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ACDA:PCORDENACDA/MA:PCORDEN  
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OSD:ENAWROCKI  
DOE:DDONNELLY/JWOLCOTT  
PM/SPN:WMENOLD  
EUR:DCAGAN+

B3

IMMEDIATE UNVIE VIENNA

ROUTINE GENEVA, USUN NEW YORK, LONDON

UNVIE FOR CTBT; GENEVA FOR CD

E.O. 12958: N/A

TAGS: PARM, KTBT, CDG, UNGA

SUBJECT: CTBT:PCG-69: PREPCOM GUIDANCE NO.69: ACTION ON  
FUNDING FOR HYDROACOUSTIC STATION HA08REFS: A) UNVIE VIENNA 07377 (PC-156)  
B) UNVIE VIENNA 07414 (PC-157)  
C) DRAFT LETTER FROM PTS TO AMBASSADOR RITCH, DATED DECEMBER 16, 1998

1. THIS CABLE PROVIDES GUIDANCE FOR THE CTBT DELEGATION, INCLUDING THOSE TRAVELING TO THE PTS IN VIENNA DURING THE WEEK OF JANUARY 4, 1999, TO FINALIZE ARRANGEMENTS BETWEEN THE PTS AND SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC) REGARDING WORK ON HYDROACOUSTIC STATION HA08, DIEGO GARCIA, WHICH WILL RUN CONCURRENTLY WITH THE CONTRACT BETWEEN SAIC AND THE AIR FORCE TECHNICAL APPLICATIONS CENTER (AFTAC)/SPACE AND NAVAL WARFARE SYSTEMS COMMAND (SPAWAR) AT HA08.

2. WASHINGTON HAS REVIEWED THE PLAN OF ACTION DESCRIBED IN REF B, THE PROPOSED PLAN OF WORK SUBMITTED BY THE PTS (REF C), AND THE POINTS EXPRESSED IN REFS A AND B, AND

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AFTER LEGAL AND POLICY REVIEW, PROPOSES THE FOLLOWING COURSE OF ACTION. OUR LEGAL COUNSEL, BOTH IN ACDA AND STATE, OPPOSE ANY FORMAL EXCHANGE OF LETTERS BETWEEN THE AMBASSADOR OR THE ALTREP AND THE PTS REGARDING THIS MATTER. THEREFORE, WASHINGTON PROPOSES THAT THE PTS AND SAIC ENTER INTO A DIRECT CONTRACT COVERING THE WORK DESCRIBED IN THE ECP WITH OVERALL PROGRAM MANAGEMENT AND CONTROL OF THE TWO CONCURRENT PROJECTS REMAINING WITH AFTAC. WITH RESPECT TO FUNDING, THE PTS PLAN TO TRANSFER CONTRACT FUNDS DIRECTLY TO ACDA, WITH SUBSEQUENT RETRANSFER TO AFTAC FOR PAYMENT TO SAIC, IS ACCEPTABLE. THE PROPOSED DATES OF JAN 15 AND MAR 15 FOR THE TRANSFER OF FUNDS FROM THE PTS TO ACDA ARE ALSO ACCEPTABLE.

3. DEL IS INSTRUCTED TO FACILITATE NEGOTIATION BETWEEN THE PTS AND SAIC, IN ORDER TO ARRIVE AT A WRITTEN AGREEMENT SUBSTANTIALLY SIMILAR TO THAT IN PARAGRAPH 4 BELOW. IF NECESSARY, DEL IS AUTHORIZED TO DRAW UPON THE ORIGINAL CONTRACT (CONTRACT NO. N00039-98-C-0076 BETWEEN THE SPACE AND NAVAL WARFARE SYSTEMS COMMAND AND SCIENCE APPLICATIONS INTERNATIONAL CORPORATION) AND, WITH RESPECT TO EQUIPMENT OWNERSHIP AND RESPONSIBILITIES FOR STATION OPERATION, THE DRAFT EXCHANGE OF LETTERS BETWEEN THE U.K. AND THE U.S. REGARDING THE ESTABLISHMENT AND OPERATION OF THE HYDROACOUSTIC STATION AT BIOT/DIEGO GARCIA FOR ANY ADDITIONAL PROVISIONS NEEDED TO FINALIZE THE AGREEMENT.

4. PROPOSED TEXT OF AGREEMENT BETWEEN THE PTS AND SAIC:

AGREEMENT  
REGARDING THE HYDROACOUSTIC STATION (HA08)  
AT BIOT/CHAGOS ARCHIPELAGO (DIEGO GARCIA)

1. STATEMENT OF WORK

THIS AGREEMENT IS BETWEEN SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (HEREINAFTER REFERRED TO AS "SAIC") AND THE PROVISIONAL TECHNICAL SECRETARIAT OF THE PREPARATORY COMMISSION FOR THE COMPREHENSIVE NUCLEAR TEST-BAN ORGANIZATION (THE "PTS"), HEREINAFTER REFERRED TO AS "THE PARTIES". THIS AGREEMENT PROVIDES THAT ADDITIONAL WORK, AS DESCRIBED BELOW, SHALL BE PERFORMED CONCURRENT WITH THE WORK PROVIDED FOR IN THE FOLLOWING EXISTING U.S. GOVERNMENT CONTRACT: CONTRACT NO. N00039-98-C-0076 BETWEEN THE SPACE AND NAVAL WARFARE SYSTEMS COMMAND (HEREINAFTER REFERRED TO AS "SPAWAR") AND SAIC, HEREINAFTER REFERRED TO AS "THE ORIGINAL CONTRACT."

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THE PARTIES AGREE THAT SAIC SHALL PERFORM THE WORK DESCRIBED IN AN ENGINEERING CHANGE PROPOSAL TO THE ORIGINAL CONTRACT REGARDING "ENGINEERING CHANGE FOR AN ALTERNATE ARRAY CONFIGURATION NUMBER 01 0628-71-0990-018" (HEREINAFTER REFERRED TO AS "ECP"), A COPY OF WHICH IS ATTACHED HERETO AS ANNEX A. THE ECP HAS BEEN REVIEWED BY THE PTS AND HAS BEEN FOUND TO MEET THE GENERAL TECHNICAL REQUIREMENTS OF THE PTS FOR THE DESIGN AND SUPPLY AS WELL AS THE INTEGRATION AND INSTALLATION, TESTING AND INSPECTION OF THE TWO SETS OF THREE VERTICAL RISER HYDROPHONE CONFIGURATIONS FOR THE HYDROACOUSTIC STATION (HA08) HDAS AT BIOT/CHAGOS ARCHIPELAGO (DIEGO GARCIA), AS REQUIRED BY THE 1999 WORK PROGRAMME OF THE PTS.

THE PTS IS PREPARED TO FUND THIS AGREEMENT TO GIVE EFFECT TO THE ABOVE-MENTIONED ECP. THE WORK SHALL BE COMMENCED UPON COMPLETION OF THIS AGREEMENT AND THE WORK SHALL BE COMPLETED ACCORDING TO THE INTEGRATED MANAGEMENT PLAN CONTAINED IN THE ECP.

## 2. PROGRAM MANAGEMENT.

THE PARTIES UNDERSTAND THAT, DUE TO THE NATURE OF THIS AGREEMENT, THERE MUST BE ONE PROGRAM MANAGER WITH OVERALL RESPONSIBILITY FOR BOTH THE ORIGINAL CONTRACT AND THIS AGREEMENT. THEREFORE, THE PARTIES AGREE THAT, EXCEPT AS PROVIDED IN PARAGRAPHS 6 AND 9 BELOW, THE AIR FORCE TECHNICAL APPLICATIONS CENTER ("AFTAC") SHALL SERVE AS PROGRAM MANAGER WITH RESPECT TO THE ORIGINAL CONTRACT AND THE WORK TO BE PERFORMED UNDER THIS AGREEMENT.

## 3. WARRANTIES

THE SAME WARRANTIES AS STATED IN THE ORIGINAL CONTRACT SHALL APPLY TO THE WORKMANSHIP, DESIGN AND MATERIALS SUPPLIED UNDER THIS AGREEMENT. A CONCISE STATEMENT OF THE APPLICABLE WARRANTIES SHALL BE PROVIDED BY SAIC TO THE PTS.

## 4. INDEMNIFICATION AND LIABILITIES

SAIC SHALL HAVE THE STATUS OF AN INDEPENDENT CONTRACTOR AND THE PTS SHALL NOT BE LIABLE FOR CLAIMS OF ANY KIND WHATSOEVER ARISING IN CONNECTION WITH, OR AS A RESULT OF, THE DELIVERY BY SAIC OF THE EQUIPMENT OR THE PERFORMANCE BY SAIC OF THE WORK REQUIRED UNDER THIS AGREEMENT, INCLUDING CLAIMS FOR WORKMEN'S COMPENSATION.

AND CONCLUSION  
of US/UK  
BILATERAL  
agreement?

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## 5. REPORTS ON PROGRESS OF WORK AND ACCOUNTABILITY BY THE PTS

THE PTS SHALL PROMPTLY RECEIVE PROGRESS OF WORK REPORTS WHICH ARE REQUIRED BY THE ECP MANAGEMENT PLAN (ANNEX A), AND THE ORIGINAL CONTRACT.

## 6. TERMS OF PAYMENT

THE PTS SHALL TRANSFER BY CHECK TO THE U.S. ARMS CONTROL AND DISARMAMENT AGENCY (U.S. ACDA) THE FIXED SUM OF US\$ ONE MILLION FIVE HUNDRED AND SEVENTY-FIVE THOUSAND, FIVE HUNDRED AND FIFTY-THREE (\$1,575,553) FOR THE FULL AND PROPER PERFORMANCE OF THE ECP NUMBER 01 0628-71-0990-018 (ANNEX A). THIS SUM SHALL COVER ALL EXPENSES INCURRED. U.S. ACDA WILL TRANSFER ALL FUNDS RECEIVED FROM THE PTS TO AFTAC.

THE PTS SHALL APPROVE INSTALLMENT PAYMENTS TO SAIC WITHOUT DELAY UPON RECEIPT AND ACCEPTANCE BY THE PTS OF THE REPORTS AND REQUIRED DOCUMENTATION AT THE FOLLOWING STAGES STATED IN THE ECP:

A) UPON COMPLETION OF PRELIMINARY DESIGN REVIEW,	
THE SUM OF	US\$
799,552	
B) UPON COMPLETION OF HDAS TESTING,	
THE SUM OF	US\$
515,448	
C) UPON COMPLETION OF INSTALLATION OF HDAS	
THE SUM OF	US\$
260,553	
TOTAL SUM	US\$1,575,553

NO INSTALLMENT PAYMENT SHALL BE APPROVED BY THE PTS, UNLESS THE REPORTS SUBMITTED BY SAIC AND/OR OTHER INFORMATION AVAILABLE TO THE PTS, CONFIRM THAT SATISFACTORY PROGRESS HAS BEEN ACHIEVED IN THE PERFORMANCE OF THE WORK UNDER THIS AGREEMENT.

THE PTS SHALL NOT BE LIABLE FOR ANY WORK, MATERIALS OR EQUIPMENT, OR PERFORMANCE OF ANY SERVICES WHICH MAY RESULT IN ANY CHARGES TO THE PTS OVER AND ABOVE THE SAID SUM OF US \$ ONE MILLION FIVE HUNDRED AND SEVENTY FIVE THOUSAND, FIVE HUNDRED AND FIFTY-THREE (\$1,575,553.00).

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## 7. TAX

SAIC SHALL FURNISH THE PTS WITH A BREAKDOWN OF THE COSTS WHICH MAKE UP THIS FIXED SUM AND IDENTIFY THE NATURE AND AMOUNT OF ANY APPLICABLE DIRECT OR INDIRECT TAX, ASSESSMENT, FEE, DUTY, LIEN OR CHARGE. ANY SUCH TAX SHALL BE SEPARATELY INVOICED AND SUBMITTED TO THE PTS AS PROOF OF PAYMENT.

THE TERMS OF THE ARRANGEMENT SET OUT IN THIS LETTER SHALL BE WITHOUT PREJUDICE TO ANY DECISION BY THE COMMISSION, OR ANY BILATERAL AGREEMENT BETWEEN THE COMMISSION AND ANY MEMBER STATE, ON PRIVILEGES AND IMMUNITIES IN GENERAL OR FISCAL IMMUNITIES IN PARTICULAR.

## 8. PTS PARTICIPATION IN MEETINGS AND PROGRAM REVIEWS

PTS REPRESENTATIVES WILL BE INVITED TO ATTEND AND PARTICIPATE IN MEETINGS CONDUCTED PURSUANT TO THE ORIGINAL CONTRACT, SUCH AS QUARTERLY PROGRAM REVIEWS, PRELIMINARY DESIGN REVIEW, CRITICAL DESIGN REVIEW, TEST READINESS REVIEW, FUNCTIONAL CONFIGURATION AUDIT, AND PHYSICAL CONFIGURATION AUDIT, AND ANY OTHER MEETINGS AS AGREED BETWEEN AFTAC AND THE PTS.

## 9. INSPECTION AND ACCEPTANCE

REPRESENTATIVES OF THE PTS SHALL BE INVITED TO INSPECTIONS AND ACCEPTANCE TESTS CONCERNING THE WORK DONE UNDER THIS AGREEMENT. FOR PURPOSES OF THE PAYMENT OF PTS FUNDS TO SAIC UNDER THIS AGREEMENT, THE PTS SHALL APPROVE INSPECTIONS AND ACCEPTANCE TESTS PROVIDED THE RESULTS MEET PTS REQUIREMENTS. THE PARTIES UNDERSTAND THAT FOR ALL OTHER PURPOSES, EXCEPT THOSE IN PARAGRAPH 6 ABOVE, OVERALL PROGRAM MANAGEMENT OF BOTH THE ORIGINAL CONTRACT AND THIS AGREEMENT IS WITH AFTAC.

## 10. SETTLEMENT OF DISPUTES

IN THE CASE OF ANY DISAGREEMENT OR DISPUTE ARISING AS A RESULT OF THIS AGREEMENT, THE PARTIES AGREE THAT THE PTS AND AFTAC SHALL CONSULT IN ORDER TO RESOLVE THE DISAGREEMENT OR DISPUTE.

END TEXT.

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