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## **B Supplies or Services and Prices/Costs**

This Request for Proposal (RFP) is being issued by the Department of the Interior, Interior Business Center, Acquisition Services Directorate on behalf of the Department of Commerce, National Telecommunications and Information Administration (NTIA), First Responder Network Authority (FirstNet). This particular contract will provide for a single interoperable Nationwide Public Safety Broadband Network (NPSBN) as specified in Section C, Statement of Objectives (SOO), and the associated Section J attachments.

This competitive RFP is issued in accordance with Federal Acquisition Regulation Part 15 (Contracting by Negotiation). This is a full and open competition.

The Offeror shall furnish a comprehensive solution to meet the objectives as stated in the SOO and associated Section J attachments to include all personnel, materials, services, facilities, management, and other resources necessary to perform the objectives as set forth in the resultant contract. The comprehensive solution shall be described in a Performance Work Statement and Quality Assurance Surveillance Plan, see Section J, Attachment J-6, as a result of this RFP.

If interested in this acquisition, please participate in accordance with the instructions contained herein. Offerors will not be reimbursed for any costs incurred in developing their submission in response to this RFP.

The pricing structure for the Indefinite Delivery/Indefinite Quantity (IDIQ) contract will consist of the prices provided in the awarded pricing worksheets (see Section J, Attachment J-13, Pricing Template). The price structure is composed of two types of payments—payments to the Contractor and payments to FirstNet. Payments to the Contractor will draw down the budget authority described in Section B.4.1, Budget Authority. Payments to FirstNet will be supplied by the Contractor to ensure the ongoing financial sustainability of FirstNet, as described in Section B.4.4, FirstNet Operational Sustainability.

### **B.1 Price and Payment Redetermination**

Price redetermination may occur should the Contractor determine a price adjustment for unit prices of supplies or labor and materials stated in the contract may be necessary. In this scenario, the Contractor shall submit a written request to the Contracting Officer identifying the rationale and justification for any adjustment and/or redetermination. Should the Contracting Officer determine an adjustment is appropriate, any such adjustment will be accomplished in accordance with the Federal Acquisition Regulation (FAR) economic price adjustment clauses (FAR 52.216-2, Standard Supplies, and FAR 52.216-4, Labor and Material) and/or FAR 52.216-5, Price Redetermination – Prospective Clause, as appropriate.

Periodic redetermination of the payments to FirstNet may be considered in accordance with the guidance provided herein, subject to the contract ceiling established herein. In no event shall the total amount paid under this contract exceed any ceiling price included in the contract unless otherwise modified.

The total amount of payments to FirstNet shall be proposed for all 56 states and territories. Should a particular state notify FirstNet of its intention to undertake responsibility for the RAN deployment and

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operation pursuant to Section 6302 of the Middle Class Tax Relief and Job Creation Act of 2012 (the Act), it must fulfill several other statutory obligations before it may deploy the RAN. Specifically, these states are required to meet specific statutorily required approval criteria as adjudicated by the Federal Communications Commission (FCC) and NTIA, as well as negotiate the terms of and enter into a spectrum lease with FirstNet prior to gaining authority to deploy and operate the state RAN utilizing the spectrum licensed to FirstNet. Thereafter, states will also be required to comply with FirstNet, and as applicable, the Contractor's network policies.

In the event that a particular state or territory notifies FirstNet that it intends to exercise this right, the Contractor's total proposed payments to FirstNet will be accordingly adjusted downward (if positive values of the payments were proposed for that state/territory) or upward (if negative values of the payments were proposed for that state/territory). For example, if an Offeror had proposed a \$10 payment for State X, and State X notifies FirstNet that it intends to take responsibility for the deployment and operation of the RAN in its state, the Offeror's payments to FirstNet will be reduced by \$10.

In accordance with Section L, Instructions, Conditions, and Notices to Offerors or Respondents, Section L.3.3.1, General and Structural Requirements, Offerors shall submit option pricing for state RAN deployment and operation for each of the 56 states and territories that occurs after an initial state decision to assume its own RAN deployment and operation. The option pricing should reflect the Offeror's consideration that the decision was delayed and that pricing needs to be valid for a longer period of time.

## **B.2 Pricing Schedules and Task Orders**

The Offeror is to respond to the instructions contained in Section L, Instructions, Conditions, and Notices to Offerors or Respondents, for the IDIQ contract as well as any pricing instructions. For the IDIQ contract, the Offeror shall provide pricing for the life of the contract. Pursuant to Section L, Instructions, Conditions, and Notices to Offerors or Respondents, the Offeror shall propose pricing for each of the Day 1 task orders as specified in Section F, Deliverables and Performance, Section F.2, Term of the Contract and Task Orders. The Offeror shall utilize the pricing templates within Section J, Attachment J-13, Pricing Template, to submit pricing with their proposal. For proposal preparation and evaluation purposes, the Pricing Template includes the following dates:

- Estimated award date for the IDIQ contract and Day 1 task orders – November 1, 2016
- Estimated task order date for Initial FirstNet-Deployed RAN States – April 30, 2017
- Estimated task order date for Delayed FirstNet-deployed RANs – Up to and including June 19, 2019

These estimated dates may vary and the Offeror shall be expected to adhere to the price validation periods stated in Section A, Solicitation, Offer, and Award, and as stated herein.

### **B.2.1 Day 1 Task Orders**

The Government anticipates the Day 1 task orders issued as a result of this RFP will be Performance-Based-Service-type orders. Pricing should be provided for each of the Day 1 task orders identified below and submitted in accordance with the instructions contained in Section L, Instructions, Conditions, and

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Notices to Offerors or Respondents, and as reflected in the Pricing Template (Section J, Attachment J-13).

1. Delivery Mechanism for State Plans
2. State Plan Development and Refinement
3. NPSBN Functions

The CLINs that are related to payments to the Contractor shall be consistent with the Initial Operational Capability (IOC)/Final Operational Capability (FOC) milestones described in Section J, Attachment J-8, IOC/FOC Target Timeline.

#### **B.2.1.1 Task Order 1 – Delivery Mechanism for State Plans**

Under this task order, the Contractor shall develop a Web-based mechanism for delivering state plans that will allow FirstNet to publicly house its RAN deployment and operations plans for each of the 56 states and territories. Proposed payments to the Contractor associated with this task order should be included in the Section J, Attachment J-13, Pricing Template, Payments to Contractor tab. The objectives regarding the delivery mechanism for state plans are contained in Section J, Attachment J-18.

#### **B.2.1.2 Task Order 2 – State Plan Development and Refinement**

Under this task order, the Contractor shall provide support to FirstNet in its development and refinement of state plans for the deployment and operation of RANs in each of the 56 states and territories. Proposed payments to the Contractor associated with this task order should be included in Section J, Attachment J-13, Pricing Template, Payments to Contractor tab.

#### **B.2.1.3 Task Order 3 – NPSBN Functions**

The Contractor shall deploy, operate, and maintain the nationwide Core under this task order. Details regarding the Core design and operation are to be provided as noted in Section F, Deliverables and Performance, Section F.4.2.22, Core Network Design. Also, this task order encompasses activities described in the Products and Architecture and Business Management milestones detailed in Section J, Attachment J-8, IOC/FOC Target Timeline, for the entire period of performance (see Section F, Deliverables and Performance, Section F.2.1.3, NPSBN Functions). Disbursement of payments to the Contractor will be contingent upon acceptance, in accordance with and applicable to all IOC/FOC milestones. Proposed payments to the Contractor associated with this task order should be included in the Section J, Attachment J-13, Pricing Template, Payments to Contractor tab.

### **B.2.2 State and Territory Task Order(s) – Initial FirstNet-Deployed RAN States**

The Offeror's proposed solution and pricing approach shall include separable submissions for delivery of the NPSBN for each of the 56 states and territories that select a FirstNet-deployed RAN, pursuant to instructions contained in Section L, Instructions, Conditions, and Notices to Offerors or Respondents, and the Pricing Template (Section J, Attachment J-13). These submissions should encompass pricing as identified in Section L.3.3.3, Payments to FirstNet. The Government may issue these task orders within 120 calendar days of state plan delivery at the levels proposed by the Offeror. The Government reserves the right to issue a subsequent task order for each state or territory individually or a combination thereof. Under these task orders, the Contractor shall be required to make payments to FirstNet based on the aggregate of the positive and/or negative values (as identified in Section L,

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Instructions, Conditions, and Notices to Offerors or Respondents, Section L.3.3.3, Payments to FirstNet) associated with each state and territory.

### **B.2.3 State and Territory Task Order(s) – Delayed FirstNet-Deployed RANs**

The Offeror’s proposed solution and pricing approach shall include separable submissions, pursuant to instructions contained in Section L, Instructions, Conditions, and Notices to Offerors or Respondents, for delivery of the NPSBN for each of the 56 states and territories that will rely on FirstNet to deploy and operate the RAN. This pricing approach applies to states and territories that initially notified FirstNet of their intent to deploy and operate a state-deployed RAN, but do not fulfill their statutory obligations per the Act. The Government may issue these task orders within 900 calendar days of state plan delivery at the levels proposed by the Offeror. These submissions should encompass pricing as identified in Section L, Instructions, Conditions, and Notices to Offerors or Respondents, Section L.3.3.4, Delayed Payments to FirstNet. The Government reserves the right to issue a subsequent task order for each such state or territory individually or a combination thereof. Under these task orders, the Contractor shall be required to make payments to FirstNet based on the aggregate of the positive and/or negative values (as identified in Section L.3.3.4, Delayed Payments to FirstNet, and Section J, Attachment J-13, Pricing Template) associated with each state and territory.

### **B.2.4 Other Task Orders**

The Government reserves the right to issue subsequent task orders that are considered within the scope of the contract. For example, a subsequent task order or modified task order may be issued in the event that a state or territory is successful in assuming responsibility for deploying and operating its own RAN. In this scenario, the Government may make available applicable integration and Core operating fees, as negotiated between the Government and the Contractor, as authorized in the Act, and as executed in a subsequent task order award or modification.

## **B.3 North American Industry Classification System Code**

The following North American Industry Classification System (NAICS) code is the primary NAICS code applicable to this acquisition:

517210 Wireless Telecommunications Carriers, business size standard of 1,500 employees

## **B.4 Financial Resources and Capabilities**

The deployment, ongoing operations, and recapitalization of the NPSBN will require significant financial resources and capabilities. The \$6.5 billion budget authority—discussed further in Section B.4.1, Budget Authority, below—represents the maximum funding available that may be reduced depending on the number of states and territories that successfully deploy, operate, and maintain their own RAN.

FirstNet has several types of financial resources available, which are defined below.

### **B.4.1 Budget Authority**

Under provisions in the Act, FirstNet was provided an initial \$7 billion in budget authority. For proposal preparation purposes, the Offeror should assume FirstNet is contributing up to \$6.5 billion of allocated

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funding to the NPSBN obligated via the Day 1 and subsequent task orders. Funding contributions from FirstNet will only be payable upon acceptance of the IOC/FOC milestones (as described in Section J, Attachment J-8, IOC/FOC Target Timeline), as they correlate to the proposed solution.

#### **B.4.2 Public Safety Revenue**

FirstNet expects that the Contractor may charge fees associated with using the NPSBN to public safety end users. The Contractor will retain this revenue.

#### **B.4.3 Excess Network Capacity**

FirstNet is authorized under the Act to realize the value associated with the lease of network capacity that is unused by Public Safety Entities—i.e., excess network capacity—through the terms and conditions of this contract as defined in the Act (Covered Leasing Agreement) and interpreted in FirstNet’s public notices. As part of the pricing objective, and in addition to retaining revenue from public safety users using the NPSBN, the Contractor will also have access to, and the ability to derive revenue from, all excess network capacity from FirstNet-deployed RANs. This results in the ability of the Contractor to utilize all 20 MHz of Band 14 spectrum under FirstNet’s license in order to derive revenue that may be retained by the Contractor. Should a state or territory successfully assume responsibility for deploying and operating its own RAN, the Contractor may not receive access to the network capacity value for that state or territory through this contract.

#### **B.4.4 FirstNet Operational Sustainability**

FirstNet must be sustainable on an ongoing basis and in any given Government fiscal year (FY) pursuant to the Act and other applicable statutes. To achieve this, the Offeror shall propose payments to FirstNet as described in Section B.2.2, State and Territory Task Order(s) – Initial FirstNet-Deployed RAN States, and Section B.2.3, State and Territory Task Order(s) – Delayed FirstNet-Deployed RANs, that are equal to, or in excess of, minimum payments for FirstNet’s operational sustainability. The Offeror should assume the minimum payment threshold (Table 1 FirstNet Minimum Payment Thresholds) and actual payments will be adjusted up to 900 days when completing the Delayed Payments to FirstNet portion of the Pricing Template (Section J, Attachment J-13). Payments to FirstNet will begin when FirstNet awards the state and territory Delayed FirstNet-Deployed RANs subsequent task order(s).

The FirstNet minimum payments—detailed in Table 1 FirstNet Minimum Payment Thresholds below—represent estimated costs that FirstNet expects it may incur over the life of the contract. This estimate includes base operating and general administrative costs, including required personnel associated with the currently contemplated Operational Architecture as set forth in Section J, Attachment J-7, as well as costs for establishing a network re-investment reserve fund, supporting recapitalization of the network, acquisition support and planning, and other authorized purposes under the Act and applicable laws. FirstNet has phased the yearly profile of the FirstNet minimum payment thresholds taking into account the Contractor’s anticipated ramp-up in the deployment and operations of the NPSBN to help ensure the minimum necessary to maintain initial FirstNet sustainability in accordance with current operating assumptions, while also reducing the financial burden on the Contractor during initial deployment of the network. Any revenue FirstNet generates from the required payments hereunder will be reinvested into the construction, maintenance, operation, or other improvements to the network per Section 6208 of the Act. The Offeror shall propose these payments in accordance with the

instructions provided in Section L, Instructions, Conditions, and Notices to Offerors or Respondents. The Offeror may propose payments above these minimum payment thresholds.

**Table 1 FirstNet Minimum Payment Thresholds**

Contract Year	Payment
1	\$80,000,000
2	\$80,000,000
3	\$80,000,000
4	\$80,000,000
5	\$80,000,000
6	\$130,000,000
7	\$130,000,000
8	\$130,000,000
9	\$130,000,000
10	\$130,000,000
11	\$205,000,000
12	\$205,000,000
13	\$205,000,000
14	\$205,000,000
15	\$205,000,000
16	\$305,000,000
17	\$305,000,000
18	\$305,000,000
19	\$305,000,000
20	\$305,000,000
21	\$305,000,000
22	\$430,000,000
23	\$430,000,000
24	\$430,000,000
25	\$430,000,000

**B.4.5 Adjustment to Proposed Payments to the Contractor for State RAN Provision**

Pursuant to Section 6302 of the Act, states and territories may choose to undertake the responsibility for deploying, operating, and maintaining the RAN within the state or territory. In addition, NTIA is authorized to administer a RAN construction grant program for states and territories if any state or territory assumes responsibility for its own RAN deployment and operation and applies for a grant. In the event that a state or territory elects to pursue responsibility for deploying and operating its own RAN, the payments from FirstNet to the Contractor, as proposed by the Offeror in the relevant pricing worksheets (see Section J, Attachment J-13, Pricing Template), will be adjusted downward for each state or territory that notifies FirstNet that it intends to deploy its own RAN. For example, if an Offeror had proposed a \$10 payment to the Contractor for State 2, and State 2 notifies FirstNet that it intends to take responsibility for the deployment and operation of the RAN in its state, FirstNet’s payments to the contractor will be reduced by \$10.

The amount of funding between FirstNet and the NTIA grant program authorized in Section 6302 of the Act for those states or territories that take on RAN responsibility will be determined after award. The portion of the funding ultimately determined to be necessary for the grant program under Section 6302

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will be deducted from the overall amount of cash available to the Contractor and may be informed by the Offeror's proposal as detailed in the Payments to Contractor worksheet in the Pricing Template (Section J, Attachment J-13). NTIA has informed FirstNet that it intends to review several factors as part of its potential grant program, which may include cost and value information compared to the FirstNet state plans, and final grant funding in any given state or territory may be lower than RAN-related build costs as proposed by the Offeror.

## **B.5 Other Task Order Costs**

Other costs associated with subsequent task orders, not identified herein, shall be task-order-dependent. The price(s) charged to the Government for such item(s) or service(s) shall be procured in accordance with all required laws and regulations. The Contractor shall seek competitive bids or use other means to support price reasonability for all lots of equipment, supplies, and/or services exceeding the micro-purchase threshold, as identified in the FAR 2.1, Definitions, which are acquired under this contract.

## **B.6 Contract Minimum and Maximum Thresholds**

During the life of this contract, the Government is not obligated to purchase services above the guaranteed minimum for the entire period of performance for this IDIQ, which is \$150 million.

The contract ceiling for the entire period of performance for this IDIQ is \$100 billion.