

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE PAGE OF PAGES
 1 14

2. AMENDMENT/MODIFICATION NO. **A508** 3. EFFECTIVE DATE (M/D/Y) **See Block 16C** 4. REQUISITION/PURCHASE REQ. NO. 5. PROJECT NO. (If applicable)

6. ISSUED BY CODE U.S. Department of Energy
 Pacific Northwest Site Office
 P. O. Box 350
 Richland, WA 99352 7. ADMINISTERED BY (If other than Item 6) CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP code)
Battelle Memorial Institute
Pacific Northwest Division
Richland, Benton County, WA 99352
DUNS # 032987476 9A. AMENDMENT OF SOLICITATION NO.
 9B. DATED (SEE ITEM 11)
 10A. MODIFICATION OF CONTRACT/ ORDER NO.
DE-AC05-76RL01830
 10B. DATED (SEE ITEM 13)
December 30, 1964

11. THIS ITEM APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.
 Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
 (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE DATE AND HOUR SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and amendment and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
 Net Increase: \$4,000,000

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS SET FORTH IN ITEM 14.

CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
 B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO AUTHORITY OF FAR 43.103(b).
 C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO THE AUTHORITY OF:
 D. OTHER (Specify type of modification and authority)
 Clause I-106 DEAR 970.5232-4 Obligation of Funds and P.L. 111-5

E. IMPORTANT: Contractor is not, is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
 The purpose of this contract modification is to obligate funds from the American Recovery and Reinvestment Act of 2009 and incorporate associated terms and conditions.
 See attached.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) **Karen L. Hoewing**
General Counsel 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
Jewel J. Short II
Contracting Officer

15B. CONTRACTOR/OFFEROR **Karen L. Hoewing**
 (Signature of person authorized to sign) 15C. DATE SIGNED **4-9-09** 16B. UNITED STATES OF AMERICA BY **Jewel J. Short**
 (Signature of Contracting Officer) 16C. DATE SIGNED **4-9-09**

Block 14 "DESCRIPTION OF AMENDMENT/MODIFICATION," continued.

- A. This modification is issued to obligate American Recovery and Reinvestment Act (ARRA) of 2009 funds for the purpose of upgrading inefficient and aging architectural, mechanical and electrical systems for heating, ventilation, air conditioning and water usage in mission critical buildings in the 300 Area of the PNNL site. The following buildings are covered in this work: 325, 331, 318, 350, and 3020. The upgrades will replace components of the mechanical systems and add electronic controls which will result in reduced operating and maintenance costs, reduced energy usage, and improved mission readiness. The Recovery Act Project Operating Plan is "General Plant Project funding across all SC laboratories." The project code that should be used to track this Recovery Act funding in the Project section of the Accounting Flex Field in STARS/IDW is 2005380.
- B. Accordingly, pursuant to Section I Contract Clause entitled "Obligation of Funds" and Section B Contract Clause B-2 entitled "Obligated Funds, funds in the amount of \$4,000,000 are hereby obligated in support of Recovery Activities. The total amount of funds obligated under this contract since its inception is increased from \$11,197,768,140. to \$11,201,768,140.
- C. The specific work funded by this modification is described in Work Authorization Number KG/OR48/9, titled "Science Laboratories Infrastructure – GPP, Infrastructure Upgrades (Project Code 2005380).
- D. The work described in this modification shall be performed using funds obligated under this contract, which have been appropriated under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, and as such, is subject to the special statutory conditions and the additional contractual terms and conditions that are listed in paragraphs E through I below. The funds obligated hereunder shall only be used to accomplish the work as set forth in paragraph C. above and may not be used for any other purpose without the prior written consent of the Contracting Officer.
- E. The contractor shall complete all Recovery Act Work funded by this modification in accordance with Recovery Act requirements, including the required completion dates specified therein, and by the completion date identified in the approved work authorization for the activity.
- F. Section E, Inspection and Acceptance, Table of Contents, is amended to add Clause E-2 Certification Related to Recovery Act Project Work (Applicable only to Recovery Act Work).
- G. Section E, Inspection and Acceptance, is amended as follows: Clause **E-2, Certification Related to Recovery Act Project work**, is hereby incorporated into the contract (applicable only to Recovery Act work).

E-2 Certification Related to Recovery Act Project Work (Applicable only to Recovery Act Work)

Certification – In order for the Contracting Officer to accept any products or services funded by the Recovery Act, the Contractor shall certify that the items were delivered and/or work was performed for a purpose authorized under the Recovery Act.

(end of clause)

- H. Section G, Contract Administration Data, Table of Contents, is amended to add Clause G-5, Cost Reporting Requirements Involving Recovery Project Work (Applicable only to Recovery Act Work) and Clause G-6, Indirect Charges Involving Recovery Act Project Work (Applicable only to Recovery Act Work).
- I. Section G, Contract Administration Data is amended as follows:

Clause **G-5 Cost Reporting Requirements Involving Recovery Act Project Work** is hereby incorporated into the contract (applicable only to the Recovery Act work):

G-5 Cost Reporting Requirements Involving Recovery Act Project Work (Applicable only to Recovery Act Work)

The following reporting procedure will apply to submission of monthly cost reports for Recovery Act work specified in the work scope baseline.

- (a) The contractor will separately identify costs that pertain to the Recovery Act work. The contractor will provide a monthly report that identifies the total amount drawn on the letter of credit. This monthly report shall separate and identify Recovery Act costs associated with each appropriation at the Recovery Act program and project levels.
- (b) The contractor shall certify in each monthly report that the costs included in the report for Recovery Act work were incurred only to accomplish the Recovery Act work in accordance with the work scope.

(end of clause)

Clause **G-6, Indirect Charges Involving Recovery Act Project Work**, is hereby incorporated into the contract (applicable only to the Recovery Act Work):

G-6 Indirect Charges Involving Recovery Act Project Work (Applicable only to Recovery Act Work)

In accordance with the general principles of the Recovery Act the contractor must take the following steps to minimize the impacts of indirect costs and enhance transparency and accountability of each Recovery Act funded project:

- (a) Clearly identify the estimated full cost of projects to include total direct and indirect costs, indirect costs rates, and adjust existing indirect cost rate to account for the material infusion of funds provided in the Recovery Act;
- (b) Exempt funds from contract cost base for distributing Laboratory Directed Research and Development or similar funds taxing programs.
- (c) Ensure all funds transferred by Battelle Memorial Institute are completed using the Approved Funding Program process described in Chapter 12 of the Accounting Handbook; and
- (d) The Federal Administrative Charge (FAC) of three percent is waived on reimbursable work funded by the Recovery Act and performed by Departmental Federal offices or Battelle Memorial Institute.
- (e) In all cases listed above and otherwise, the Contractor shall develop and maintain prudent management and good business practices regarding their indirect rate structure as it applies to Recovery Act funding.

(end of clause)

- J. Section H, Special Contract Requirements, Table of Contents, is amended to add Clause H-38, Special Provisions Relating to Work Funded under American Recovery and Reinvestment Act of 2009 (Apr 2009) (Applicable only to Recovery Act Work).

- K. Section H, Special Contract Requirements, the following Clause **H-38 - Special provisions relating to work funded under American Recovery and Reinvestment Act of 2009 (Apr 2009)**, replaces the Clause **H-38 - Special provisions relating to work funded under American Recovery and Reinvestment Act of 2009 (Feb 2009)**, previously incorporated into the contract under Modification No. M502.

H-38 Special provisions relating to work funded under American Recovery and Reinvestment Act of 2009 (Apr 2009) (Applicable only to Recovery Act Work)

Preamble:

Work performed under this contract will be funded, in whole or in part, with funds appropriated by the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, (Recovery Act or Act). The Recovery Act's purposes are to stimulate the economy and to create and retain jobs. The Act gives preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds made available by it for activities that can be initiated not later than June 17, 2009.

Contractors should begin planning activities for their first tier subcontractors, including obtaining a DUNS number (or updating the existing DUNS record), and registering with the Central Contractor Registration (CCR).

Be advised that Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act and related Guidance. For projects funded by sources other than the Recovery Act, Contractors should plan to keep separate records for Recovery Act funds and to ensure those records comply with the requirements of the Act.

The Government has not fully developed the implementing instructions of the Recovery Act, particularly concerning the how and where for the new reporting requirements. The Contractor will be provided these details as they become available. The Contractor must comply with all requirements of the Act. If the contractor believes there is any inconsistency between ARRA requirements and current contract requirements, the issues will be referred to the Contracting Officer for reconciliation.

Be advised that special provisions may apply to projects funded by the Act relating to:

- Reporting, tracking and segregation of incurred costs;
- Reporting on job creation and preservation;
- Publication of information on the Internet;
- Protecting whistleblowers; and
- Requiring prompt referral of evidence of a false claim to the Inspector General.

Definitions:

For purposes of this clause, "Covered Funds" means funds expended or obligated from appropriations under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.

Covered Funds will have special accounting codes and will be identified as Recovery Act funds in the contract and/or modification using Recovery Act funds. Covered Funds must be reimbursed by September 30, 2015.

Non-Federal employer means any employer with respect to Covered Funds – the contractor or subcontractor, as the case may be, if the contractor or subcontractor is an employer; and any professional membership organization, certification of other professional body, any agent or licensee of the Federal government, or any person acting directly or indirectly in the interest of an employer receiving Covered Funds; or with respect to Covered Funds received by a State or local government, the State or local government receiving the funds and any contractor or subcontractor receiving the funds and any contractor or subcontractor of the State or local government; and does not mean any department, agency, or other entity of the federal government.

A. Flow Down Provision

This clause must be included in every first-tier subcontract.

B. Segregation and Payment of Costs

Contractor must segregate the obligations and expenditures related to funding under the Recovery Act. Financial and accounting systems should be revised as necessary to segregate, track and maintain these funds apart and separate from other revenue streams. No part of the funds from the Recovery Act shall be commingled with any other funds or used for a purpose other than that of making payments for costs allowable for Recovery Act projects. Where Recovery Act funds are authorized to be used in conjunction with other funding to complete projects, tracking and reporting must be separate from the original funding source to meet the reporting requirements of the Recovery Act and OMB Guidance.

Invoices must clearly indicate the portion of the requested payment that is for work funded by the Recovery Act.

Note: For contractors currently using drawdown on a letter of credit, the current procedure remains in effect and is used for Recovery Act activity in lieu of invoicing.

C. Prohibition on Use of Funds

None of the funds provided under this agreement derived from the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, may be for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

D. Wage Rates

All laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan numbered 14 of 1950 (64 Stat. 1267, 5 U.S.C. App.) and section 3145 of title 40 United States Code. See <http://www.dol.gov/esa/whd/contracts/dbra.htm>

E. Publication

Information about this agreement will be published on the Internet and linked to the website www.recovery.gov, maintained by the Accountability and Transparency Board (the Board). The Board may exclude posting contractual or other information on the website on a case-by-case basis when necessary to protect national security or to protect information that is not subject to disclosure under sections 552 and 552a of title 5, United States Code.

F. Registration Requirements

Contractor shall ensure that all first-tier subcontractors have a DUNS number and are registered in the Central Contractor Registration (CCR) no later than the date the first report is due under FAR 52.204-11 American Recovery and Reinvestment Act – Reporting Requirements.

G. Utilization of Small Business

Contractor shall to the maximum extent practicable give a preference to small business in the award of subcontracts for projects funded by Recovery Act dollars.

(End of Clause)

L. Section I, Contract Clauses, Table of Contents, is amended to add at the end of the Table of Contents:

“The following clauses are applicable only to work funded in whole or in part with funds appropriated under the American Recovery and Reinvestment Act of 2009:

I-200 FAR 52.203-15 Whistleblower Protections under the American Recovery and Reinvestment Act of 2009 (Mar 2009)

I-201 FAR 52.204-11 American Recovery and Reinvestment Act – Reporting Requirements (Mar 2009)

I-202 FAR 52.225-21 Required Use of American Iron, Steel, and Other Manufactured Goods – Buy American Act – Construction Materials (Mar 2009)”

M. Section I, Contract Clauses, is amended as follows:

1. **Modify I-105 DEAR 970.5232-3, Accounts, Records, and Inspection (Jun 2007) to identify that this change will be reflected in a subsequent DOE Acquisition Letter and to delete Paragraph (h) (1) and replace it with the following:**

“I-105 DEAR 970.5232-3, Accounts, Records, and Inspection (Jun 2007) (AL 2009-xx)

(h) Comptroller General

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the contractor’s or subcontractor’s directly pertinent records involving transactions related to this contract or a subcontract hereunder and to interview any current employee regarding such transactions.”

2. **Add Clause I-200, FAR 52.203-15, Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009, as follows:**

I-200 FAR 52.203-15 – Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (Mar 2009)

- (a) The Contractor shall post notice of employees rights and remedies for whistleblower protections provided under section 1553 of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5).
- (b) The Contractor shall include the substance of this clause including this paragraph (b) in all subcontracts.

(End of clause)

3. **Add Clause I-201, FAR 52.204-11, American Recovery and Reinvestment Act – Reporting Requirements, as follows:**

I-201 FAR 52.204-11 – American Recovery and Reinvestment Act--Reporting Requirements (MAR 2009)

- (a) Definitions. As used in this clause--

Contract, as defined in FAR 2.101, means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301, et seq. For discussion of various types of contracts, see FAR Part 16.

First-tier subcontract means a subcontract awarded directly by a Federal Government prime contractor whose contract is funded by the Recovery Act.

Jobs created means an estimate of those new positions created and filled, or previously existing unfilled positions that are filled, as a result of funding by the American Recovery and Reinvestment Act of 2009 (Recovery Act). This definition covers only prime contractor positions established in the United States and outlying areas (see definition in FAR 2.101). The number shall be expressed as "full-time equivalent" (FTE), calculated cumulatively as all hours worked divided by the total number of hours in a full-time schedule, as defined by the contractor. For instance, two full-time employees and one part-time employee working half days would be reported as 2.5 FTE in each calendar quarter.

Jobs retained means an estimate of those previously existing filled positions that are retained as a result of funding by the American Recovery and Reinvestment Act of 2009 (Recovery Act). This definition covers only prime contractor positions established in the United States and outlying areas (see definition in FAR 2.101). The number shall be expressed as "full-time equivalent" (FTE), calculated cumulatively as all hours worked divided by the total number of hours in a full-time schedule, as defined by the contractor. For instance, two full-time employees and one part-time employee working half days would be reported as 2.5 FTE in each calendar quarter.

Total compensation means the cash and noncash dollar value earned by the executive during the contractor's past fiscal year of the following (for more information see 17 CFR 229.402(c)(2)):

- (1) Salary and bonus.
- (2) Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- (3) Earnings for services under non-equity incentive plans. Does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

- (4) Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 - (5) Above-market earnings on deferred compensation which is not tax-qualified.
 - (6). Other compensation. For example, severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property if the value for the executive exceeds \$10,000.
- (b) This contract requires the contractor to provide products and/or services that are funded under the American Recovery and Reinvestment Act of 2009 (Recovery Act). Section 1512(c) of the Recovery Act requires each contractor to report on its use of Recovery Act funds under this contract. These reports will be made available to the public.
- (c) Reports from contractors for all work funded, in whole or in part, by the Recovery Act, and for which an invoice is submitted prior to June 30, 2009, are due no later than July 10, 2009. Thereafter, reports shall be submitted no later than the 10th day after the end of each calendar quarter.
- (d) The Contractor shall report the following information, using the online reporting tool available at <http://www.FederalReporting.gov>.
- (1) The Government contract and order number, as applicable.
 - (2) The amount of Recovery Act funds invoiced by the contractor for the reporting period. A cumulative amount from all the reports submitted for this action will be maintained by the government's on-line reporting tool.
 - (3) A list of all significant services performed or supplies delivered, including construction, for which the contractor invoiced in this calendar quarter.
 - (4) Program or project title, if any.
 - (5) A description of the overall purpose and expected outcomes or results of the contract, including significant deliverables and, if appropriate, associated units of measure.
 - (6) An assessment of the contractor's progress towards the completion of the overall purpose and expected outcomes or results of the contract (i.e., not started, less than 50 percent completed, completed 50 percent or more, or fully completed). This covers the contract (or portion thereof) funded by the Recovery Act.
 - (7) A narrative description of the employment impact of work funded by the Recovery Act. This narrative should be cumulative for each calendar quarter and only address

the impact on the contractor's workforce. At a minimum, the contractor shall provide--

- (i) A brief description of the types of jobs created and jobs retained in the United States and outlying areas (see definition in FAR 2.101). This description may rely on job titles, broader labor categories, or the contractor's existing practice for describing jobs as long as the terms used are widely understood and describe the general nature of the work; and
 - (ii) An estimate of the number of jobs created and jobs retained by the prime contractor, in the United States and outlying areas. A job cannot be reported as both created and retained.
- (8) Names and total compensation of each of the five most highly compensated officers of the Contractor for the calendar year in which the contract is awarded if--
 - (i) In the Contractor's preceding fiscal year, the Contractor received--
 - (A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - (B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) and cooperative agreements; and
 - (ii) The public does not have access to information about the compensation of the senior executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.
- (9) For subcontracts valued at less than \$25,000 or any subcontracts awarded to an individual, or subcontracts awarded to a subcontractor that in the previous tax year had gross income under \$300,000, the Contractor shall only report the aggregate number of such first tier subcontracts awarded in the quarter and their aggregate total dollar amount.
- (10) For any first-tier subcontract funded in whole or in part under the Recovery Act, that is over \$25,000 and not subject to reporting under paragraph 9, the contractor shall require the subcontractor to provide the information described in (i), (ix), (x), and (xi) below to the contractor for the purposes of the quarterly report. The contractor shall advise the subcontractor that the information will be made available to the public as required by section 1512 of the Recovery Act. The contractor shall provide detailed information on these first-tier subcontracts as follows:

- (i) Unique identifier (DUNS Number) for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.
- (ii) Name of the subcontractor.
- (iii) Amount of the subcontract award.
- (iv) Date of the subcontract award.
- (v) The applicable North American Industry Classification System (NAICS) code.
- (vi) Funding agency.
- (vii) A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.
- (viii) Subcontract number (the contract number assigned by the prime contractor).
- (ix) Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district if applicable.
- (x) Subcontract primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district if applicable.
- (xi) Names and total compensation of each of the subcontractor's five most highly compensated officers, for the calendar year in which the subcontract is awarded if--
 - (A) In the subcontractor's preceding fiscal year, the subcontractor received--
 - (1) 80 percent or more of its annual gross revenues in Federal contracts (and subcontracts), loans, grants (and subgrants), and cooperative agreements; and
 - (2) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), and cooperative agreements; and
 - (B) The public does not have access to information about the compensation of the senior executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

(End of clause)

4. **Add Clause I-202, FAR 52.225-21, Required Use of American Iron, Steel, and Other Manufactured Goods—Buy American Act—Construction Materials with additional introductory paragraph, as follows:**

The following clause is only applicable to projects funded by the Recovery Act:

I-202 FAR 52.225-21--Required Use of American Iron, Steel, and Other Manufactured Goods--
Buy American Act--Construction Materials (Mar 2009)

- (a) Definitions. As used in this clause—

“Construction material” means an article, material, or supply brought to the construction site by the Contractor or a subcontractor for incorporation into the building or work. The term also includes an item brought to the site preassembled from articles, materials, or supplies. However, emergency life safety systems, such as emergency lighting, fire alarm, and audio evacuation systems, that are discrete systems incorporated into a public building or work and that are produced as complete systems, are evaluated as a single and distinct construction material regardless of when or how the individual parts or components of those systems are delivered to the construction site. Materials purchased directly by the Government are supplies, not construction material.

“Domestic construction material” means—

- (1) An unmanufactured construction material mined or produced in the United States;
or
- (2) A construction material manufactured in the United States.

“Foreign construction material” means a construction material other than a domestic construction material.

“Manufactured construction material” means any construction material that is not unmanufactured construction material.

“Steel” means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

“United States” means the 50 States, the District of Columbia, and outlying areas.

“Unmanufactured construction material” means raw material brought to the construction site for incorporation into the building or work that has not been—

- (1) Processed into a specific form and shape; or

- (2) Combined with other raw material to create a material that has different properties than the properties of the individual raw materials.
- (b) Domestic preference.
- (1) This clause implements—
 - (i) Section 1605 of the American Recovery and Reinvestment Act of 2009 (Recovery Act) (Pub. L. 111-5), by requiring, unless an exception applies, that all iron, steel, and other manufactured goods used as construction material in the project are produced in the United States; and
 - (ii) The Buy American Act (41 U.S.C. 10a-10d) by providing a preference for unmanufactured domestic construction material.
 - (2) The Contractor shall use only domestic construction material in performing this contract, except as provided in paragraph (b)(3) and (b)(4) of this clause.
 - (3) This requirement does not apply to the construction material or components listed by the Government as follows: NONE
 - (4) The Contracting Officer may add other foreign construction material to the list in paragraph (b)(3) of this clause if the Government determines that—
 - (i) The cost of domestic construction material would be unreasonable.
 - (A) The cost of domestic iron, steel, or other manufactured goods used as construction material is unreasonable when the cumulative cost of such material will increase the cost of the contract by more than 25 percent;
 - (B) The cost of unmanufactured construction material is unreasonable when the cost of such material exceeds the cost of foreign material by more than 6 percent;
 - (ii) The construction material is not mined, produced, or manufactured in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or
 - (iii) The application of the restriction of section 1605 of the Recovery Act or the Buy American Act to a particular construction material would be inconsistent with the public interest.
- (c) Request for determination of inapplicability of Section 1605 of the Recovery Act or the Buy American Act.
- (1) (i) Any Contractor request to use foreign construction material in accordance with paragraph (b)(4) of this clause shall include adequate information for Government evaluation of the request, including—

- (A) A description of the foreign and domestic construction materials;
 - (B) Unit of measure;
 - (C) Quantity;
 - (D) Cost;
 - (E) Time of delivery or availability;
 - (F) Location of the construction project;
 - (G) Name and address of the proposed supplier; and
 - (H) A detailed justification of the reason for use of foreign construction materials cited in accordance with paragraph (b)(4) of this clause.
- (ii) A request based on unreasonable cost shall include a reasonable survey of the market and a completed cost comparison table in the format in paragraph (d) of this clause.
 - (iii) The cost of construction material shall include all delivery costs to the construction site and any applicable duty.
 - (iv) Any Contractor request for a determination submitted after contract award shall explain why the Contractor could not reasonably foresee the need for such determination and could not have requested the determination before contract award. If the Contractor does not submit a satisfactory explanation, the Contracting Officer need not make a determination.
- (2) If the Government determines after contract award that an exception to section 1605 of the Recovery Act or the Buy American Act applies and the Contracting Officer and the Contractor negotiate adequate consideration, the Contracting Officer will modify the contract to allow use of the foreign construction material. However, when the basis for the exception is the unreasonable cost of a domestic construction material, adequate consideration is not less than the differential established in paragraph (b)(4)(i) of this clause.
 - (3) Unless the Government determines that an exception to section 1605 of the Recovery Act or the Buy American Act applies, use of foreign construction material is noncompliant with section 1605 of the American Recovery and Reinvestment Act or the Buy American Act.
- (d) Data. To permit evaluation of requests under paragraph (c) of this clause based on unreasonable cost, the Contractor shall include the following information and any applicable supporting data based on the survey of suppliers:

Foreign and Domestic Construction Materials Cost Comparison

Construction material description	Unit of measure	Quantity	Cost (dollars) *
Item 1:			
Foreign construction material			
Domestic construction material			
Item 2			
Foreign construction material			
Domestic construction material			

[List name, address, telephone number, and contact for suppliers surveyed. Attach copy of response; if oral, attach summary.] [Include other applicable supporting information.]

[*Include all delivery costs to the construction site.]

(End of clause)

N. All other terms and conditions remain unchanged.

(End of Contract Modification A508)