Suspect and Counterfeit Items\***

CH2M HILL reserves the right to question and/or require SUBCONTRACTOR to certify and/or furnish proof regarding the quality, authenticity, application, or fitness for use of the items supplied by the SUBCONTRACTOR under this Subcontract. The SUBCONTRACTOR shall establish and implement appropriate measures to prevent the procurement and incorporation of suspect and counterfeit parts into the deliverable for this Subcontract. In addition, the SUBCONTRACTOR shall report the discovery of suspect and counterfeit items in sufficient details to establish all circumstances relative to the occurrence.

Any items furnished as part of this Subcontract and which have been previously found by CH2M HILL, the Department of Energy, or the Department of Commerce to be counterfeit or which are listed by the Department of Commerce to be suspect will be deemed, without more proof, to be subject to the above requirement of further proof or certification. CH2M HILL also reserves the right to question the circumstances and make available a report of any such review to the Government. All costs associated with conducting inquiries into and reporting on, components determined to be counterfeit, shall be recovered by CH2M HILL from the SUBCONTRACTOR.

**4.21 SUBCONTRACTOR Generated Documentation**

Documents that furnish evidence of the quality of items and/or activities affecting quality are considered quality assurance records and shall be prepared and controlled in accordance with approved procedures. Submittal of these documents to CH2M HILL shall be accomplished as specified in the Statement of Work, specifications, or other Subcontract documents.

**4.22 Acquisition of Real Property**

Notwithstanding any other provision of this Subcontract, the SUBCONTRACTOR will obtain prior approval from the authorized procurement representative when, in performance of this Subcontract, the SUBCONTRACTOR acquires or proposes to acquire use of real property by lease when the Government will ultimately assume the liability for, or will otherwise pay for the obligation under the lease as a reimbursable Subcontract cost.

**4.23 Management of SUBCONTRACTOR-Held Government-Owned Property\***

This provision specifies requirements which Government Furnished Property (GFP) is either provided or purchased in accomplishing the Work under this Subcontract.

- A. CH2M HILL reserves the right to furnish any property or services required for the performance of the Work under this Subcontract.
- B. Except as otherwise provided by the authorized procurement representative, title to all materials, equipment, supplies, and tangible personal property of every kind and description purchased by the SUBCONTRACTOR, for the cost of which the SUBCONTRACTOR is entitled to be reimbursed as a direct item of cost under this Subcontract, shall pass directly from the vendor to the Government. CH2M HILL reserves the right to inspect, and to accept or reject, any item of such property. The SUBCONTRACTOR shall make such disposition of rejected items as the authorized procurement representative shall direct. Title to other property, the cost of which is reimbursable to the SUBCONTRACTOR under this Subcontract, shall pass to and vest in the Government upon (1) issuance for use of such property in the performance of this Subcontract, or (2) commencement of processing or use of such property in the performance of this Subcontract, or (3) reimbursement of the cost thereof by CH2M HILL, whichever first occurs. Property furnished by the CH2M HILL and property purchased by the SUBCONTRACTOR, title to which vests in the Government, under this paragraph are hereinafter referred to as Government property. Title to Government property shall not be affected by the incorporation of the property into or the attachment to any

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property not owned by the Government, nor shall such Government property or any part, be or become a fixture or lose its identity by reason of affixation to any realty.

- C. To the extent directed by the authorized procurement representative, the SUBCONTRACTOR shall identify Government property coming into the SUBCONTRACTOR's possession or custody, by marking and segregating in such a way, satisfactory to CH2M HILL, as shall indicate its ownership by the Government.
- D. The SUBCONTRACTOR shall make such disposition of Government property which has come into the possession or custody of the SUBCONTRACTOR under this Subcontract as the authorized procurement representative may direct during the progress of the Work or upon completion or termination of this Subcontract. The SUBCONTRACTOR may, upon such terms and conditions as the CH2M HILL authorized procurement representative may approve, sell, or exchange such property, or acquire such property at a price agreed upon by the authorized procurement representative and the SUBCONTRACTOR as the fair value thereof. The amount received by the SUBCONTRACTOR as the result of any disposition, or the agreed fair value of any such property acquired by the SUBCONTRACTOR, shall be applied in reduction of costs allowable under this Subcontract or shall be otherwise credited to account to CH2M HILL, as the authorized procurement representative may direct. Upon completion of the work or the termination of this Subcontract, the SUBCONTRACTOR shall render an accounting, as prescribed by the authorized procurement representative, of all Government property which had come into the possession or custody of the SUBCONTRACTOR under this Subcontract.
- E. Management of Property and Classified Materials:
1. The SUBCONTRACTOR shall take all reasonable precautions, and such other actions as may be directed by the authorized procurement representative, or in the absence of such direction, in accordance with sound business practice, to safeguard and protect Government property in the SUBCONTRACTOR 's possession or custody.
  2. In addition, the SUBCONTRACTOR shall ensure that adequate safeguards are in place, and adhered to, for the handling, control and disposition of high-risk property and classified materials throughout the life cycle of the property and materials consistent with the policies, practices and procedures for property management contained in the Federal Property Management regulations (41 CFR chapter 101), the Department of Energy Property Management regulations (41 CFR chapter 109), and other applicable regulations.
  3. High-risk property is property, the loss, destruction, damage to, or the unintended or premature transfer of which could pose risks to the public, the environment, or the national security interests of the United States. High-risk property includes proliferation sensitive, nuclear related dual use, export controlled, chemically or radioactively contaminated, hazardous, and specially designed and prepared property, including property on the militarily critical technologies list.
- F. Risk of Loss of Government Property:
1. The SUBCONTRACTOR shall not be liable for the loss or destruction of, or damage to, Government property unless such loss, destruction, or damage was caused by any of the following:
    - a. Willful misconduct or lack of good faith on the part of the SUBCONTRACTOR's managerial personnel;
    - b. Failure of the SUBCONTRACTOR's managerial personnel to take all reasonable steps to comply with any appropriate written direction of the authorized procurement representative to safeguard such property under this provision; or
    - c. Failures of the SUBCONTRACTOR managerial personnel to establish, administer, or properly maintain an approved property management system in accordance with this provision.
  2. If, after an initial review of the facts, the authorized procurement representative informs the SUBCONTRACTOR that there is reason to believe that the loss, destruction of, or damage to the Government property results from conduct falling within one of the categories set forth above, the burden of proof shall be upon the SUBCONTRACTOR to show that the SUBCONTRACTOR should not be required to compensate CH2M HILL for the loss, destruction, or damage.
  3. In the event that the SUBCONTRACTOR is determined liable for the loss, destruction or damage to Government property in accordance with this provision, the SUBCONTRACTOR's compensation to CH2M HILL shall be determined as follows:
    - a. For damaged property, the compensation shall be the cost of repairing such damaged property, plus any costs incurred for temporary replacement of the damaged property. However, the value of repair costs shall not exceed the fair market value of the damaged property. If a fair market value of the property does not exist, the authorized procurement representative shall determine the value of such property, consistent with all relevant facts and circumstances.

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- b. For destroyed or lost property, the compensation shall be the fair market value of such property at the time of such loss or destruction, plus any costs incurred for temporary replacement and costs associated with the disposition of destroyed property. If a fair market value of the property does not exist, the authorized procurement representative shall determine the value of such property, consistent with all relevant facts and circumstances.
  4. The SUBCONTRACTOR shall not be reimbursed for, and shall not include as an item of overhead, the cost of insurance or of any reserve covering risk of loss or destruction of, or damage to, Government property, except to the extent that the authorized procurement representative may have expressly required the SUBCONTRACTOR to carry such insurance under another provision of this Subcontract.
- G. Steps to be Taken in Event of Loss:
- In the event of any damage, destruction, or loss to Government property in the possession or custody of the SUBCONTRACTOR with a value above the threshold set out in the SUBCONTRACTOR's approved property management system, the SUBCONTRACTOR:
1. Shall immediately inform the authorized procurement representative of the occasion and extent thereof,
  2. Shall take all reasonable steps to protect the property remaining, and
  3. Shall repair or replace the damaged, destroyed, or lost property in accordance with the written direction of the authorized procurement representative. The SUBCONTRACTOR shall take no action prejudicial to the right of CH2M HILL to recover therefore, and shall furnish to CH2M HILL, on request, all reasonable assistance in obtaining recovery.
- H. Government property shall be used only for the performance of this Subcontract.
- I. Property Management:
1. Property Management System:
    - a. The SUBCONTRACTOR shall establish, administer, and properly maintain an approved property management system of accounting for and control, utilization, maintenance, repair, protection, preservation, and disposition of Government property in its possession under the Subcontract. The SUBCONTRACTOR's property management system shall be submitted to the authorized procurement representative for approval and shall be maintained and administered in accordance with sound business practice, applicable Federal Property Management regulations and Department of Energy Property Management regulations, and such directives or instructions which the authorized procurement representative may from time to time prescribe.
    - b. In order for a property management system to be approved, it must provide for:
      - i. Comprehensive coverage of property from the requirement identification, through its life cycle, to final disposition;
      - ii. Employee personal responsibility and accountability for Government-owned property;
      - iii. Full integration with the SUBCONTRACTOR's other administrative and financial systems; and
      - iv. A method for continuously improving property management practices through the identification of best practices established by "best in class" performers.
    - c. Approval of the SUBCONTRACTOR's property management system shall be contingent upon the completion of the baseline inventory as provided in this provision.
  2. Property Inventory:
    - a. Unless otherwise directed by the authorized procurement representative, the SUBCONTRACTOR shall within six (6) months after execution of the Subcontract provide a baseline inventory covering all items of Government property.
    - b. If the SUBCONTRACTOR is succeeding another Subcontractor in the performance of this Subcontract, the SUBCONTRACTOR shall conduct a joint reconciliation of the property inventory with the predecessor Subcontractor. The SUBCONTRACTOR agrees to participate in a joint reconciliation of the property inventory at the completion of this Subcontract. This information will be used to provide a baseline for the succeeding Subcontract as well as information for closeout of the predecessor Subcontract.
- J. The term "SUBCONTRACTOR's managerial personnel" as used in this provision means the SUBCONTRACTOR's directors, officers and any of its managers, superintendents, or other equivalent representatives who have supervision or direction of:

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1. All or substantially all of the SUBCONTRACTOR's business; or
  2. All or substantially all of the SUBCONTRACTOR's operations at any one facility or separate location to which this Subcontract is being performed; or
  3. A separate and complete major industrial operation in connection with the performance of this Subcontract; or
  4. A separate and complete major construction, alteration, or repair operation in connection with performance of this Subcontract; or
  5. A separate and discrete major task or operation in connection with the performance of this Subcontract.
- K. The SUBCONTRACTOR shall include this provision in all time and material or cost reimbursable lower-tier Subcontracts.

**4.24 Holiday and Work Schedules**

Daily work schedules and facility operations are NOT uniform among Hanford Site Contractors. In addition, some organizations and facilities observe alternate Friday closures. Accordingly, BEFORE scheduling deliveries, the SUBCONTRACTOR shall make specific schedule arrangements for the delivery of materials with the authorized procurement representative, Facility Manager, Delivery Warehouse Manager, Building Manager, etc. The authorized procurement representative will not be liable for the cost of any delays, demurrage, layover, extra travel days, etc. which result from SUBCONTRACTOR's failure to obtain a specific schedule in advance. Current Hanford Site Facility Closure days are: New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day (and following Friday), Christmas Eve and Christmas Day.

**4.25 SUBCONTRACTOR's Personnel and Notification**

Any employee of the SUBCONTRACTOR deemed by CH2M HILL, in its sole judgment, to be objectionable shall be removed from the job-site immediately upon authorized procurement representative request and shall be promptly replaced by the SUBCONTRACTOR at no extra expense to CH2M HILL. The SUBCONTRACTOR shall nevertheless retain all authority and control over its employees, including responsibility for all costs arising from providing reasonable accommodations for its employees.

Upon verbal or written notification by the authorized procurement representative that a SUBCONTRACTOR employee's services are no longer required under this Subcontract, the SUBCONTRACTOR shall notify the impacted employee within twenty-four (24) hours of receiving authorized procurement representative notification. The SUBCONTRACTOR then shall confirm in writing within twenty-four (24) hours to the authorized procurement representative that notification has been given to the impacted employee.

If requested by the authorized procurement representative, The SUBCONTRACTOR shall furnish CH2M HILL with the names and addresses of lower-tier Subcontractors and others who have performed or are performing the Work under this Subcontract.

**4.26 Possession Prior to Completion**

CH2M HILL and/or the Government shall have the right to move into SUBCONTRACTOR working and storage areas and the right to take possession of or use any completed or partially completed part of SUBCONTRACTOR's Work as CH2M HILL or the Government deems necessary for their operations. In the event CH2M HILL or the Government desires to exercise the foregoing right, CH2M HILL will so notify SUBCONTRACTOR in writing. Such possession or use shall not constitute acceptance of SUBCONTRACTOR's Work.

**4.27 Labor and Work Rules**

At all times during the course of the Work, SUBCONTRACTOR shall provide at the jobsite a qualified, competent and responsible supervisor who shall be satisfactory to CH2M HILL. The supervisor shall have the authority to represent the SUBCONTRACTOR and directions given to the supervisor shall be binding on the SUBCONTRACTOR. Upon CH2M HILL written request, SUBCONTRACTOR shall give the supervisor, in writing, complete authority to act on behalf of, and to bind SUBCONTRACTOR in all matters pertaining to the Work and this Subcontract. If requested, SUBCONTRACTOR shall furnish CH2M HILL a copy of the authorization. SUBCONTRACTOR shall not transfer or remove any of its supervisory or key personnel from performance of Work without the prior written approval of CH2M HILL.

SUBCONTRACTOR agrees that all labor employed by it, its agents, and/or lower-tier Subcontractors for Work on the jobsite shall be in harmony with and be compatible with all other labor used by CH2M HILL and other contractors. Whenever SUBCONTRACTOR has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely

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performance of the Work, SUBCONTRACTOR shall immediately give CH2M HILL notice thereof including all relevant information.

The SUBCONTRACTOR shall comply strictly with all CH2M HILL and Government rules governing the conduct of the SUBCONTRACTOR and SUBCONTRACTOR's employees, agents, and lower-tier Subcontractors at and about the jobsite. The SUBCONTRACTOR agrees that it shall ensure that its supervisory personnel, employees, agents, and lower-tier Subcontractors at the jobsite comply strictly with such rules. CH2M HILL reserves the right to, from time to time, revise any such rules and SUBCONTRACTOR shall comply fully with such rules as revised in accordance with the foregoing provisions.

**4.28 Hazardous or Toxic Substances\***

If the Work under this SUBCONTRACT involves hazardous or toxic substances, SUBCONTRACTOR will comply with all safety or training requirements promulgated by law or regulation.

**4.29 Inspection, Testing, and Quality Control**

SUBCONTRACTOR shall inspect all materials, supplies, and equipment, which are to be incorporated in the Work. In addition, SUBCONTRACTOR shall conduct a continuous program of quality control for all Work. If required in the Subcontract Statement of Work, SUBCONTRACTOR's quality control program and inspection procedures for the foregoing may be required to be submitted to CH2M HILL for review. However, neither review nor acceptance of SUBCONTRACTOR's quality control program or inspection procedures shall relieve SUBCONTRACTOR of its obligation to conduct comprehensive inspections of the Work, to furnish conforming materials, to perform acceptable Work, and to provide adequate safety precautions in conformance with this Subcontract.

Documents that furnish evidence of the quality of items and/or activities affecting quality are considered quality assurance records and shall be prepared and controlled in accordance with approved procedures. Submittal of these documents to CH2M HILL shall be accomplished as specified in the Statement of Work or other procurement documents.

The offering of the item is evidence of the SUBCONTRACTOR's verification that all procurement requirements have been satisfied.

SUBCONTRACTOR shall, during the course of performance of the Work hereunder, without additional compensation, make or cause to be made all tests required by this Subcontract. CH2M HILL may require additional inspections and tests. SUBCONTRACTOR shall furnish CH2M HILL with satisfactory documentation of the results of all inspections and tests. CH2M HILL shall be given not less than five (5) working days notice of any tests to be made by SUBCONTRACTOR or SUBCONTRACTOR's lower-tier Subcontractors in order that CH2M HILL may witness any such tests.

CH2M HILL and the Government, and their representatives, and others as may be required by applicable laws, ordinances, and regulations, shall have the right at all reasonable times to inspect the Work and all material, supplies, and equipment for the Work. SUBCONTRACTOR shall provide, or cause to be provided access and sufficient, safe, and proper facilities for such inspections. Neither the failure to make such inspection nor to discover defective workmanship, materials or equipment, nor approval of or payment to SUBCONTRACTOR for such Work, materials or equipment shall prejudice the right of CH2M HILL or the Government.

If SUBCONTRACTOR covers any portion of the Work prior to any inspection or test provided for in the specifications, inspection schedule, or as previously requested by CH2M HILL, the cost of uncovering and covering the Work to allow for such inspection or test shall be borne by the SUBCONTRACTOR.

CH2M HILL may order reexamination of any Work. In the event of such reexamination, if any material, equipment or any part of the Work is determined by CH2M HILL to be defective, SUBCONTRACTOR shall not be reimbursed for uncovering, repair or corrective and restoration costs. If such Work is found to be in accordance with the Subcontract requirements upon such reexamination, CH2M HILL shall pay SUBCONTRACTOR the cost of uncovering and restoration.

Rejection by CH2M HILL of any or all parts of defective Work for failure to conform to this Subcontract shall be final and binding. Such rejected Work shall be promptly corrected or replaced by SUBCONTRACTOR at SUBCONTRACTOR's expense. If SUBCONTRACTOR fails to commence and diligently continue correction or replacement of such rejected Work immediately after receipt of written notice from CH2M HILL to correct or replace the rejected Work, CH2M HILL may, at its option, remove and replace the rejected Work and SUBCONTRACTOR shall promptly reimburse CH2M HILL for the costs of such removal and replacement of defective Work.

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If any part of SUBCONTRACTOR's Work is dependent upon the quality and/or completeness of work performed under another Subcontract, SUBCONTRACTOR shall inspect such other work and promptly report to CH2M HILL any defects therein which render such work unsuitable for the proper execution of the Work under this Subcontract. Failure to make such inspections or to report any such defects to CH2M HILL shall constitute SUBCONTRACTOR's acceptance of such other work as suitable to receive SUBCONTRACTOR's Work under this Subcontract; provided however, that SUBCONTRACTOR shall not be responsible for defects that could not have reasonably been detected.

**4.30 Schedules, Progress Reports, and Coordination**

The SUBCONTRACTOR must meet the schedule specified in the Subcontract. When requested by CH2M HILL, SUBCONTRACTOR will prepare and submit to CH2M HILL a progress schedule identifying the completion of the Work outlined in this SUBCONTRACT, within the deadlines and milestones established herein.

During the progress of the Work, SUBCONTRACTOR will maintain material deliveries and employ sufficient workers and equipment to accomplish the Work in conformance with the submitted schedule or deadlines and milestones established.

If requested by CH2M HILL, SUBCONTRACTOR will forward to CH2M HILL a summary report of the progress of the various parts of the Work, stating the existing status, rate of progress, estimated time of completion, and cause of delay, if any.

SUBCONTRACTOR recognizes that CH2M HILL, the Government, and other SUBCONTRACTORS and lower-tier Subcontractors may be working concurrently at the jobsite. SUBCONTRACTOR agrees to cooperate with CH2M HILL, the Government, and other SUBCONTRACTORS, and lower-tier Subcontractors so that the project as a whole will progress with a minimum of delays. CH2M HILL reserves the right to direct SUBCONTRACTOR to schedule the order of performance of its Work in such manner as not to interfere with the performance of others.

If the completion of any part of the Work or the delivery of materials is behind schedule, SUBCONTRACTOR will submit in writing a plan for bringing the Work within the schedule. CH2M HILL may require that one or more of the following courses of action be taken by SUBCONTRACTOR to accelerate the schedule:

- Increase the working week to 6 or 7 days
- Increase the labor force
- Provide and utilize additional equipment
- Increase the working day to 10 hours or more.

SUBCONTRACTOR will remain on such accelerated work schedule until such time as, in the opinion of CH2M HILL, the degree of completion of the Work complies with the original schedule. All extra costs of any accelerated work schedule will be borne by SUBCONTRACTOR.

Failure to comply with such an accelerated work schedule may result in no further monthly progress payments until such time as the degree of completion of the Work complies with the approved schedule or CH2M HILL has approved a revised schedule.

**4.31 Permits, Licenses, and Fees**

SUBCONTRACTOR will obtain and pay for all applicable permits and licenses required by law that are associated with the Work.

**4.32 Protection of Work and Property**

SUBCONTRACTOR will at all times safely guard and protect from damage the Work and adjacent property. All loss or damages arising out of the nature of the Work to be done under this SUBCONTRACT, including, but not limited to, action of the elements, will be the responsibility of SUBCONTRACTOR.

SUBCONTRACTOR will confine its equipment, the storage of materials, and the operation of its workers to limits shown on the Drawings or indicated by law, ordinances, permits, or directions of CH2M HILL and will not unreasonably encumber the premises with its materials.

**4.33 Insurance**

SUBCONTRACTOR shall procure and maintain the insurance policies and coverage limits found in the On-site Work provisions including additional coverage as described below unless such policies and limits are waived in writing by CH2M HILL. SUBCONTRACTOR shall ensure that lower-tier Subcontractor agreements, if lower-tier Subcontractors will perform Work on site, at

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least duplicate the insurance policies and coverage limits required of SUBCONTRACTOR unless waived by CH2M HILL. CH2M HILL's waiver shall not apply to insurance required by statute. SUBCONTRACTOR agrees to provide insurance certificate identifying the insured, Subcontract Number and the authorized procurement representative's name and company.

SUBCONTRACTOR shall procure and maintain Builder's "All Risk" insurance covering damage to SUBCONTRACTOR's Work during construction. The insurance shall include coverage for material and equipment during inland transit and in temporary storage (both onsite and offsite) and shall include the insurer's waiver of subrogation in favor of CH2M HILL and the U.S. Department of Energy (DOE).

**4.34 Responsibility of SUBCONTRACTOR to Act in Emergency\***

In emergencies affecting the safety of persons, Work or property at the site and adjacent thereto, SUBCONTRACTOR will act, without previous instructions from CH2M HILL, as the situation warrants. SUBCONTRACTOR will notify CH2M HILL immediately thereafter. SUBCONTRACTOR will submit the name, address, and phone number of a responsible individual or individuals who will be available on a 24-hour basis to handle emergency situations in connection with the Work.

**4.35 Equipment, Materials, and Appliances\***

Unless otherwise stipulated, SUBCONTRACTOR will provide and pay for all materials, labor, water, tools, equipment, heat, light, power, transportation, telephone, temporary facilities, and other facilities, and incidentals necessary for the execution and completion of the Work. Unless otherwise specified, all materials will be new, and both workmanship and materials will be of good quality.

In selecting and/or approving equipment for installation, the SUBCONTRACTOR assumes all responsibility for injury or claims resulting from failure of the equipment to comply with applicable national, state, and local safety codes or requirements, or the safety requirements of a recognized agency, or SUBCONTRACTOR defective workmanship or materials.

**4.36 Copies of Data**

One legible copy each of all notes, field notes, drawings, including record drawings, prints, plans, reports, and other applicable documents prepared under the provisions of this SUBCONTRACT will be delivered by SUBCONTRACTOR to CH2M HILL upon completion of the Work and prior to final payment.

**4.37 Environmental Responsibility**

The SUBCONTRACTOR shall provide documentation of services, processes, and business practices that are protective of the natural environment.

**4.38 Conditions and Risks of Work**

The SUBCONTRACTOR represents that it has carefully examined the drawings and specifications for the Work and has fully acquainted itself with all other conditions relevant to the Work, and its surroundings, and SUBCONTRACTOR assumes the risk of such conditions and will, regardless of such conditions, the expense, difficulty of performing the Work, or negligence, if any, of CH2M HILL, fully complete the Work for the stated Subcontract price without further recourse to CH2M HILL. Information on the site of the Work and local conditions at such site furnished by CH2M HILL in specifications, drawings or otherwise is not guaranteed by CH2M HILL and is furnished only for the convenience of SUBCONTRACTOR.

**4.39 Overtime**

Unless expressly stated elsewhere in this Subcontract, Work at the jobsites shall be compatible with CH2M HILL's starting and quitting times, or other times approved by CH2M HILL. CH2M HILL must approve scheduled overtime Work by SUBCONTRACTOR in advance and in writing. The SUBCONTRACTOR shall notify CH2M HILL in advance of any incidental spot overtime that SUBCONTRACTOR elects to Work due to such operations as concrete placement, non-disruptable Work activities and emergencies to protect life and/or property. Overtime Work, whether scheduled or incidental, shall be to SUBCONTRACTOR's account unless the compensation therefore is specifically authorized in writing by CH2M HILL. In the event CH2M HILL approves compensation of SUBCONTRACTOR's overtime in advance, such compensation as separately authorized shall be limited to the actual cost to SUBCONTRACTOR of the premium portion only of all applicable wages, craft fringe benefits, and payroll burdens imposed by any governmental authority and measured by the compensation payable to

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employees. To establish the amount of payment, SUBCONTRACTOR shall submit supporting documents satisfactory in form and content to CH2M HILL for its verification and approval.

**4.40 Lowest Price Warranty**

SUBCONTRACTOR warrants that the prices set forth in this Subcontract do not exceed those charged by SUBCONTRACTOR to any other customers purchasing the same item in like or comparable quantities.

The authorized procurement representative or an authorized representative shall have the right to examine the records of the SUBCONTRACTOR as necessary to assure that the prices charged for the item under this Subcontract do not exceed those charged by the SUBCONTRACTOR to any other customer purchasing the same items in like or comparable quantities.

**ARTICLE 5.0 OBLIGATIONS OF CH2M HILL**

**5.1 Changes**

The Work shall be subject to change by additions, deletions or revisions thereto by CH2M HILL. The SUBCONTRACTOR will be notified of such changes by receipt of additional and/or revised drawings, specifications, exhibits or other written notification.

The SUBCONTRACTOR shall submit to CH2M HILL within ten (10) working days after receipt of notice of a change, a detailed proposal with supporting calculations and pricing for the change together with any requested adjustments in the schedule. The pricing shall be itemized as required by CH2M HILL and shall be in sufficient detail to permit an analysis of all labor, material and equipment and shall cover all Work involved in the change, whether such Work was deleted, added or modified. Amounts related to Subcontracts shall be supported in similar detail. In addition, if the proposal includes a time extension, justification therefore shall also be furnished.

The SUBCONTRACTOR shall not perform changes in the Work until CH2M HILL has approved in writing the change and any adjustment in the schedule for performance of the Work. Upon receiving such written approval from CH2M HILL, the SUBCONTRACTOR shall diligently perform the change in strict accordance with the Subcontract.

Notwithstanding the paragraph above, the authorized procurement representative may expressly authorize the SUBCONTRACTOR in writing to perform the change prior to approval by CH2M HILL. The SUBCONTRACTOR shall not suspend performance of the Subcontract during the review and negotiation of any change, except as may be directed by CH2M HILL pursuant to the "Suspension of Work" provision.

The SUBCONTRACTOR shall not comply with verbally directed changes to the Work. If the SUBCONTRACTOR believes that any oral notice or instruction received from CH2M HILL will involve a change in the cost, time to perform or integrity of Work, the SUBCONTRACTOR shall require that the notice or instruction be given in writing by the authorized procurement representative. Any costs incurred by SUBCONTRACTOR to perform verbally directed changes shall be for the SUBCONTRACTOR's responsibility, and the SUBCONTRACTOR waives any and all rights to a claim from CH2M HILL for such costs or additional time to perform the Work as a result of compliance by the SUBCONTRACTOR with such verbally directed changes.

**5.2 Technical Representative Responsibilities**

CH2M HILL has elsewhere in this Subcontract designated the Buyer's Technical Representative (BTR). The BTR is responsible for monitoring and providing technical guidance for this Subcontract and should be contacted regarding questions or problems of a technical nature. The BTR is also responsible for appropriate surveillance of the SUBCONTRACTOR while on site. In no event, however, will an understanding or agreement, modification, change order, or any deviation from the terms of this Subcontract be effective or binding upon CH2M HILL unless formalized by proper Subcontract documents executed by the CH2M HILL authorized procurement representative prior to completion of this Subcontract. On all matters that pertain to Subcontract terms, the SUBCONTRACTOR shall contact the CH2M HILL authorized procurement representative specified within this Subcontract. When in the opinion of the SUBCONTRACTOR, the BTR requests or directs efforts outside the existing scope of the Subcontract; the SUBCONTRACTOR shall promptly notify the CH2M HILL authorized procurement representative in writing. No action shall be taken until the CH2M HILL authorized procurement representative has issued an appropriate modification to the Subcontract.

**5.3 Observation of the Work**

CH2M HILL reserves the right to inspect or otherwise evaluate the Work during the various stages to observe the progress and quality of the Work and to determine, in general, if the Work is proceeding in accordance with the intent of this SUBCONTRACT. CH2M HILL will not be required to make comprehensive or continuous inspections to check quality or quantity of the Work. Visits

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and observations made by CH2M HILL will not relieve SUBCONTRACTOR of its obligation to conduct comprehensive inspections of the Work, to furnish materials, to perform acceptable Work, and to provide adequate safety precautions in conformance with this SUBCONTRACT.

**5.4 Limitations of CH2M HILL's Responsibilities\***

CH2M HILL will not be responsible for SUBCONTRACTOR's means, methods, techniques, sequences or procedures of the Work, or the safety precautions including compliance with the programs incident thereto. CH2M HILL will not be responsible for SUBCONTRACTOR's failure to perform the Work in accordance with this SUBCONTRACT.

**5.5 CH2M HILL's Right to do Work**

If SUBCONTRACTOR, in the opinion of CH2M HILL, neglects to prosecute the Work properly or neglects or refuses at its own cost to take up and replace Work rejected by CH2M HILL, then CH2M HILL will, without prejudice to any other right which CH2M HILL may have under this SUBCONTRACT, take over that portion of the Work which has been improperly executed and make good the deficiencies and deduct the cost from the Subcontract's value thereof from the payments then or thereafter due SUBCONTRACTOR.

**ARTICLE 6.0 GENERAL LEGAL PROVISIONS**

**6.1 Confidential and Proprietary Information**

CH2M HILL possesses information of a confidential and proprietary nature about businesses, products, services, and processes of CH2M HILL and the Government. This information, which relates to designs, technical experience, classified information, software, processing systems, databases, financial and other data, intellectual property including trade secrets, customers and vendors, personnel records, research, development, inventions, construction plans, manufacturing, engineering, accounting, bid data, sales and marketing including Subcontract terms, and any information generated pursuant to Work performed in accordance with the Subcontract (collectively, Confidential Information), constitutes a commercial asset of considerable value to CH2M HILL and the Government. SUBCONTRACTOR shall use such Confidential Information only for the purpose of performing Work in accordance with the Subcontract and not disclose such Confidential Information to any other person (including the media for purposes of publicity), partnership, venture, firm, government, or corporation without the express written consent of CH2M HILL or the Government, as appropriate. SUBCONTRACTOR further shall make all reasonable efforts to require its employees and any others, including lower-tier Subcontractors, to maintain such Confidential Information in strictest confidence.

Confidential information shall not include the following:

- Information that is acquired by SUBCONTRACTOR from others who have no confidential commitment to CH2M HILL or the Government; or
- Information that is part of the public domain or becomes, without fault or participation of SUBCONTRACTOR, part of the public domain, by publication or otherwise; or
- Information that is in SUBCONTRACTOR's possession prior to CH2M HILL's or the Government's disclosure to it; or
- Information that is developed independently by SUBCONTRACTOR; or
- Information that is required to be publicly disclosed under operation of law, for which SUBCONTRACTOR will provide at least five (5) calendar days notice to CH2M HILL or the Government, as appropriate, before disclosure.

All drawings, specifications, prints, financial and other data, and any other written or electronically encoded materials (collectively, 'Documentation') furnished by CH2M HILL and the Government to SUBCONTRACTOR shall remain CH2M HILL's property. In addition, all Documentation developed by SUBCONTRACTOR in the performance of Work in accordance with the Subcontract shall become CH2M HILL's property. Upon completion of Work, SUBCONTRACTOR shall either destroy or return such Documentation and any other Confidential Information reduced to tangible or electronic form, including copies thereof, to CH2M HILL unless CH2M HILL consents to otherwise.

Nothing contained in the Subcontract, or in any disclaimer made by CH2M HILL or the Government, shall be construed to grant SUBCONTRACTOR any license or other rights in or to disclosed Confidential Information or any patent, trademark, or copyright that has been or may be issued unless expressly conveyed by written agreement exclusive of the Subcontract.

In the event that Work performed by SUBCONTRACTOR in accordance with the Subcontract involves the collection or generation of data on persons or associations, SUBCONTRACTOR shall maintain strict confidentiality of records in accordance with the

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Privacy Act of 1974 (5 U.S.C. 552a), provisions of the Fair Credit Reporting Act (15 U.S.C. 1681), and applicable federal and state agency regulations. Violations of these statutes may result in criminal penalties.

**6.2 Claims for Extra Work**

In any case where the SUBCONTRACTOR anticipates additional compensation will become due, the SUBCONTRACTOR will notify the authorized procurement representative, in writing, of its intention to make a claim for such compensation before it begins the extra Work on which it bases the claim. If such notification is not given and the SUBCONTRACTOR fails to keep strict account of actual costs for this extra Work, then the SUBCONTRACTOR hereby waves any claim for such additional compensation. Such notice by SUBCONTRACTOR, and the accounting of the SUBCONTRACTOR's actual costs for the extra Work, will not be construed as proving the validity of the claim. Claims for additional compensation shall be made in detail and submitted, in writing, to the authorized procurement representative within ten (10) working days of identifying this effort as extra Work for which the SUBCONTRACTOR bases its claim. The submission shall contain a detailed proposal with supporting calculations and pricing for the claim together with any requested adjustments in the schedule. The pricing shall be itemized as required by the authorized procurement representative and shall be in sufficient detail to permit an analysis of all labor, material and equipment costs and shall cover all work involved in the claim. If the claim is found to be valid, it will be allowed and reimbursed for as provided in this Subcontract.

**6.3 Assignment**

SUBCONTRACTOR shall not assign any of the duties or rights or any claim arising out of or related to this SUBCONTRACT, whether arising in tort, Subcontract or otherwise, without the written consent of CH2M HILL. Any unauthorized assignment is void and unenforceable. These conditions and the entire SUBCONTRACT are binding on the heirs, successors, and assigns of the SUBCONTRACTOR.

CH2M HILL may assign this Subcontract, in whole or in part to the U. S. Department of Energy (DOE) or to such party as DOE may designate to perform CH2M HILL's obligations hereunder. Upon receipt by SUBCONTRACTOR of written notice that the DOE or a party so designated by DOE or CH2M HILL has accepted an assignment of this Subcontract, CH2M HILL shall be relieved of all responsibility hereunder and SUBCONTRACTOR shall thereafter look solely to such assignee for performance of CH2M HILL's obligations.

**6.4 Termination**

- A. CH2M HILL may terminate all or part of this Subcontract for its convenience. In such event, SUBCONTRACTOR will be entitled to compensation for Work performed up to the date of termination and reasonable termination expenses as determined within the discretion of CH2M HILL. SUBCONTRACTOR will not be entitled to compensation or profit on Work not performed. The termination process will be conducted in accordance with Federal Acquisition Regulations (FAR) Part 49 and FAR 52.249-6.
- B. CH2M HILL may, by written notice, terminate the whole or any part of this Subcontract for default in the event that SUBCONTRACTOR fails to perform any of the provisions of this Subcontract, or fails to make progress as to endanger performance of this Subcontract in accordance with its terms, or, in the opinion of CH2M HILL, becomes financially or legally incapable of completing the Work and does not correct such to CH2M HILL's reasonable satisfaction within a period of seven (7) calendar days after receipt of notice from CH2M HILL specifying such failure. If, after notice of termination, it is determined for any reason that SUBCONTRACTOR was not in default or that the default was excusable, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to "termination for convenience." In the event of termination for default, the SUBCONTRACTOR will not be entitled to termination expenses.
- C. Regardless of the cause of termination, the SUBCONTRACTOR shall deliver to CH2M HILL legible copies of all completed or partially completed Work products and instruments of service and all materials and equipment previously paid for by CH2M HILL.
- D. In no case shall termination for any cause constitute a claim for consequential damages or damages based on loss of anticipated profits.

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- E. The rights and remedies of CH2M HILL provided in this provision are not exclusive and are in addition to any other rights and remedies provided by law or equity under this Subcontract.

**6.5 Governing Law**

Irrespective of the place of performance, this Subcontract will be construed and interpreted according to the Federal Government Contract Law as enunciated and applied by Federal judicial bodies, Boards of Contract Appeals and quasi-judicial agencies of the Federal Government. To the extent that this law is not dispositive, the law of the State of Washington shall apply. In the event that either party hereto must resort to litigation to enforce a right or remedy conferred by law, equity or the provisions of this Subcontract, the parties hereby consent to the action being brought in the court of competent jurisdiction in the State of Washington.

**6.6 Severability and Survival**

If any of the provisions contained in this SUBCONTRACT are held invalid, illegal, or unenforceable, the enforceability of the other remaining provisions shall not be affected or impaired thereby. Limitations of liability, indemnities, and other express representations shall survive termination of this SUBCONTRACT for any cause.

**6.7 Authorization to Proceed**

Execution of this SUBCONTRACT by CH2M HILL will be authorization for SUBCONTRACTOR to proceed with the Work unless otherwise provided for in this SUBCONTRACT or until all applicable bonding and insurance requirements have been met for onsite performance.

**6.8 No Third-Party Beneficiaries**

This SUBCONTRACT conveys no rights or benefits to anyone other than SUBCONTRACTOR and CH2M HILL, and has no third-party beneficiaries.

**6.9 Arbitration**

In the event that CH2M HILL is required to arbitrate a dispute with a third party, which dispute arises out of or is directly related to this Subcontract, the SUBCONTRACTOR agrees to join in such arbitration proceeding as CH2M HILL may direct and shall submit to such jurisdiction and be finally bound by the judgment rendered in accordance with the arbitration rules as may be established therein.

**6.10 Disputes**

In the event that the parties cannot, through negotiations, reach agreement on any issue arising out of the SUBCONTRACT, the issue will be considered a dispute and shall be resolved in accordance with the following:

If efforts at resolution through good faith discussions and/or negotiations fail to resolve the dispute, the parties agree that before taking any other action, they will consider the use of Alternate Dispute Resolution (ADR). In the event that non-binding mediation or arbitration is agreed upon, the site of the proceedings shall be Richland, Washington, unless otherwise agreed in writing by the parties. The rules for mediation or arbitration and the selection of the arbitrator shall be determined by mutual agreement of the parties. The mediator or arbitrator shall allocate cost, except that there shall be no pre-decisional interest costs, and each party shall bear its discretionary costs.

In the event ADR fails or is not used, primary jurisdiction for the resolution of any claim arising under this Subcontract shall reside in the United States Federal District Court for the Eastern District of Washington. If the requirements for jurisdiction in the United States District Court are not met, the litigation shall be brought in a Court of competent jurisdiction in Benton County, Washington. Unless otherwise directed in writing by CH2M HILL, the SUBCONTRACTOR shall proceed diligently with the performance of the Subcontract pending final resolution of the dispute.

**6.11 Waiver**

CH2M HILL's failure to insist on performance of any term, condition, or instruction, or to exercise any right or privilege included in this Subcontract, or its waiver of any breach, shall not thereafter waive any such term, condition, instruction, and/or any right or

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privilege. No asserted waiver of any right or benefit by CH2M HILL shall be valid unless such waiver is in writing, signed by CH2M HILL, supported by consideration and specifies the extent and nature of the rights or benefits being waived.

**6.12 Gratuities**

The SUBCONTRACTOR, its employees, agents or representatives shall not offer or give to an officer, official or employee of CH2M HILL or the Government, gifts, entertainment, payments, loans or other gratuities to influence the award of a Subcontract or obtain favorable treatment under a Subcontract.

Violation of this provision may be deemed by CH2M HILL to be a material breach of this Subcontract and any other Subcontract with CH2M HILL and subject all Subcontracts with the SUBCONTRACTOR to termination for default, as well as any other remedies by law or in equity.

**6.13 Interpretation**

Heading and titles of provisions, clauses, sections, paragraphs or other subparts of this Subcontract are for convenience of reference only and shall not be considered in interpreting the text of this Subcontract. No provision in this Subcontract is to be interpreted for or against any party because that party or its counsel drafted such provision.

**6.14 Notices**

Any notices provided for hereunder shall be in writing and may be served either personally on the authorized representative of the receiving party at the jobsite or by registered mail to the address of that party, as shown on the face of the Subcontract or as such address may have been changed by written notice.

**6.15 Title to Materials Found**

The title to water, soil, rock, gravel, sand, minerals, timber, and any other materials developed or obtained in the excavation or other operations of SUBCONTRACTOR or any of its lower-tier Subcontractors and the right to use said materials or dispose of same is hereby expressly reserved by the US Department of Energy. Neither SUBCONTRACTOR, its lower-tier Subcontractors, not any of their representatives or employees shall have any right, title, or interest in said materials, not shall they assert or make any claim thereto. SUBCONTRACTOR may, at the sole discretion of the US Department of Energy, be permitted, without charge, to use in the Work any such materials that meet the requirements of this Subcontract.

**6.16 Survey Control Points and Layouts**

Survey control points, as shown on the drawings, will be established by CH2M HILL.

SUBCONTRACTOR shall complete the layout of all Work and shall be responsible for all requirements necessary for the Work execution in accordance with the locations, lines, and grades specified or shown on the drawings, subject to such modifications as CH2M HILL may require as Work progresses.

If SUBCONTRACTOR or any of its lower-tier Subcontractors or any of their representatives or employees move or destroy or render inaccurate any survey control point, such control point shall be replaced by CH2M HILL at SUBCONTRACTOR's expense. No separate payment will be made for survey Work performed by SUBCONTRACTOR.

**6.17 Delays and Extension of Time**

If SUBCONTRACTOR intends to file a claim for a time extension for a delay, it will, within 48 hours of the occurrence, give written notice of claim to the authorized procurement representative stating the circumstances, the possible extension involved, and the reasons for the claim. Within 7 calendar days after the cause of delay has been remedied, SUBCONTRACTOR will give written notice to the authorized procurement representative of the actual time extension requested.

Within fifteen (15) calendar days after SUBCONTRACTOR submits to the authorized procurement representative a specific written request for a time extension, CH2M HILL will make the final decision on the request for a time extension.

No time extension will be considered for weather conditions normal to the area in which the Work is being performed. Unusual weather conditions, if determined by CH2M HILL to be of a severity that would stop all progress of the Work, may be considered as cause for a time extension.

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Delays in delivery of equipment or material purchased by SUBCONTRACTOR or its lower-tier Subcontractors (including CH2M HILL-selected equipment) or failure of the SUBCONTRACTOR or its lower-tier Subcontractors to perform will not be considered as a just cause for a delay. The SUBCONTRACTOR shall be fully responsible for the timely ordering, scheduling, expediting, delivery, and installation of all equipment and materials.

**6.18 Consequential Damages**

Neither CH2M HILL nor the SUBCONTRACTOR shall be responsible or held liable to the other for indirect or consequential damages, including, but not limited to, loss of profit, loss of investment, loss of product or business interruption. Except for the obligation to make payments, neither Party shall be in default hereunder to the extent such default is caused by a cause beyond each party's reasonable control. The warranties, obligations, liabilities and remedies of the parties, as provided herein, are exclusive and in lieu of any options available at law or in equity. Releases from, and limitations of liability and waivers of subrogation shall apply notwithstanding the fault, negligence (whether active, passive, joint or concurrent), strict liability or other theory of legal liability of the party released or whose liability is limited and shall be effective to, and apply to, the maximum extent allowable by law and in the event such provision is determined to exceed the maximum scope allowed by law, said provision shall be interpreted and enforced so as to preserve, release or limitation to the maximum extent allowable. CH2M HILL and the SUBCONTRACTOR agree to look solely to each other with respect to performance of this agreement.

**ARTICLE 7.0 GENERAL LIMITATIONS, REQUIREMENTS, AND WORKING CONDITIONS**

**7.1 Orientation**

Prior to entry by the SUBCONTRACTOR onto the Worksite, the SUBCONTRACTOR's supervisory employees shall attend a general orientation (to be conducted by the authorized procurement representative or designee) to acquaint themselves with the working conditions and requirements to be imposed at the Worksite. It shall be the responsibility of the SUBCONTRACTOR to orient all its other employees, its lower-tier Subcontractors and their employees, as to such working conditions and requirements.

**7.2 Overhead Restrictions**

Under no conditions shall the SUBCONTRACTOR operate or move cranes, hoists or similar equipment within twenty (20) feet of overhead electrical conductors, guy wires, or substations, unless prior authorization for such operations is obtained from CH2M HILL, giving full details of the method of equipment operations. Authorization from CH2M HILL shall also be obtained when transporting materials, machinery, or other equipment which establishes a height exceeding fourteen (14) feet from the road and/or ground surface.

**7.3 Oversize/Overweight Requirements**

Shippers shall require vehicle operators to obtain a permit when the vehicle or non-reducible load exceeds the following dimensions and or weight:

Legal Dimensions:

- Width: 8 feet, 6 inches
- Height: 14 feet

Length: with or without load

- Single unit: 40 feet
- Single trailers: 53 feet

Combination:

- Truck and trailer: 75 feet
- Two trailers: 61 feet

Legal Weights:

- Single axle: 20,000 pounds
- Tandem axles: 34,000 pounds
- Steering axles: tire size x 600 pounds per inch of width

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Permits for overweight loads may be obtained for a higher gross weight if the load concentration upon the road surface does not exceed 600 pounds per inch width of tire, 22,000 pounds on a single axle or 43,000 pounds on tandem axles.

Movement of any oversize or overweight load within the Hanford Site boundaries shall be in accordance with the Washington Administrative Code (WAC) and Revised Code of Washington (RCW).

Oversize/overweight Load Permits shall be obtained by calling 376-9167 or Fax 376-8156 before transporting oversize or overweight loads on Hanford Site roads.

If oversize or overweight loads are transported off the Hanford Site over state or county roads, an oversize load permit must be obtained from the Washington State Department of Transportation (fees apply).

Weather permitting, Hanford Site over-dimensional load movement is restricted Monday through Friday to the hours of 8:30 a.m. through 3:00 p.m., with other days and times as stated in the permit.

Oversize load signs (at least 7 feet long and 18 inches high with black lettering at least 10 inches high in 1.41 inch brush stroke on yellow background) will be mounted on the front of the towing vehicle and on the rear of the load or trailing unit. Such signs are to be displayed only when the unit is in transit and must be removed or retracted at all other times. Signs are not required on loads that are overweight only.

All flags shall be clean, bright red flags at least 12 inches square. They shall be displayed so as to wave freely on all four corners of over-width objects and at the extreme ends of all protrusions, projections, or overhangs.

Escort car requirements:

- When vehicle, vehicles or load is over 11 feet in width, escort cars (both front and rear) are required on a two-lane highway.
- When vehicle, vehicles or load is over 14 feet wide, one escort car in the rear is required on multiple-lane highway.
- When vehicle, vehicles or load is over 20 feet wide, escort cars in both front and rear are required when the highway is a multiple-lane, undivided highway.
- When overall length of load, including vehicles, exceeds 100 feet or when rear overhang of load measured from the last axle exceeds one-third of the total length, one escort car is required on two-lane highways. The permit may authorize a riding flag person in lieu of an escort car.
- If required by Site Transportation, escort cars shall be used when they are necessary to protect the traveling public.

Both towing unit and escort vehicles shall have two-way radio capabilities, adequate to provide communications between drivers at all times during which the oversize unit is in motion.

Prior to travel, for vehicles more than fourteen (14) feet high, a route with safe overhead clearances must be selected and reviewed with the driver. Routing and schedules shall be coordinated with Utility Operations (373-2077 or 373-2352) and Railroad Operations (376-6753).

Road closures require advising Hanford Patrol 373-3800, Fire Department 373-2745, and the Benton County Sheriff's office (376-1022 or e-mail: \*Benton County Sheriff Office)

Rubber-tired heavy equipment with road capability traveling on highways must be equipped with "SLOW MOVING VEHICLE" signs on the rear. Buckets, fork heels, etc., shall be kept as low as possible; if they extend more than 3 feet ahead of the vehicle, they shall be flagged for daylight use and marked with yellow lights in darkness. Tracked units, i.e., bulldozers, are not to be operated on paved roads except for approved crossings.

Special permits do not authorize the operation of any vehicle without having the load securely fastened and protected against shifting or falling in accordance with the Code of Federal Regulation, Title 49, part 393.100, RCW 46.61.655, WAC 468-38-200.

#### **7.4 Explosives**

The use of explosives requires express written authorization from CH2M HILL.

#### **7.5 Heavy Equipment**

Heavy equipment will not be allowed to cross existing paved roadways unless such roadway is protected by rubber tires or other adequate protection such as heavy planking. Movement of heavy equipment equipped with crawler-type treads on existing paved

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surfaces is forbidden and such equipment must be transported to the Work site on rubber-tired trailers. Upon completion of the Work, the equipment shall be promptly removed from the Work site.

**7.6 Work Area Housekeeping**

The SUBCONTRACTOR shall at all times keep the Work area, including storage areas used by it, in an orderly condition free from accumulations of waste materials or rubbish. All materials shall be kept in neat piles and protected from the elements until installed. Prior to or upon completion of the Work, the SUBCONTRACTOR shall remove from the Work site all rubbish, and all tools, scaffolding, equipment and materials not the property of the Government or CH2M HILL. Upon completion of the Work, the SUBCONTRACTOR shall leave the construction area in a clean, neat condition, satisfactory to CH2M HILL.

**7.7 Work Area Limitations**

The SUBCONTRACTOR shall restrict its personnel and operations to the limits of the Work area. Any changes and or modifications to existing installations located at the outer limits of the Work area shall be permitted only after specific approval is received from CH2M HILL.

**7.8 System Outages.**

Work which requires any existing building utility system (excluding fire protection) to be taken out of service shall be scheduled and performed so that the length of time the utility is out of service is held to a minimum. All material for alteration and tie-in work shall be on hand when each utility service interruption is scheduled. The SUBCONTRACTOR shall notify CH2M HILL not less than fourteen (14) calendar working days prior to each required utility shutdown. All tie-in work shall be scheduled and performed so that the shutdown time will not exceed four (4) hours for water and two (2) hours for electrical or fire alarm. Methods of performing the tie-in work shall be approved by CH2M HILL prior to any utility system outage. Prior approval must be obtained for connection to and use of existing fire hydrants.

**7.9 Removal and Disposal of Existing Equipment and/or Materials**

All miscellaneous items removed by the SUBCONTRACTOR and not specified to be reused shall remain the property of the Government, and shall be placed at a location adjacent to the Worksite as directed in the field by the CH2M HILL.

**7.10 Special Excavation Requirements**

- A. Where required, the SUBCONTRACTOR shall provide cribbing for excavation to prevent undermining or movement of any load bearing concrete slabs or footings. All excavations shall require a special permit and comply with OSHA and WISHA regulations.
- B. In the event any underground pipe line, conduit, or other object not shown on the drawings or otherwise indicated in the Specifications is encountered, the SUBCONTRACTOR shall immediately stop work and notify CH2M HILL.
- C. Except as otherwise specified, protection (and restoration) of existing facilities shall be as specified in Section 7.0. All underground piping, conduits, ducts, and other utilities shall be safely shored, braced and/or guyed as specified in the above referenced section.

**7.11 Fire Protection Outages.**

Work that requires a fire alarm system, fire sprinkler system or fire hydrant to be taken out of service shall be scheduled so that the length of reduced system performance is minimized. If the outage is due to alteration or tie-in, all materials required to complete the work shall be on hand before the start of the alteration or tie-in. The SUBCONTRACTOR shall notify CH2M HILL at least five (5) working days before starting work that will require a system outage. Notification shall identify portions of the system that will be affected. The CH2M HILL will coordinate the outage with the SUBCONTRACTOR and others, and arrange for fire department standby if required. If a fire alarm system is to be out of service for more than four (4) consecutive hours, a CH2M HILL approved fire watch shall be provided by the SUBCONTRACTOR, for those areas of a building affected by the outage. If a fire sprinkler system is to be out of service for more than four (4) consecutive hours, a building shall either be evacuated or a CH2M HILL approved fire watch shall be provided by the SUBCONTRACTOR. The building evacuation or fire watch shall be maintained until the fire alarm or sprinkler system is returned to service.

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**7.12 Railroad Right of Way.**

Any construction activity within twenty-five (25) feet of the centerline of railroad tracks extending to one hundred (100) feet in some areas must be coordinated with CH2M HILL's Railroad Operations.

**7.13 Cultural Ecological Resources Awareness**

SUBCONTRACTOR shall comply with the provisions of the Native American Graves Protection Act 25 USC 3001-3013. This act establishes statute provisions for the treatment of Native American remains and cultural objects. If during the performance of this Subcontract, SUBCONTRACTOR discovers Native American remains and/or cultural objects, SUBCONTRACTOR shall immediately cease work in the affected work area, take reasonable efforts to protect the items discovered, and notify the Buyer's Technical Representative. Work in the affected area may be prohibited for a period not to exceed thirty (30) days. Cessation of Work under the provisions of this article for periods of up to thirty (30) calendar days shall not be cause for an excusable delay and no additional compensation shall be warranted.

Cultural resources are known to exist on the Hanford Reservation. The SUBCONTRACTOR shall use previously disturbed areas, whenever possible, while conducting Work activities. The SUBCONTRACTOR shall also ensure workers are trained to recognize culturally significant resources. CH2M HILL provides a one (1) hour training class for SUBCONTRACTOR'S employees. SUBCONTRACTOR is responsible for all labor costs associated with this training. All workers shall be directed to visually inspect for cultural resources during all work activities, particularly in undisturbed areas. If any cultural resources are encountered, work in the vicinity of the discovery shall be suspended immediately. In the event of any such discoveries, the SUBCONTRACTOR shall immediately notify the CH2M HILL on-site representative.

All ground disturbing Work requires a current ecological review by CH2M HILL. If no nesting birds or other sensitive species are identified in the proximity of the excavation area, work can proceed. If evidence of a curlew nest or other species are found, the SUBCONTRACTOR's Work may proceed at a location away from the nest location depending on site conditions, upon approval from CH2M HILL, at no additional cost or schedule extension to CH2M HILL.

**ARTICLE 8.0 WORK AND OPERATIONS AT THE WORKSITE REQUIRING SPECIFIC APPROVAL**

**8.1 Working Hours**

The SUBCONTRACTOR shall not perform Work at the Work site on other than regular day shift, as set out in the Specifications, unless it has given prior approval to the authorized procurement representative and has received written notification in advance.

The SUBCONTRACTOR shall give the authorized procurement representative at least two (2) hours prior notice if its employees are to be working after the normal shift period Monday through Friday. The SUBCONTRACTOR shall give the authorized procurement representative notice on the prior working day if its employees will be working before normal shift hours, Monday through Friday, or will be working at any time on Saturday, Sunday, or holidays. The notice shall include the type of Work to be performed, location of work, date and hours of work, and description of any heavy equipment to be used. CH2M HILL advance approval is required any time Work is to be performed at other than normal shift periods.

**8.2 Moving of Equipment**

The SUBCONTRACTOR shall notify CH2M HILL at least two (2) business days prior to the date it proposes to move any heavy equipment into or from the Work site and shall not move any such equipment in or from the Work site until receipt of written approval from CH2M HILL.

**8.3 Electrical System Tie-Ins and Equipment Testing**

When a tie-in is required to the existing plant electrical systems of four hundred eighty (480) volts or higher, the SUBCONTRACTOR shall contact CH2M HILL at least fourteen (14) working days prior to the desired tie-in date and shall not tie-in until receipt of CH2M HILL's approval.

After acceptance but prior to final energizing the system, CH2M HILL will perform certain necessary testing, not included in this Subcontract, of new service equipment and facilities. These tests will include high voltage D.C., tests of power cable, Dobie test of transformers and switchgear insulation, oil sampling, transformer turn ratio, etc.

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**8.4 Receipt of SUBCONTRACTOR Supplies and/or Equipment at Site**

The SUBCONTRACTOR shall not schedule supplies and/or equipment for delivery to the Hanford Site until such time as the SUBCONTRACTOR is mobilized to receive or accept their property at the Worksite. The SUBCONTRACTOR shall not be permitted to use the CH2M HILL's mailing address and in no case shall material or equipment be addressed in care of the CH2M HILL. It is recognized that special conditions may exist that would warrant assistance in the delivery of equipment or materials by the CH2M HILL. However, the SUBCONTRACTOR must have explicit prior written permission and authorization from the CH2M HILL prior to delivery. Any deviation from this requirement will result in a back-charge to the SUBCONTRACTOR for any costs incurred by the CH2M HILL for coordinating the delivery.

**8.5 Protection of Products and Work**

The SUBCONTRACTOR shall protect and preserve all products of every description (including products which may be CH2M HILL furnished or Government owned) and all Work performed. Until the Work is accepted as completed, SUBCONTRACTOR shall have the risk of loss for damage to, loss or destruction of the Work, and for such products. If, as determined by CH2M HILL, products and Work performed are not adequately protected by the SUBCONTRACTOR they may be protected by CH2M HILL and the cost incurred by CH2M HILL charged to or deducted from any payments due the SUBCONTRACTOR.

**8.6 Protection of Existing Facilities**

The existing facilities that are shown on the drawings, identified in the specifications, marked in the field, or the location of which are reasonably determinable by the SUBCONTRACTOR shall be protected from damage by the SUBCONTRACTOR and if damaged, shall be reported immediately to CH2M HILL. Any required repairs shall then be made by the SUBCONTRACTOR, or by others, in a manner approved by CH2M HILL, at the SUBCONTRACTOR expense.

The SUBCONTRACTOR shall protect from damage all existing improvements and utilities (1) at or near the Work site and (2) on adjacent property of a third party, the locations of which are made known to or should be known by the SUBCONTRACTOR. The SUBCONTRACTOR shall repair any damage to those facilities, including those that are the property of a third party, resulting from failure to comply with the requirements of this Subcontract or failure to exercise reasonable care in performing the Work. If the SUBCONTRACTOR fails or refuses to repair the damage promptly, CH2M HILL may have the necessary work performed and charge the cost to the SUBCONTRACTOR.

When underground facilities which are not shown on the drawings, identified in the specifications, marked in the field, or the locations of which are not reasonably determinable by the SUBCONTRACTOR, are encountered by the SUBCONTRACTOR, work at such locations shall be stopped immediately and CH2M HILL notified. Work at such locations shall not continue until released by CH2M HILL.

Any damage to existing facilities that are not shown on the drawings, identified in the specifications, marked in the field, or the locations of which are not reasonably determinable by the SUBCONTRACTOR in sufficient time to avoid damage shall be reported immediately to CH2M HILL. Work at such locations shall not continue until released by CH2M HILL. Any required repairs shall be made by the SUBCONTRACTOR, or by others, in a manner approved by CH2M HILL. If the repairs are made by the SUBCONTRACTOR, an equitable adjustment shall be made and the Subcontract shall be modified in writing accordingly. If other extra expense is incurred by the SUBCONTRACTOR due to the existence of facilities that are not shown on the drawings, identified in the specifications, marked in the field, or the locations of which are not reasonably determinable by the SUBCONTRACTOR at the time of bidding, an equitable adjustment will be made and the Subcontract modified in writing accordingly.

When excavation Work endangers the stability of known existing facilities, the SUBCONTRACTOR shall provide adequate shoring, bracing and temporary guying to protect the facilities until backfilling is completed. This protection shall be in the SUBCONTRACTOR's responsibility.

**8.7 Hanford Site Stabilization Agreement**

The Site Stabilization Agreement for all construction Work for the DOE at the Hanford Site consists of a Basic Agreement dated September 10, 1984, plus an Appendix A. The SUBCONTRACTOR shall be required to comply with the most current Site Stabilization Agreement, and as modified throughout performance of the Subcontract. CH2M HILL may from time to time provide notice to the SUBCONTRACTOR of any changes in wages, fringe benefits, and other employee compensation, as the Site Stabilization Agreement, including all current appendices thereto, may be modified by the parties thereto. SUBCONTRACTOR

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shall not be entitled to any change in the Subcontract due to any such changes in wages, or fringe benefits or other employee compensation pursuant to modification of the Site Stabilization Agreement during the term of this Subcontract.

This provision applies to employees performing Work under this Subcontract or lower-tier Subcontracts subject to the Davis-Bacon Act, in the classifications set forth in the Site Stabilization Agreement for Work performed at the Hanford Site.

SUBCONTRACTORS who are parties to an agreement(s) for construction Work with a local union having jurisdiction over construction Work performed at the Hanford site, or who are parties to a national labor agreement for such construction Work, shall become signatory to the Site Stabilization Agreement and shall abide by all of its provisions, including its Appendix A. Subcontractors, at all tiers, who have Subcontracts with a signatory SUBCONTRACTOR or lower-tier Subcontractors shall become signatory to the Site Stabilization Agreement and shall abide by all of its provisions, including its Appendix A.

SUBCONTRACTORS who are not signatory to the Site Stabilization Agreement and who are not required under these provisions to become signatory to the Site Stabilization Agreement shall pay not less and no more than the wages, fringe benefits, and other employee compensation set forth in Appendix A and shall adhere, except as otherwise directed by CH2M HILL, to the following provisions of the Site Stabilization Agreement:

- Article VII Employment, Section 2 only
- Article XII Non-Signatory Contractor Requirements
- Article XIII Hours of Work, Shifts, and Overtime
- Article XIV Holidays
- Article XV Wage Scales and Fringe Benefits, Sections 1 & 2 only
- Article XVII Payment of Wages-Checking In & Out, Section 3 only
- Article XX General Working Conditions
- Article XXI Safety and Health

The SUBCONTRACTOR agrees to make no contributions in connection with this Subcontract to Industry Promotion Funds, or similar funds, except with the prior approval of CH2M HILL.

The obligation of the SUBCONTRACTOR and its lower-tier Subcontractors to pay fringe benefits shall be discharged by making payments required by this Subcontract in accordance with the provisions of the amendments to the Davis-Bacon Act contained in the Act of July 2, 1964, (Public Law 88-349-78 Stat. 238-239) and the Department of Labor regulations in implementation thereof (29 CFR, Parts 1, 3, 5).

CH2M HILL may direct the SUBCONTRACTOR to pay amounts for wages, fringe benefits, and other employee compensation if the Site Stabilization Agreement, including its Appendix A, is modified by the involved parties.

In the event of failure to comply with these provisions, or failure to perform any of the obligations imposed upon the SUBCONTRACTOR and its lower-tier Subcontractors, CH2M HILL may withhold any payments due to the SUBCONTRACTOR and may terminate the Subcontract for default.

The rights and remedies of CH2M HILL and the Government provided in these provisions above shall not be exclusive and are in addition to any other rights and remedies of CH2M HILL and the Government provided by law or under this Subcontract.

The requirements of this paragraph are in addition to, and shall not relieve the SUBCONTRACTOR of any obligation imposed by other provisions of this Subcontract, including those entitled "Davis-Bacon Act", "Contract Work Hours and Safety Standards Act-Overtime Compensation", "Payrolls and Basic Records", "Compliance with Copeland Act Requirements", "Withholding of Funds", and "Contract Termination--Debarment".

The SUBCONTRACTOR agrees to maintain its proposal records showing rates and amounts used for computing wage and other compensation, and its payroll and personnel records during the course of Work subject to this provision, and to preserve such records for a period of three (3) years thereafter for all employees performing such Work. Such records will contain the name, address, social security number of each such employee, correct classification, rate of pay, daily and weekly number of hours worked, and dates and hours of the day within which Work was performed, deductions made, and amounts for wages and other compensation covered by these provisions. The SUBCONTRACTOR agrees to make these records available for inspection by CH2M HILL and the Government and will permit employee interviews during working hours on the job.

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The SUBCONTRACTOR agrees to insert this provision, in all lower-tier Subcontracts for the performance of Work subject to the Davis-Bacon Act.

**ARTICLE 9.0 SUPPLEMENTAL TERMS AND CONDITION**

**General Intent.** This Agreement is subject to the terms and conditions of CH2M HILL's Prime Contract Number DE-AC27-99RL14047. The general intent of these provisions is to incorporate into the purchase order or Subcontract all required Federal Acquisition Regulation (FAR) and Department of Energy Acquisition Regulation (DEAR) flow-down clauses, and any other State or Federally-mandated contract clauses, which are required to be so incorporated either by the FAR, DEAR, CH2M HILL's Prime Contract or applicable State or Federal law.

To reference the cited FAR and DEAR flowdown clauses, the following web addresses are provided:

<http://farsite.hill.af.mil/>

<http://farsite.hill.af.mil/vfdoea.htm>

**Substitution of the Parties.** Wherever required to make any FAR, DEAR, or Prime Contract clause incorporated herein to be meaningful, the term "Contractor" shall be read "SUBCONTRACTOR," and the term "Government" or "Contracting Officer" shall be read "CH2M HILL" with the exception of DEAR 952.250-70, Nuclear Hazards Indemnity Agreement (June 1996).

**Specific Incorporated Clauses.** Without in any way limiting the FAR, DEAR, or Prime Contract clauses to be incorporated herein, the following FAR and DEAR Contract Clauses are hereby specifically incorporated herein by reference with the same force and effect as if they were given in full text.

**9.1 Federal Acquisition Regulation (48 CFR Chapter 1) Clauses and Department of Energy Acquisition Regulation (DEAR) Requirements**

**Applicable to all orders**

1. FAR 52.202-1 Definitions (Jul 2004) (as supplemented by DEAR 952.202-1
2. FAR 52.211-5 Material Requirements (Oct 1997)\*
3. FAR 52.224-1 Privacy Act Notification (Apr 1984)\*
4. FAR 52.224-2 Privacy Act (Apr 1984)\*
5. FAR 52.225-9 Buy American Act—Construction Materials (Jan 2005) (Applies if value of Subcontract is less than \$6,725,000)\* (The blank in Paragraph (b)(2) of this clause is hereby determined to be "none" unless foreign construction materials are specifically excepted from the requirements of this clause elsewhere in the Subcontract.)
6. FAR 52.227-4 Patent Indemnity – Construction Contracts (Apr 1984)\*
7. FAR 52.227-14 Rights in Data-General (Modified per DEAR 927.409(a)) (Jun 1987) (Alternate V)\*
8. FAR 52.227-16 Additional Data Requirements (June 1987)\*
9. FAR 52.236-18 Work Oversight in Cost Reimbursement Construction Contracts (Apr 1984)\*
10. FAR 52.236-19 Organization and Direction of the Work (Apr 1984)\*
11. FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components (Dec 2004)\*
12. DEAR 952.204-2 Security (May 2002)\*
13. DEAR 952.204-70 Classification/Declassification (Sep 1997)\*
14. DEAR 952.204-71 Sensitive Foreign Nations Controls (Apr 1994)\*
15. DEAR 952.208-70 Printing (Apr 1984)\*
16. DEAR 952.227-9 Refund of Royalties (Feb 1995)\*

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- 17. DEAR 952.227-11 Patent Rights – Retention by the Contractor (Short Form) (Feb 1995)\* (Applies to Subcontracts for experimental, research, developmental, or demonstration work when the SUBCONTRACTOR is a domestic small business or nonprofit organization as defined at FAR 27.301)
- 18. DEAR 952.227-13 Patent Rights – Acquisition by the Government (Sep 1997)\* (Applies to Subcontracts for experimental, research, developmental, or demonstration work when the SUBCONTRACTOR is a domestic large business.)
- 19. DEAR 952.250-70 Nuclear Hazards Indemnity Agreement (Jun 1996)\*
- 20. DEAR 970.5204-1 Counterintelligence (Dec 2000)\*
- 21. DEAR 970.5208-1 Printing (Dec 2000)\*
- 22. DEAR 970.5227-1 Rights in Data – Facilities (Dec 2000)\*
- 23. DEAR 970.5227-8 Refund of Royalties (Jul 2005)\*
- 24. DEAR 970.5229-1 State and Local Taxes (Dec 2000)\*
- 25. DEAR 970.5232-3 Accounts, Records, and Inspection (Dec 2000)\*

**Applicable to all orders over \$2,000**

- 26. FAR 52.222-6 Davis-Bacon Act (Jul 2005)\*
- 27. FAR 52.222-7 Withholding of Funds (Feb 1988)\*
- 28. FAR 52.222-8 Payrolls and Basic Records (Feb. 1988)\*
- 29. FAR 52.222-9 Apprentices and Trainees (Jul 2005)\*
- 30. FAR 52.222-10 Compliance with Copeland Act Requirements (Feb 1988)\*
- 31. FAR 52.222-11 Subcontracts (Labor Standards) (Feb 1988)\*
- 32. FAR 52.222-12 Contract Termination - Debarment (Feb 1988)\*
- 33. FAR 52.222-13 Compliance with Davis-Bacon and Related Act Regulations (Feb 1988)\*
- 34. FAR 52.222-14 Disputes Concerning Labor Standards (Feb 1988)\*
- 35. FAR 52.222-15 Certification of Eligibility (Feb 1988)\*

**Applicable to all orders over \$2,500**

- 36. FAR 52.225-1 Buy American Act—Supplies (Jun 2003) (Applies to orders for materials when the value is over \$2,500 but not over \$25,000, but the clause does apply if the amount is over \$25,000 if neither FAR 52.225-3 nor FAR 52.225-5 apply.)\*
- 37. FAR 52.225-13 Restrictions on Certain Foreign Purchases (Feb 2006)\*

**Applicable to all orders over \$10,000**

- 38. FAR 52.222-3 Convict Labor (Aug 1996)\*
- 39. FAR 52.222-20 Walsh-Healy Public Contracts Act (Dec 1996)\*
- 40. FAR 52.222-21 Prohibition of Segregated Facilities (Feb 1999)\*
- 41. FAR 52.222-26 Equal Opportunity (Apr 2002)\*
- 42. FAR 52.222-27 Affirmative Action Compliance Requirements for Construction (Feb 1999)\*
- 43. FAR 52.222-35 Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)\*
- 44. FAR 52.222-36 Affirmative Action for Workers with Disabilities (Jun 1998)\*
- 45. FAR 52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era (Dec 2001)\*

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**Applicable to all orders over \$25,000**

46. FAR 52.209-6 Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Jan 2005)\*
47. FAR 52.225-3 Buy American Act – Free Trade Agreements – Israeli Trade Act (Jan 2005) (*Applies if acquisition value is \$25,000 or more but less than \$175,000. If the value is \$25,000 or more but less than \$50,000, Alternate I applies. If acquisition value is \$50,000 or more but less than \$58,550, Alternate II applies*)\*

**Applicable to all orders over \$100,000**

48. FAR 52.203-5 Covenant Against Contingent Fees (Apr 1984)
49. FAR 52.203-6 Restrictions on Subcontractor Sales to the Government (Jul 1995)\*
50. FAR 52.203-7 Anti-Kickback Procedures (Jul 1995)\*
51. FAR 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity (Jan 1997)
52. FAR 52.203-12 Limitation on Payments to Influence Certain Federal Transactions (Sep 2005)\*
53. FAR 52.215-2 Audit and Records-Negotiation (Jun 1999)\*
54. FAR 52.222-4 Contract Work Hours and Safety Standards Act-Overtime Compensation (Jul 2005)\*
55. FAR 52.222-39 Notification of Employee Rights Concerning Payment Of Union Dues or Fees (Dec 2004)\*
56. FAR 52.223-14 Toxic Chemical Release Reporting (Aug 2003) \*
57. FAR 52.227-1 Authorization and Consent (Jul 1995)
58. FAR 52.227-2 Notice and Assistance Concerning Patent and Copyright Infringements (Aug 1996)\*
59. FAR 52.242-13 Bankruptcy (Jul 1995)\*
60. DEAR 970.5227-4 Authorization and Consent (Aug 2002)\*
61. DEAR 970.5227-5 Notice and Assistance Regarding Patent and Copyright Infringement (Aug 2000)\*

**Applicable to all orders over \$175,000:**

62. FAR 52.225-5 Trade Agreements (Jan 2005)\*

**Applicable to all orders over \$500,000**

63. FAR 52.230-2 Cost Accounting Standards (Apr 1998)\* - Small Business Exempted
64. FAR 52.230-3 Disclosure and Consistency of Cost Accounting Practices (Apr 1998)\* - Small Business Exempted
65. FAR 52.230-6 Administration of Cost Accounting Standards (Apr 2005)\* - Small Business Exempted
66. DEAR 952.226-74 Displaced Employee Hiring Preference (Jun 1997)\*
67. DEAR 970.5226-2 Workforce Restructuring Under Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Dec 2000)\*

**Applicable to all orders over \$650,000**

68. FAR 52.215-10 Price Reduction for Defective Cost or Pricing Data (Oct 1997)\*
69. FAR 52.215-11 Price Reduction for Defective Cost or Pricing Data-Modifications (Oct 1997)\*
70. FAR 52.215-12 Subcontractor Cost or Pricing Data (Oct 1997)\*
71. FAR 52.215-13 Subcontractor Cost or Pricing Data-Modification (Oct 1997)\*
72. FAR 52.215-15 Pension Adjustments and Asset Reversions (Oct 2004)\*
73. FAR 52.215-18 Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other Than Pensions (Jul 2005)\*
74. FAR 52.215-19 Notification of Ownership Changes (Oct 1997)\*

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**Applicable to all orders over \$1,000,000**

75. FAR 52.219-9            Small Business Subcontracting Plan (Oct 2000) (Alternate II – Oct 2000)\* - Small Business Exempted

**Applicable to all orders over \$6,725,000**

76. FAR 52.225-11        Buy American Act- – Construction Materials under Trade Agreements (Jan 2005)\* (The word “none” is inserted in the blank in paragraph (b)(3) of the clause)

**Applicable to all orders \$6,725,000 or more but less than \$7,611.532**

77. FAR 52.225-11        Buy American Act- – Construction Materials under Trade Agreements (Jan 2005) (Alternate I)(Jan 2005)\*