

Section B – Services and Pricing Highlights

1. Pricing

FirstNet provides, in Section B of the RFP, a description of the pricing structure for the contract to build the NPSBN. FirstNet describes the contract as an “Indefinite Delivery/Indefinite Quantity” (IDIQ) contract, whereby the offeror provides proposed pricing for the entire term of the agreement in detailed pricing worksheets.

The price structure is composed of two types of payments—(1) payments to the Contractor; and (2) payments to FirstNet.

Payments to Contractor. Payments to the contractor will draw down the remaining \$6.5 Billion provided by Congress under the Act. Proposals shall propose pricing for the contractor’s completion of a variety of “Task Orders,” described below. In addition to these payments, the contractor may retain all revenue it collects from other sources, including “Public Safety Revenue,” the fees the contractor charges to public safety agencies associated with using the NPSBN, and “Excess Network Capacity Revenue,” any revenue contractor derives from the network capacity that is unused by public safety. So while the contractor is required to build a wireless broadband network to meet public-safety needs and offer services to public safety users, the contractor may also generate revenue by leasing spectrum or by selling services to commercial users who would access the system on a secondary basis.

Payments to FirstNet. In return, the contractor must make annual payments to FirstNet to ensure “FirstNet Operational Sustainability.” FirstNet must be sustainable on an ongoing basis in any given fiscal year (FY) pursuant to the Act. To achieve this, FirstNet proposes the following:

The Offeror shall propose payments to FirstNet . . . that are equal to, or in excess of, minimum payments for FirstNet’s operational sustainability.

The FirstNet minimum payments—detailed in *Table 1 FirstNet Minimum Payment Thresholds*—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 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 minimum payments 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, while also reducing the financial burden on the Contractor during initial deployment of the network.

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

As this table indicates, contractor is expected to pay FirstNet a total of \$5.625 billion over the 25-year life of the contract. FirstNet must reinvest any revenues generated from the required payments into the construction, maintenance, operation, or other improvements to the network. The Offeror may propose payments above these minimum payment thresholds.

2. Service Task Orders

In its proposal, the offeror shall propose pricing for the life of the contract, for each of three “Day 1 task orders.” These task orders are described as follows:

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.

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.

Task Order 3 – NPSBN Core Functions. The contractor shall deploy, operate, and maintain the nationwide Core under this task order. Also, this task order encompasses activities for the entire period of performance. Disbursement of payments to the contractor will be contingent upon acceptance, in accordance with and applicable to all specified milestones.

State and Territory Task Order(s) – Initial FirstNet-Deployed RAN States. The Offeror’s proposed solution and pricing approach shall also include separable submissions for delivery of the NPSBN for each of the 56 states and territories that select a FirstNet-deployed RAN. 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.

FirstNet will not issue Contractor task orders for States that opt-out of the FirstNet plan and build their own Radio Access Network (RAN). Likewise, the Contractor will not receive Public Safety Revenue or Excess Network Capacity Revenue from any states that opt-out.