



Department of Energy
Richland Operations Office
P.O. Box 550
Richland, Washington 99352

99-PRO-346

MAR 0 1 1999

Mr. R. D. Hanson, President
Fluor Daniel Hanford, Inc.
Richland, Washington 99352

Dear Mr. Hanson:

CONTRACT NO. DE-AC06-96RL13200 – CONTRACT MODIFICATION M069, SPECIAL BANK ACCOUNT AGREEMENT AND SMALL, SMALL DISADVANTAGED AND WOMAN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN FOR FISCAL YEAR (FY) 1999

Enclosed for your files is a fully executed original Contract Modification Number M069.

Should you have any questions, please contact me on (509) 376-8948, or Alan Hopko on (509) 376-2031.

Sincerely,

Sally A. Sieracki
Sally A. Sieracki
Contracting Officer

PRO:AEH

Enclosure

MODIFICATION DISTRIBUTION LIST

Contract Number: DE-AC06-96RL13200
Modification Number: M069

Date Distributed: 2/22/99
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S. J. Veitenheimer, QSH
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A. Contract Section J, Appendix I, is revised to incorporate Fluor Daniel Hanford, Inc. Small, Small Disadvantaged and Woman-Owned Small Business Subcontracting Plan for Fiscal Year 1999. This Plan is attachment 1 to this Modification.

B. Contract Section J, Appendix N, is revised to incorporate the Special Bank Account Agreement for the period October 1, 1998 through September 30, 1999. This Special Bank Account Agreement is attachment 2 to this Modification.

Fluor Daniel Hanford, Inc.
DE-AC06-96RL13200
Modification M069
Attachment 1

**FLUOR DANIEL HANFORD, INC. FY 1999 SUBCONTRACTING PLAN
OCTOBER 26, 1998**

1. Name of Prime Contractor: Fluor Daniel Hanford, Inc.
Address: Post Office Box 1000, MSIN H6-01
Richland, Washington 99352
2. Contract or Solicitation NO.: DE-AC06-96RL13200
- Total Amount of Contract: \$4.88 Billion
Period of Performance: 1 Oct. 96 thru 30 Sept. 01
Place of Performance: Richland, Washington (Hanford)
Description of Contract Requirements: Fluor Daniel Hanford, Inc. (FDH) shall provide all materials, supplies, services and transportation necessary to perform the Statement of Work as Management Contractor for U. S. Department of Energy, Richland Operations Office.

FDH plans to have the majority of its subcontracting for Small Business, Small Disadvantaged Business, and Woman-Owned Small Business to be accomplished by its major subcontractors and the infrastructure subcontractor. The major subcontractors shall procure materials, supplies, and services specifically related to their portion of the statement of work.

Items 3 through 6 are based on FY 1999 dollars only. The 42% is based on \$826¹ million of FDH cost for FY 1999.

- | | |
|--|---------------|
| 3. Total amount of planned subcontracting: | \$349,464,342 |
| Percentage of total amount of contract, | 42% |
| 4. Total planned for subcontracting to Small Business | \$85,476,000 |
| Percentage of total amount of planned subcontracting | 24% |
| 5. Total planned for subcontracting to Small Disadvantaged Business (part of item 4) | \$15,633,711 |
| Percentage of total amount of planned subcontracting (part of item 4) | 4% |
| 6. Total planned for subcontracting to Woman-Owned Small Business (part of item 4) | \$9,693,995 |
| Percentage of total amount of planned Subcontracting | 3% |

¹ Excludes budget dollars associated with PNNL, RL Directed, Non-Defense and Environmental Restoration.

7. Items to be subcontracted under this contract and the types of businesses supplying them are:

Subcontracting Items	Large Business	Small Business	Small/Disad. Business	Sm. WO Business
Office Supplies		X	X	X
Janitorial Supplies		X	X	X
Office Equipment		X	X	X
Construction Materials	X	X	X	X
Construction Services	X	X	X	X
Temporary Empl. Services	X	X	X	X
A/E Services	X	X	X	X
Lab. Services	X	X		
Safety Equipment	X	X	X	X
Fuels		X	X	
Operating Materials	X	X	X	X
Vehicles		X		
Real Estate	X	X		
Miscellaneous Services	X	X	X	X
Transportation and Waste Disposal	X			
Consultants		X		
Technical Support		X	X	X

8. The method used to develop the subcontracting goals for Small, Small Disadvantaged and Woman-Owned Small Business concerns is described as follows:

In formulating the goals for FY 1999 and based on guidance from the U. S. Department of Energy Richland Operations Office, FDH requested information from the Project Hanford Management major subcontractors and the infrastructure subcontractor using historical data from actual accomplishments for FY 1998. In addition, the following were considered:

- Reporting of awards by the PHMC to the Enterprise companies.
- Reporting of the Safeguards and Security Award.
- Waste Management Services has commitments for incrementally funded contracts placed with large businesses for hazardous waste transportation and disposal.
- DynCorp anticipates awarding large scopes of work with specialized qualified large businesses.
- The majority of Duke Engineering Services Hanford Inc., (DESH) Spent Nuclear Fuel Project procurements are extensively awarded under Nuclear Quality Assurance and Office of Civilian Radioactive Waste Management Quality Assurance requirements. (A large portion of procurements previously subcontracted by Numatec will be procured by DESH and will be affected by these requirements.) Therefore, the assumption has been made that these types of procurements will be awarded to large businesses.
- B-Plant closure will result in a decrease in subcontracting opportunities.
- A decrease in funding for Fast Flux Test Facility will result in a decrease in subcontracting opportunities.

9. The method used to identify potential sources for solicitation purposes is as follows:

Existing company source lists, Small Business Administration including regional headquarters, Pro-Net, small, small disadvantaged and woman-owned small business concerns trade associations, trade fairs, conferences, and workshops.

10. Indirect costs are () are not (X) included in the above goals.

11. The following individual will administer the subcontracting program:

Name: Betty Hubbard
Title: Manager, Supplier Advocacy Office
Address: P. O. 1000, MSIN H6-01
Richland, Washington 99352
Telephone: 509-372-3729

This individual's specific duties as they relate to the firm's subcontracting program are as follows:

- a. Ensuring, in the project's acquisition of goods and services, that Small Business, Small Disadvantaged Business and Women-Owned Business concerns are provided the maximum opportunity practicable to compete for subcontracted work and purchased materials.
- b. Ensuring the establishment and maintenance of records of the total dollar value of solicitations and awards to Small Business, Small Disadvantaged Business and Women-Owned Business concerns, large business concerns and total solicitations and awards.
- c. Preparing and submitting semi-annual reports (SF294) on direct procurements to the contracting officer.
- d. Developing and maintaining source files (Pro-Net and others) of Small Business, Small Disadvantaged Business and Women-Owned Business concerns for use by the project in preparing bidders lists for solicitations of direct and indirect goods and services.
- e. Participating or ensuring participation of company representatives in Small Business, Small Disadvantaged Business and Women-Owned Business trade associations, seminars, business opportunity workshops and outreach programs.
- f. Conducting or arranging for conduct of instructional and motivational workshops for procurement and contracts personnel and others in the duties and methods of enhancing the participation of Small Business, Small Disadvantaged Business and Women-Owned Business firms in Project Hanford's acquisitions.
- g. Coordinating project activities during conduct of compliance reviews by Federal agencies.
- h. Cooperating in any studies or surveys or submission of reports (in addition to those in Item c, above) as may be required by the U. S. Department of Energy or the Small Business Administration.
- i. Establishing and maintaining adequate records of the above activities to document compliance with this subcontracting plan.
- j. Implementing a procurement system which uses the information highway to expand access Small Business, Small Disadvantaged Business and Women-Owned Business concerns to the procurement process.

12. The following efforts will be made to assure that small, small disadvantaged and women-owned small business concerns will have an equitable opportunity to compete for subcontracts:

- a. Identify potential projects or portion of projects that can be performed by small, small disadvantaged and woman-owned businesses.
 - b. Include Small Business, Small Disadvantaged Business and Woman-Owned Business concerns in Request for Quotes where such concerns are known to exist and are qualified to supply the items of services being procured.
 - c. Assist small business, small disadvantaged business and woman-owned businesses with mentoring through the Supplier Advocacy Manager.
 - d. Arrange bid solicitation, time for preparation of proposals, quantities, specifications and delivery schedules to facilitate participation.
 - e. Provide training for Small Business, Small Disadvantaged Business and Woman-Owned Businesses in doing business with the PHMC (Project Hanford Management Contract) team members.
13. The clause entitled "Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns" will be included in all subcontracts that offer further subcontracting opportunities and all subcontractors (except small business concerns) who receive subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility) will be required to adopt a plan similar to the plan agreed to by the offeror.
14. The contractor will cooperate in any studies or surveys as may be required; submit periodic reports in order to allow the Government to determine the extent of compliance by the offeror with the subcontracting plan; submit Standard Form 294, "Subcontracting Report for Individual Contracts," and Standard Form 295, "Summary Subcontract Report," in accordance with the instructions on the forms; and ensure that its subcontractors agree to submit Standard Forms 294 and 295.
15. The following types of records will be maintained to demonstrate procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of its efforts to locate small, small disadvantaged and woman-owned business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated):
- a. Source lists, guides and other data that identify Small, Small Disadvantaged and Woman-Owned Small Business concerns.
 - b. Organizations contacted in an attempt to locate sources that are Small, Small Disadvantaged, or Woman-Owned Small Business concerns.
 - c. Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating (1) whether Small Business concerns were solicited and if not, why not, (2) whether Small Disadvantaged Business concerns were solicited and if not, why not, (3) whether Woman-Owned Small Business concerns were solicited and if not, why not, and (4) if applicable, the reason award was not made to a Small Business concern.
 - d. Records of any outreach efforts to contact (1) trade associations, (2) business development organizations, and (3) conferences and trade fairs to locate Small, Small Disadvantaged and Woman-Owned Small Business sources.

- e. Records of internal guidance and encouragement provided to buyers through (1) workshops, seminars, training, etc., and (2) monitoring performance to evaluate compliance with the program's requirements.
- f. On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address and business size of each subcontractor. Contractors having company or division-wide annual plans need not comply with this requirement.)

Plan Submitted by: By Hubbard
Manager, Supplier Advocacy Office

Date: October 30, 1998

Plan Accepted by: Sally A. Sieracki
(Contracting Officer)

Date: 29 Nov 98

Fluor Daniel Hanford, Inc.
DE-AC06-96RL13200
Modification M069
Attachment 2

SPECIAL BANK ACCOUNT AGREEMENT FOR USE WITH THE
CHECKS-PAID METHOD OF LETTER OF CREDIT FINANCING

This Agreement is entered into this 1st day of October 1998, between the UNITED STATES OF AMERICA, represented by the Department of Energy (hereinafter referred to as DOE); Fluor Daniel Hanford, Inc., corporation/legal entity existing under the laws of the State of Washington (hereinafter referred to as the Contractor); and U. S. Bank of Washington, National Association, a banking corporation wholly owned by U. S. Bancorp but existing under the laws of the State of Washington, located at Richland, Washington (hereinafter referred to as the Bank).

RECITALS

(a) By mutual agreement of the parties, this Special Bank Account Agreement supersedes and replaces all Special Bank Account Agreements to which this Contractor, DOE, and the Bank have been parties.

(b) On the effective date of August 6, 1996, DOE and the Contractor entered into Contract(s) No. DE-AC06-96RL13200, or a Supplemental Agreement(s) thereto, providing for transfer of funds on a payments-cleared basis.

(c) DOE requires that amounts transferred to the Contractor thereunder be deposited in a Special Demand Deposit Account at a financial institution covered by the U. S. Department of Treasury-approved Government deposit insurance organizations that are identified in I TFM 6-9000; separate from the Contractor's general or other funds; and the parties are agreeable to so depositing said amounts with the Bank.

(d) The special demand deposit account shall be designated Fluor Daniel Hanford, Inc., Purchase Draft, Salary, and Contract Accounts.

COVENANTS

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that:

(1) The Government shall have a title to the credit balance in said accounts to secure the repayment of all funds transferred to the Contractor and said title shall be superior to any lien or claim of the Bank with respect to such accounts.

(2) The Bank will be bound by the provisions of said contract(s) between DOE and the Contractor relating to the transfer of funds and withdrawal of funds from the special demand deposit account, which are hereby incorporated into this Agreement by reference, but the Bank shall not be responsible for the application of funds withdrawn from said accounts. After receipt by the Bank of written directions from DOE Contracting Officer, the Bank shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions.

(3) The DOE, or its authorized representatives, shall have access to the financial records maintained by the Bank with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, without limitation to, the inspection or copying of such financial records and any or all memoranda, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Bank for a period of six (6) years after the final payment under this Agreement.

(4) In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Bank will promptly notify the Department of Energy at the Richland Operations Office, P.O. Box 550, Richland, Washington 99352.

(5) DOE shall authorize funds that shall remain available to the extent that obligations that have been incurred in good faith thereunder by the Contractor to the Bank for the benefit of the special demand deposit account. The Bank agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the average daily balance in the special demand deposit account in a net positive as close to zero as administratively possible.

The Bank agrees to service the account in this manner based on the requirements and specifications contained in the DOE solicitation DE-RP06-95RL13170 dated April 12, 1995, in consideration of the placement by DOE of a noninterest-bearing time deposit in an amount agreed upon as shown in the DOE FY 1998 third quarter, quarterly adjustment to the non interest-bearing time deposit account. The Bank agrees that per item costs, detailed in the form "Schedule of Bank Processing Charges," contained in the Bank's foresaid bid will remain constant during the term of this Agreement. The Contractor will withdraw \$2,715,000 in funds from the special demand deposit account in the Bank. This account will hereinafter be defined as the time deposit account. The funds in the time deposit will remain on deposit and shall not be withdrawn or used for any purpose without the authorization of DOE. The amount of the deposit may be adjusted upward or downward but only with the approval of DOE.

(6) The Bank will post collateral, acceptable under Department of Treasury Circular No. 176, with the Federal Reserve Bank in an amount equal to the net balances (including the noninterest-bearing time deposit account) in all of the accounts included in this Agreement.

(7) This Agreement, with all its provisions and covenants, shall be in effect for a term of one year, beginning on the first day of October 1998, and ending through the thirtieth day of September 1999.

- (a) DOE may extend the term of this Agreement for one additional one year term by written notice to the Contractor and the Bank provided that DOE shall give the Contractor and Bank a preliminary written notice of its intent at least 90 days before this Agreement expires. The preliminary notice does not commit DOE to an extension.
- (b) If the DOE exercises this option, the extended Agreement shall be considered to include this option provision.
- (c) The duration of the Agreement, including the exercise of any options under this Covenant, shall not extend past September 30, 2000.

(8) DOE or the Bank or the Contractor may terminate this Agreement at any time within the Agreement period submitting written notice to the other parties ninety (90) days prior to the desired termination date. The specific provisions for operating the account during the 90-day period are contained in Covenant (11).

(9) DOE or the Contractor may terminate this Agreement at any time within the Agreement period upon 30 days written notice to the Bank if DOE or the Contractor, or both parties find that the Bank has failed to substantially perform its obligations under this Agreement or that the Bank is performing its obligations in a manner which precludes administering the program in a effective and efficient manner or that precludes the effective utilization of the Government's cash resources.

(10) Notwithstanding the provisions of Covenants 8 and 9, in the event the contract (referenced in Recital (b)) between the DOE and the Contractor is not renewed or is terminated, this Agreement between DOE, the Contractor and the Bank will be terminated automatically upon the delivery of written notice to the Bank, and if there is a successor contractor, arrangements will be made for a new agreement with said successor contractor.

(11) In the event of termination or expiration the Bank agrees to retain the Contractor's special demand deposit account for an additional 90-day period to clear outstanding payment items. Within seven (7) days of expiration of the agreement an analysis of the special demand deposit account shall be made by the DOE to determine whether an insufficient or excessive balance was maintained in the time deposit account to compensate the Bank for services rendered up to the expiration date.

- (a) If the analysis indicates that the Bank has been insufficiently compensated for services rendered up to the expiration of the Agreement:
1. Sufficient Federal funds to reimburse the Bank for prior cumulative loss of earning, will be maintained during this 90-day period;
 2. Sufficient Federal funds to compensate the bank for services rendered will be maintained on deposit in the time deposit account.
- (b) If the analysis indicates that the Bank has been overcompensated for services rendered up to the expiration of the Agreement, DOE shall adjust the time deposit account for an amount equal to cumulative excess compensation less compensation for estimated services to be rendered during the 90-day period.
- (c) If cumulative excess compensation is not sufficient to compensate the Bank for services rendered during the 90-day period, adjustments will be made to the time deposit account to compensate the Bank for the difference between the cost of services rendered during the 90-day period and the cumulative excess compensation.

This Agreement shall continue in effect for the 90-day additional with exception of the following:

1. The term of this Agreement--Covenant 7.
2. Termination of Agreement--Covenant 8 and 9.

All terms and conditions of the aforesaid bid submitted by the Bank which are not inconsistent with this 90-day additional term shall remain in effect for this period.

The Bank has submitted the forms entitled "Technical Representations and Certifications," "Schedule of Bank Processing Charges," "Calculation of Time Account Balance Required," and Summary of Time Account Balance Required-Consolidation." These forms have been accepted by the Contractor and DOE and are incorporated herein with the document entitled "Financial Institution's Information on the Payments Cleared Financing Arrangement" as a integral part of this Agreement.

Any direction received by the Bank from DOE which alters any portion of the terms and conditions of this Agreement, including the amount of the time deposit agreed to herein, shall not be valid unless signed by the Contracting Officer.

IN WITNESS WHEREOF the parties hereto have caused this Agreement which consists of 6 pages including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

By SALLY A. SIERACKI
(Typed Name of Contracting Officer)

Sally A. Sieracki
(Signature of Contracting Officer)

20 Jan 99
(Date of Signature)

WITNESS

(Typed Name of Witness)

(Signature of Witness)

Note--In case of corporation,
Witness not required. Type
names under all signatures.

Fluor Daniel Hanford, Inc.
(Typed Name of Recipient)

By R. C. Corless
(Typed Name of Recipient's
Representative)

Roger C Corless
(Signature of Recipient's
Representative)

Chief Financial Officer
(Title)

P.O. Box 1000, Richland, WA 99352
(Address)

September 3, 1998
(Date of Signature)



LEGAL



WITNESS

U.S. BANK
(Typed Name of Bank)

By SHARON K RICHARD
(Typed Name of Bank Representative)

Sharon K Richard
(Signature of Bank Representative)

VICE PRESIDENT
(Title)

1420 FIFTH AVENUE, SEATTLE WA 98111
(Address)

1-6-99
(Date of Signature)

MONICA THERESA PARRY
(Typed Name of Witness)

Monica Theresa Parry
(Signature of Witness)

NOTE--Recipient, if a corporation, should cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate

CERTIFICATE

I, R. D. Hanson, certify that I am the President and Chief Executive Officer of the corporation named as Recipient herein; that R. C. Corless, who signed this Agreement on behalf of the Recipient was then Chief Financial Officer of said corporation; that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

 (Corporate Seal)
(Signature)

NOTE--Bank Repository, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, M THERESA PARRY, certify that I am the ASSISTANT RELATIONSHIP OFFICER of the corporation named as Bank Depository herein: that SHARON K. RICHARD, who signed this Agreement on behalf of the Bank Depository was then VICE PRESIDENT of said corporation, the said Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of corporate powers.

 (Corporate Seal)
(Signature)



Department of Energy
 Richland Operations Office
 P.O. Box 550
 Richland, Washington 99352

99-PRO-346

MAR 0 1 1999

Mr. R. D. Hanson, President
 Fluor Daniel Hanford, Inc.
 Richland, Washington 99352

Dear Mr. Hanson:

CONTRACT NO. DE-AC06-96RL13200 – CONTRACT MODIFICATION M069, SPECIAL BANK ACCOUNT AGREEMENT AND SMALL, SMALL DISADVANTAGED AND WOMAN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN FOR FISCAL YEAR (FY) 1999

Enclosed for your files is a fully executed original Contract Modification Number M069.

Should you have any questions, please contact me on (509) 376-8948, or Alan Hopko on (509) 376-2031.

Sincerely,

ORIGINAL SIGNED BY:

Sally A. Sieracki
 Contracting Officer

PRO:AEH

Enclosure

bcc: PRO Off File
 PRO Rdg File
 CCC Rdg File
Record Note: None
 E:\Alan\Mods\Executed MOD M069

RECEIVED
 MAR 0 1 1999
 DOE RL / CCC

Office >	PRO	PRO				
Surname >	HOPKO <i>AEH</i>	SIERACKI <i>SAS</i>				
Date >	2/22/99	19 Mar 99				

(Please return to Rosie Garza 6-7736 A7-80/FED FAX 6-5378)

Document No. 9750