



**Transportation
Security
Administration**

**ELECTRONIC BAGGAGE SCREENING PROGRAM TSA
FUNDING OF CHECKED BAGGAGE INSPECTION SYSTEM
PROJECTS COSTS VERSION 4.0**

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Section A. Introduction

49 U.S.C. §44923 authorizes the Transportation Security Administration (TSA) to make other transaction agreements with Project Sponsors for:

1. Projects to replace baggage conveyer systems related to aviation security;
2. Projects to reconfigure terminal baggage areas as needed to install explosive detection systems;
3. Projects to enable the Under Secretary to deploy explosive detection systems behind the ticket counter, in the baggage sorting area, or in line with the baggage handling system; and
4. Other airport security capital improvement projects.

TSA utilizes Other Transaction Agreements (OTAs) as funding instruments to reimburse Project Sponsors for eligible aviation security projects. Project Sponsors may obtain any additional information, guidance, and applications for funding at TSA's [Baggage Screening web page](#).

Acquisition Program Management (APM) within TSA is responsible for managing the Electronic Baggage Screening Program (EBSP). EBSP's mission is to satisfy the requirements of the Aviation and Transportation Security Act (ATSA, Pub.L. 107–71 November 19, 2001). ATSA requires that all checked baggage be screened using explosive detection technology. EBSP's mission is to deploy and maintain screening technology in support of ATSA requirements.

EBSP develops an annual spend plan by prioritizing and then selecting aviation security improvement projects that meet the Program's mission. EBSP selects projects that will achieve the maximum increase in security capability within the funding appropriations set by Congress.

The Planning Guidelines and Design Standards (PGDS) for Checked Baggage Inspection Systems (CBIS) details TSA's requirements and documented best practices for implementing a high performance and cost-effective CBIS. The PGDS is available on [SAM.gov](#).

TSA is not a party to the contracts a Project Sponsor executes with third parties in support of a TSA CBIS project. The Project Sponsor (including its appropriate procurement authority) is the responsible contractual authority for establishing and administering the contract agreements. The Project Sponsor is responsible for all contractual matters, including evaluation and award of contract, resolution of claims and disputes, and settlement of litigation issues regarding the satisfaction of all contractual and administrative issues arising from procurements entered into in support of a TSA CBIS project, without recourse to TSA. This includes, but is not limited to, disputes, claims, protests of award, source evaluation, or other matters of a contractual nature.

Section B. CBIS Project and Funding Application Eligibility

Design and Facility Modification OTA Applications are the primary vehicles through which TSA invites communication from a Project Sponsor regarding project needs and funding requests, thereby providing a controlled manner for a Project Sponsor to submit funding

requests. This process allows for proper tracking and handling of funding requests and subsequent communications between TSA and the Project Sponsor.

The Project Sponsor should be aware of the following while making an OTA application submission:

- TSA will accept all OTA applications on a continuous basis at CBTPPlanning@tsa.dhs.gov.
- The initial requirement for applying for a CBIS project is for the Federal Security Director (FSD) to acquire a Requirements Management Advisory Group (ReMAG) number prior to the Project Sponsor submitting the current In-line Support Application Form through the FSD.

The Project Sponsor is strongly encouraged to coordinate with local and headquarters TSA entities via TSA Project Coordinators as early as possible when CBIS projects are being considered and conceptually planned. Early notification assists TSA in justifying and budgeting federal funding for the EBSP. Similarly, TSA Project Coordinators will also notify airports as early as possible when a TSA-initiated project is being forecasted or considered at their location.

Projects types are typically categorized as:

1. **New In-line** – A new in-line project creates a fully integrated baggage screening system that is built without needing to modify an existing in-line CBIS. New in-line projects are generally at greenfield sites (a new terminal, a newly created CBIS within an existing terminal, etc.) or can occur when an existing system is completely removed and replaced. For a new in-line system to be eligible for TSA funding, it must not replace an existing full in-line system (previous screening for the airport must have been via stand-alone EDS, semi-integrated EDS, mini-inline EDS, or primary ETD equipment). New fully integrated In-line projects with sufficient baggage demand are generally eligible for TSA funding. New mini-inline projects are not eligible for TSA funding.
2. **Recapitalization** – Recapitalization projects are TSA-initiated projects that replace existing screening equipment due to technical obsolescence. The scope of a recapitalization project is limited to only those actions necessary to replace existing screening equipment while maintaining existing capabilities and is defined by TSA in advance. Any additional work that an airport would like to conduct beyond the recapitalization scope is considered optimization activity. Recapitalization projects are generally eligible for TSA funding.
3. **Optimization** – Optimization projects are airport-initiated modifications to an existing CBIS for any reason other than screening equipment recapitalization. Optimization projects or activities are generally not eligible for TSA funding.
4. **PGDS Upgrades** – PGDS Upgrade projects are TSA-initiated efforts to close gaps between existing system capabilities and current PGDS requirements. PGDS Upgrade projects are generally eligible for TSA funding.
5. **Expansion** – Expansion projects are limited to efforts that add screening equipment to an existing in-line system. These projects are generally not eligible for TSA funding.

A Project Sponsor may apply for design project funding prior to the start of any design engineering. For projects in which the Project Sponsor has already completed a portion of the project design without funding from TSA, the Project Sponsor may apply for funding of the remaining design costs.

While not needed for the initial application, the Project Sponsor must submit a quote from their designer, including all allowable costs for the design effort, in order for TSA to make a final determination regarding funding for a Design OTA. Similarly, for a facility modification OTA, the Project Sponsor must have obtained bids, determined the prospective winning bidder, and provided bid information to TSA before TSA will make a final decision regarding funding.

Any project costs incurred by the Project Sponsor prior to receiving a fully executed OTA from TSA are ineligible for reimbursement. As every project is unique, the Project Sponsor must be cognizant of the terms and conditions associated with their respective OTA in order to ensure that potential costs meet the requirements for reimbursement.

The Project Sponsor is strongly encouraged to submit their application for Facility Modification project funding early in design; TSA recommends that this be coordinated between the Project Sponsor and TSA as part of the design process. TSA will not proceed towards finalizing a Facility Modification OTA until the 100% Design Phase has been successfully completed, bids are obtained and provided, a winning bid is chosen, and TSA conducts its own internal cost analysis.

TSA will retain a certain percentage of invoiced amounts until certain project milestones are completed. The OTA will provide specific milestones and the percentages to be retained. If a Project Sponsor's system is required to repeat integrated site acceptance testing (ISAT), this may impact retainage.

Section C. Allowable, Allocable and Reasonable Costs

Cost share is dependent on the project category and hub type, and it will be stipulated in the OTA. Project costs may be eligible for inclusion in a Facility Modification OTA if they:

1. Are essential to the checked baggage inspection system solution and not otherwise excluded
2. Are allowable, in that they conform to the terms and conditions of the OTA to include all legal references listed in this policy and the OTA;
3. Are allocable, in that they directly attributed to only the TSA CBIS project – a project cost must be chargeable to a TSA project objective necessary for the operation of the CBIS;
4. Are reasonable in their nature and amount, and do not exceed that which would be incurred by a prudent person in the conduct of competitive business. (See generally: Federal Acquisition Regulations Subpart 31.2, Contracts with Commercial Organizations, for further guidance.);
5. Are also considered allowable, allocable, and reasonable according to OMB Circular A-87, or OMB Circular A-122 depending on the Project Sponsor's business structure.

The Project Sponsor must also review project costs to ensure conflicts do not exist with any additional federal grants that the Project Sponsor has or intends to accept. In some instances, Federal Aviation Administration grants may preclude the reimbursement of TSA project costs, and vice versa. The Project Sponsor should consult their legal counsel and the appropriate federal agencies for guidance.

Typical Costs for TSA Checked Baggage Inspection System Projects

C.1 Allowable Design Costs

1. TSA will only reimburse design fees that can be directly apportioned to the TSA “allocable” portion of the CBIS project.
2. TSA will reimburse for reasonable project management costs associated with the design portion of a CBIS project.
3. TSA will reimburse for reasonable bid support costs associated with the construction portion of a CBIS project.

C.2 Allowable Construction Costs

1. Basic interior construction and fit out is considered an allocable cost and must be limited to areas directly supporting the baggage screening operation to include CBIS areas, including the CBRA areas and OSR room(s). Costs in excess of basic finishes are not allowable.

Interior construction is defined as:

- Interior wall construction as a result of space reconfiguration(s) to accommodate and support TSA screening operations
- Installation of electrical and communications systems, including:
 - Circuit panels
 - Telephone or communication junctions
 - Transformers and other electrical components required to support TSA
- Installation of heating ventilation and air conditioning (HVAC) of spaces to support EDS machine operation, the OSR room, the CBRA, and other areas that will be staffed by TSA field personnel. The exact extent of the HVAC cost that will be considered eligible for TSA reimbursement is assessed on a case-by-case basis.
- Installation of uninterruptable power supply (UPS) to support EDS machine operation.
- Sprinkler systems and alarms as required by local fire and safety codes
- Insulation, drywall, acoustical ceiling tiles, and sound baffles associated specifically with the CBRA and/or OSR room noise attenuation

- Interior construction in support of Occupational Safety and Health Administration (OSHA) requirements for spaces inhabited by Transportation Security Officers
 - Floor reinforcement in the CBIS, including CBRA and OSR areas to meet structural load requirements if applicable
2. Demolition and site preparation of the existing conditions to support EDS installation, CBRA and OSR construction.
 3. Basic lighting, fixtures, switching, and appurtenances in CBIS areas, including the CBRA, and the OSR room that meet current minimum National Electrical Code, International Building Code, and OSHA requirements for lighting (lumen per square foot) for office space and to support allocable computers, conditioning units, printers, and other ancillary equipment. If allocable to the CBIS, OSR room, or CBRA, the costs for the following may be eligible for reimbursement:
 - New power drops
 - Associated transformers
 - Electrical panels or subpanels
 - Communication and network wiring
 - Network and/or communications exchanges
 4. Basic furnishings within the CBRA and OSR room only, such as adjustable height work stations, chairs, non-powered gravity rollers or other “no-lift” devices.
 5. Conveyor within the Secure Tracking Zone (STZ), generally defined as the portion of the BHS beginning at the pre-EDS automated tag reader (ATR) and ending the downstream clear line(s). This is limited to conveyor from the ATR to the EDS shunts (if there is an upstream ATR), the EDS shunts to and from the EDS, the OSR line, the CBRA line, the reinsert line, and all diverters/merges required for baggage screening.
 6. The costs of design or construction of dual mainlines feeding the CBIS are allowable only if the rated throughput of the CBIS exceeds the capacity of a single mainline. The costs of dual mainlines for the purpose of redundancy, in systems where a single mainline has sufficient capacity to feed the CBIS at its rated throughput, are not allowable.
 7. ATRs are allowable by TSA if they are:
 - Installed pre-EDS and used to support bag tracking in a security zone (see Figure 1), or;
 - Installed post-CBIS, only when the existing BHS is decentralized and the ATR is required for sortation from a centralized CBIS to the existing bag make-up units (see Figure 2).

Eligibility and the exact amount of allocable cost will be determined on a case-by-case basis. ATRs post-CBIS are non-allowable where the existing BHS is already centralized and requires bag sortation. Figures 1 and 2 show high-level block diagrams exemplifying allowable ATRs in centralized and de-centralized sortation configurations.

Figure 1: Diagram of Allowable ATRs (Centralized Sortation)

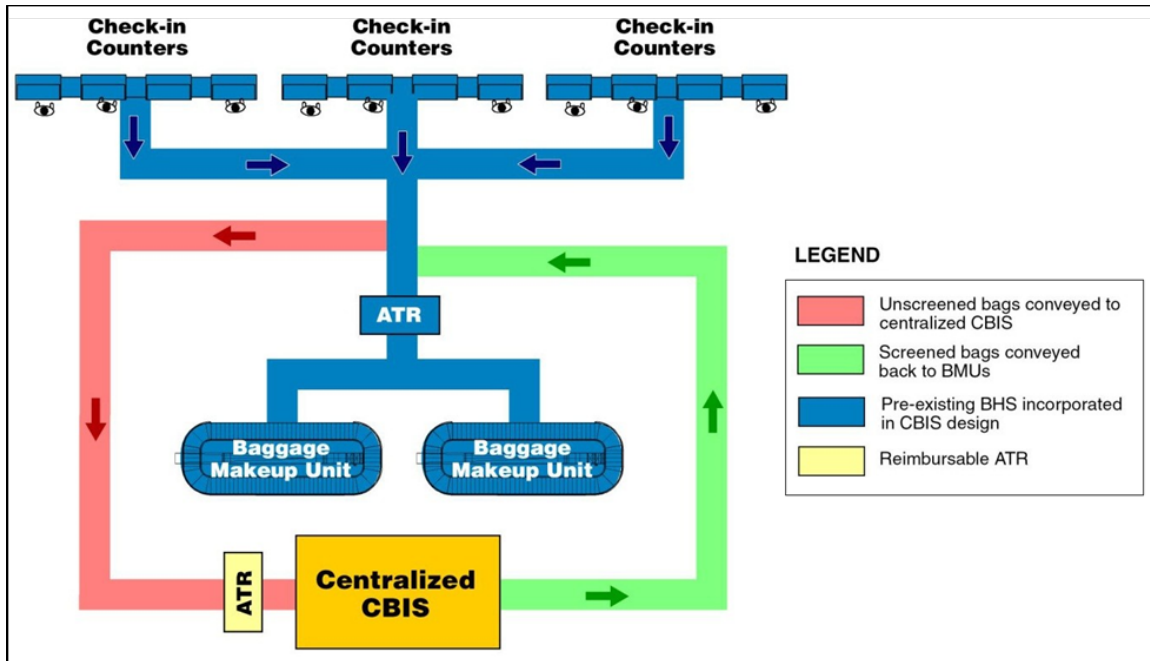
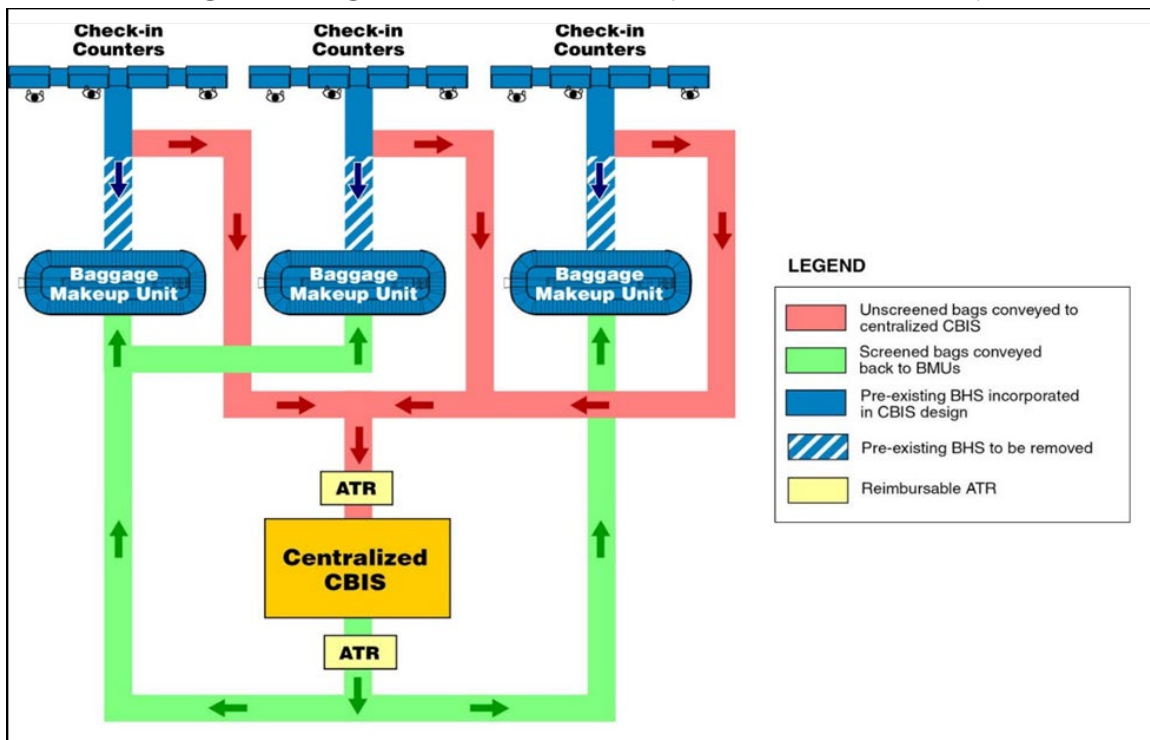


Figure 2: Diagram of Allowable ATRs (Decentralized Sortation)



8. Sortation cost may be considered allocable for existing decentralized systems where bags from multiple ticket counter inputs are screened in a common matrix and sorted back to the original delivery system (see Figure 2). Conveyor sections required to intercept bags on original delivery lines, deliver to CBIS, and return back to the original conveyance

will be considered for reimbursement. TSA will not reimburse for a host Baggage Sortation Message to a sort controller for the purpose of individual air carrier sort functions.

9. Telephone, radio, intercom, airport-only cellular phones, or other voice communications may be considered if essential for TSA CBIS, including CBRA and OSR operations.
10. Closed Circuit Television at the following locations:
 - The divert point going into the EDS shunt
 - The EDS entrance
 - The EDS exit
 - The machine clear bag divert point
 - The point where the OSR line merges into the mainline
 - Last chance divert point
 - OSR Room
 - CBRA Room
11. BHS monitors in the OSR room and/or in the CBRA.
12. Programmable logic controllers (PLC) if the addition of an in-line screening system requires a modification and/or addition to current systems. TSA will only consider allowing for the programming to integrate and control the in-line screening portion of the BHS, and will only consider the costs of that portion of the controls necessary to support CBIS, OSR, and CBRA operations.
13. Replacement, relocation, and/or upgrade of the existing CBIS necessary to support recapitalization of the EDS machines on a case-by-case basis within the TSA-designated areas.
14. Phasing costs identified and agreed to by TSA in the design review process to support EDS installation, CBRA and OSR construction.
15. Security Technology Integration Program (STIP) requirements. STIP provides for connectivity of security technology such as EDS, Explosive Trace Detection, and primary and secondary EDS workstations to the TSA network (see PGDS for general connectivity requirements; TSA will also provide any current STIP requirements documents to a Project Sponsor upon request).

C.3 Allowable Project Management, Construction Management, and Contingency Costs

1. The following fees are considered to be allowable costs:
 - Insurance
 - Home office overhead
 - Profit
 - Sales tax
 - Design w/ Construction Administration

- Project Management
- Construction Management
- Design Contingency
- Construction Contingency

TSA will only reimburse such costs that can be directly apportioned to the TSA “allocable” portion of the CBIS project. Specific justification for fees must be provided and approved at the time of negotiation prior to the OTA being signed.

2. The inclusion of construction contingency funds for allocable items is only allowable for projects with Facility Modification OTAs. Construction contingencies are not expected to exceed 5% of the total projected construction budget unless the total construction budget is low or there are other extenuating circumstances.
3. Contingency may be considered for Design OTAs. Contingencies for Design OTAs shall be applied to the sum total of design, project management and bid support costs.
4. In order to invoice TSA for any of the contingency funds, a change request must be submitted to TSA outlining the change in condition that requires the additional funding and supplying the necessary supporting documentation, including modified plans and specifications for the change. Further, Project Sponsor should submit a cost estimate, meeting all requirements of this document, with the change request justifying the change in cost. Access to the contingency funding will only be provided based on written approval of the proposed change request by TSA’s Contracting Officer Representative (COR). If the change requires a modification of the contract, written approval must come from TSA’s Contracting Officer.

C.4 Unallowable Costs

The following list presents examples of items which costs are considered unallowable for reimbursement under an OTA agreement with TSA. This list does not represent a complete list of unallowable items. TSA’s requirements for the design of CBIS are presented in the PGDS for CBIS.

1. Design and construction costs for TSA-leased spaces.
2. Construction costs for centralized BHS control rooms.
3. Design or construction of “bricks and mortar”, which refers to any new physical structure built to house the CBIS, CBRA, and/or OSR areas.
4. Costs for extended warranties.
5. Costs for CBIS operations and maintenance.
6. Costs incurred outside of the OTA period of performance.
7. Spare parts and storage areas for spare parts.
8. Replacement of PLC components and PLC programming. See Section C.2.11 above for more details on PLC eligibility.
9. Laptop computers used for maintenance of the BHS.

10. BHS components outside of the CBIS area (including, but not limited to):
 - a. Baggage reconciliation systems (carousels or sortation systems).
 - b. Baggage System Management (BSM) data providers and/or BSM systems.
 - c. Manual encoding systems, with the exception of ICS systems where the manual encode is used
 - d. Replacements of ticket counter conveyors and sortation area conveyors.
 - e. Inbound mainline conveyors upstream of the Secure Tracking Zone (STZ).
 - f. Outbound conveyors downstream of the STZ.
 - g. Replacement of inbound and outbound sortation conveyors.
11. Retrofit of an existing CBIS as a result of airline mergers or relocations within an airport unless such construction is proven to be cost-beneficial to TSA, as determined by TSA's cost analysis. TSA does not support allocation of BHS system costs borne by airlines or airports outside of the OTA process
12. Mainlines in excess of the capacity needed to feed the CBIS at its rated throughput.
13. Automatic recirculation loops (not including the automatic reinsertion lines in the CBRA), either pre-EDS screening or post-EDS screening.
14. Dynamic simulation modeling.
15. Additional ISAT beyond the initial test.
 - a. The Project Sponsor's cost for additional ISAT will be borne by the Project Sponsor and will not be reimbursed by TSA.
 - b. TSA's cost for additional ISAT will be deducted from the OTA retainage.
16. Re-design work the airport elects to do after TSA approves a design.
17. Costs incurred by the airport or its contractors or agents to perform work not in compliance with TSA requirements as stated in the OTA.
18. Airport profit or the general costs of government.
19. Repair or replacement of any equipment not identified as being "TSA Maintained" in Table 1 below.

Table 1: TSA Procurement and Maintenance Responsibility Matrix

Category	Equipment Type	TSA Procured	TSA Maintained
Screening Equipment	EDS, ETD	Yes	Yes
Ancillary Equipment	SVS, PVS, MCS, UPS, Network Servers	Yes	Yes
Furniture	OSR Chairs	Yes	Yes

Appendix. Revision Summary

Version 2.0

LOCATION	COMMENT
Throughout	• Updated URL links to connect with new TSA web pages • Letter of Intent (LOI) references removed • References to “Airport Sponsors” changed to “Project Sponsor” • Eliminated references to the ILDT, since all requirements set forth in this document are for the Project Sponsor
Section B	• Paragraph 1: TSA will only sign a Facility Modification after a project has completed their 100% design review and the Project Sponsors have gone to bid, determine a prospective bid winner and provided their bid information to TSA. • Paragraph 6: Optimization projects will now be referred to in the document as “Efficiency project” to align with EBSP nomenclature
Section C. Intro	• Added cost share language
Section C.1	• Added Design Costs section, moved various info from C.1.2 to the new section • Added “pursuant to Table 1 in this document”.
Section C.2	• Removed CBRA Table References • Added dual mainline language to state circumstances under which a dual mainline is considered allowable for a TSA CBIS project.
Section C.3	• Added language to reflect the COR can approve change requests (which do not include modification of contract). • Amended Construction Administration percentage, removed Design Fee. • Added number 3 to the list (design fees, project management, construction management, and construction administration reimbursement). • Added “which must be negotiated prior to OTA award. Otherwise, such expenses will not be considered allowable and reimbursed”.
Section C.4	• Added items to the list of “Unallowable Costs”: Automatic Recirculation Loop, Dynamic Simulation, additional ISATs beyond the initial test, CBRA tables and design resubmittals. • Added language to state that additional ISAT costs will be the responsibility of the Project Sponsor and they will be deducted from the OTA retainage. • Added number 5 to the list “Costs incurred outside of the OTA period of performance”. • Added item to the list of “Unallowable Costs” regarding airport-elected re- design after TSA approval and repair of any equipment airport sponsor purchases or is reimbursed for. • Added number 16 to the list (TSA will not reimburse airports for profit or the general costs of government). • Deleted bullet on unallowable CBRA table costs.

Version 3.0

LOCATION	COMMENT
Throughout	• Updated URL link to PGDS • Updated “OSC” to “OAPM” • Updated references to PGDS
Section C.1	• Added “combined Design/Facility Modification” • Removed reference to 2 percent of design fees and that TSA will not reimburse for any other costs associated with the design portion • Added number 4 – “TSA will reimburse for bid support costs associated with the construction portion of a CBIS project.”
Section C.3	• Updated Table 1 format. Removed PGDS section references. Added note “Targeted scope or non-full in-line projects may deviate from the percentages shown above.” • Updated number 4 with language “Design contingency funds are allocated as a percentage of the total construction costs based on the level of design at time of OTA award” and changed the following three bullets to sub- bullets under number 4 • Updated the language to number 6 to align with how contingency for Design OTAs will be applied and moved to number 7 on list

Version 4.0

LOCATION	COMMENT
Throughout	• Updated “OAPM” to “APM” • Updated URL link to PGDS • Updated references to PGDS • Rearranged text to improve flow and readability
Section B.1	• Revised document order • Updated project categorization definitions • Removed sentence indicating “costs are eligible for funding if they are essential to the design and construction of the CBIS, CBRA, and OSR room...”
Section C Intro	• Updated wording for requirements to be met for a cost to be “allowable, allocable, and reasonable” to reduce ambiguity
Section C.1	• Updated wording throughout • Removed specific mention of limiting design fees to 6% of construction estimate
Section C.2	• Updated wording throughout • Included UPS/HVAC requirements • Added defined area in which conveyor is considered to be an allocable cost • Revised ATR language regarding allowable ATRs and sortation • Added OSR and CBRA as allowable CCTV locations
Section C.3	• Updated wording throughout • Removed Table 1, replaced with list of allowable fees • Removed all discussion of design contingencies, as no OTAs are awarded before 100% design completion • Softened language regarding construction contingencies as higher percentages may be needed for smaller projects

LOCATION	COMMENT
Section C.4	• Added bricks and mortar to unallowable costs • Added ICS exception to manual encoding systems • Added defined start/end of allowable CBIS area • Removed mention of resubmittals not being allowable • Added TSA procurement and maintenance responsibility matrix (Table 1)