

EXHIBIT "B"
METHOD OF COMPENSATION

**MAINTENANCE AND REPAIR OF FDOT VEHICLES AND EQUIPMENT
AT THE BROWARD OPERATIONS CENTER**

1.0 PURPOSE:

This Exhibit defines the limits and method of compensation to be made to the Vendor for services set forth in Exhibit "A" and the method by which payments shall be made.

2.0 ASSIGNMENT OF WORK:

The Department shall provide the Vendor a Notice to Proceed at the start of the Contract. The Department shall request the Vendor to provide both Basic Services and Special Services.

Basic Services are routine services as specified in the *Exhibit "A" - Scope of Services* which shall be performed on a monthly basis.

Special Services shall be performed on an as-needed basis. Special Services will be initiated and completed as directed by the FDOT Project Manager. The Department shall issue the Vendor a Letter of Authorization (LOA) to authorize the Vendor to begin work on any and all special services project scheduled.

3.0 COMPENSATION:

For the satisfactory **performance** of services detailed in *Exhibit "A" – Scope of Services*, the Vendor shall be paid up to a Maximum Amount of **\$3,000,000.00 (including Basic Services and Special Services)**.

The Maximum Amount shall be made up of: **424272 3 72 01**
\$650,000.00 from Fiscal Year 2014 / 2015
\$1,000,000.00 from Fiscal Year 2015 / 2016
\$1,000,000.00 from Fiscal Year 2016 / 2017
\$350,000.00 from Fiscal Year 2017/2018

The total amount of this agreement is expected to be funded by multiple appropriations and the State of Florida's performance and obligation to pay under this contract is contingent upon annual appropriation by the Legislature.

Currently, **\$650,000.00** of the total amount has been approved and encumbered for this contract. Therefore, it is agreed that the Vendor will not be obligated to perform services nor incur costs which would result in exceeding the funding currently approved, nor will the Department be obligated to reimburse the Vendor for costs or make payments in excess of currently established funding. The Department will provide written authorization (by Letter of Authorization (LOA) or with an email LOA) if and when subsequent funding is approved and encumbered for this contract.

The Vendor shall not provide services that exceed the Fiscal Year amount(s) without an approved Amendment/Supplemental from the Department.

Funds will not become available until the beginning of each fiscal year in July.

PERFORMANCE BOND

EACH YEAR starting on the date of contract award, the Vendor shall provide the Department with a Performance Bond annually (YEARLY) in the amount of the **amount of 1/3 of the total award amount**. The Performance Bond shall be provided by a surety company authorized to do business in the state of Florida. The Performance Bond shall be executed and furnished to the Department prior to contract execution and the beginning of each year thereafter, no later than ten (10) days after the ending date of the period for posting the intended award decision, unless the Department extends the time period in writing. **Failure to provide the required Performance Bond to the Department within the aforementioned timeframe will be cause for termination and the Department will proceed in contracting with the next highest responsive proposer.**

4.0 **ESTABLISHMENT OF LETTER OF AUTHORIZATION AMOUNT FOR SPECIAL SERVICES:**

The Vendor shall work closely with the Department's Project Manager or designee in developing services and work necessary under each Letter of Authorization (LOA) to ensure both parties agree as to the intended result of each LOA.

Work beyond that which is defined in the *Exhibit "A" - Scope of Services* as Basic Services shall be considered as Special Services. A **Special Services LOA** will be issued for each project scheduled and shall be authorized prior to any work begins. Special Services shall be performed on an as-needed basis. Special Services shall be initiated and completed as directed by the Department's Project Manager.

The Department will furnish the Vendor a LOA specifying each individual Special Services to be performed. For each LOA, the Vendor shall prepare an estimate of work and price based on the rates established in *Exhibit "C" – Price Proposal*. Special Services in the amount of \$2,500 or greater, the Vendor must provide a minimum of two (2) competitive quotes. The FDOT Project Manager will issue the LOA based on the lowest quote, unless a higher quote is justified and approved by FDOT Project Manager. The FDOT Project Manager may request competitive quotes for Special Services under \$2,500. **Once an acceptable Maximum Amount has been agreed upon by the Vendor and the Department's Project Manager, a "Letter of Authorization" shall be issued by the Department's Project Manager.**

Each LOA issued by the Department's Project Manager or designee shall serve as a formal notice to proceed and will include an effective time period for that particular LOA being issued.

No work shall be undertaken by the Vendor unless it has been authorized in writing from the Department.

No work shall commence prior to the date of the LOA

No LOA shall exceed the allotted maximum limiting amount.

No LOA shall authorize work beyond the term of this Agreement.

All work authorized shall be completed within the term on this Agreement.

5.0 PROGRESS PAYMENTS:

The Vendor shall submit monthly invoices in a format acceptable to the Department. Please submit one (1) original and three (3) copies to:

Florida Department of Transportation
District Four – Broward Operations Center
5548 NW 9th Avenue
Fort Lauderdale, Florida 33309
Attn: Project Manager

The Vendor has certified that ____% MBE/DBE utilization would be achieved for this contract. If MBE utilization was certified by the Vendor, an MBE payment certification form shall be submitted with each invoice to verify the MBE utilization.

Payment shall be made to the Vendor for services completed as approved and accepted by the Department. The monthly invoice statement shall include the fixed monthly Lump Sum Amount for Basic Services and receipts for Department approved and accepted Special Services. Any maintenance or repair costs covered under the terms of this agreement that are paid by the Department shall be deducted from the vendor's monthly Basic Services fee.

BASIC SERVICES:

Payment for Basic Services shall be invoiced at the fixed monthly Lump Sum Amount. Payment for Basis Services shall include the costs of administrative services, wages, and salaries, overhead, fringe benefits, operating margin, equipment, parts, supplies, expenses, tolls, travel, transportation, and sublet.

Basic Services monthly fixed fee adjustment for inventory increases or decreases:

- If the number of units in a given vehicle class increase or decrease by 5% or more at the end of each 12 month period, the new total number of units in that particular class will be used to calculate the new Basic Services Monthly Fixed Fee for the next 12 months. The Basic Services Monthly Cost per Unit will remain the same.
- The new Basic Services Monthly Fixed Fee will become effective on the 13th and 25th month of the contract period, subject to condition stated above. A supplemental agreement to cover the increase or decrease in the Basic Services Fee will be executed prior to the start of each 12 month period, which will specify the adjusted monthly fee.
- If the number of units in a given vehicle class does not increase or decrease by 5% or more at the end of each 12 month period, the Basic Services Monthly Fixed Fee for that particular vehicle class will remain the same for the next 12 months.

SPECIAL SERVICES:

Payment for Special Services shall be invoiced on the basis of the Vendor's fee proposal as authorized and approved by the Department. The Vendor shall be paid for material and parts at the actual cost without mark-up, and paid for services

based on actual approved labor hours times the appropriate Special Services Fixed Hourly Labor Rate, or the sublet service provider's hourly labor rate, whichever is lower.

The Special Services Fixed Hourly Labor Rate includes any necessary additional compensation not covered in the Basic Services monthly fixed fee including administrative services, wages and salaries, overhead, fringe benefits, operating margin, equipment, supplies, expenses, tolls, and transportation.

When applicable, the Department shall pay the Vendor for vending shipping and handling costs associated with the delivery of parts. Supporting receipts must accompany the costs being charged for parts and sublet services.

The Vendor, prior to receipt of any periodic payment under the contract, shall certify that all sub-vendors who have an interest in this contract have received their prorate share of the payment, out of previous periodic payments to the Vendor, for all work completed and materials furnished in the previous period as approved by the Department for payment. The Department shall not make sure such periodic payments prior of said certification. A notarized certificate of payment to sub-consultants shall be submitted with the 2nd through the last invoice.

It shall be the responsibility of the Vendor to ensure at all times that sufficient funding remains within the maximum amount each year for Special Services to complete authorized services. Changes in the Maximum Amount shall require execution of a Supplemental Agreement. The Vendor shall not be obligated to perform a service or incur costs which would result in exceeding the Maximum Amount, except when said amount is increased by a Supplement Agreement.

6.0 DETAILS OF UNIT RATES:

Details of Unit Rates for the performance of the Vendor's services set forth in *Exhibit "A" – Scope of Services* are contained in *Exhibit "C" – Price Proposal*, attached hereto and made a part hereof.

7.0 TANGIBLE PERSONAL PROPERTY:

This contract includes the purchase of Tangible Personal Property as defined in Chapter 273, F.S., and is acquired in accordance with Rule 60A-1.017, Florida Administrative Code. The specific property(ies) and line item cost(s) is(are) detailed **(in the Letter of Authorization or in Exhibit "C" – Price Proposal)**, and will be subsequently transferred to and controlled by the Department upon completion of services or end of the contract, whichever occurs first.

Upon receipt of property, the Vendor shall forward to the Department a copy of the purchase invoice/property description/serial number and date of receipt. The Department will forward inventory control label(s) to be affixed to all property. The Vendor will accommodate physical inventories required by the Department.

8.0 LIQUIDATED DAMAGES:

This contract contains Performance Standards (listed below) with associated liquidated damages. The Department reserves the right to assess liquidated damages to the Vendor

and withhold all or parts of the payments of the Vendor's invoice and/or deny payment to the Vendor when, in the opinion of the FDOT Project Manager, less than the work specified on the invoice was performed, or the Vendor failed to meet the Performance Standards, or work was inadequate, inappropriate, or not performed at all.

The Vendor acknowledges that failure to meet the Performance Standards, and effectively complete the services by the completion date designated on the contract document, may cause the Department to incur damages that, at present are, and upon the occurrence of the failure to effectively and timely complete the services may be, difficult to determine.

The Vendor's monthly invoice shall include documentation measuring each Performance Standard. The Vendor shall submit the monthly invoice with the appropriate liquated damage assessment deducted from the Basic Services portion of the payment fee, unless the Vendor, in the opinion of the FDT Project Manager, has:

1. Utilized any and all reasonably available resources, means and methods,
and,
2. Clearly performed assertively, efficiently, and effectively,

to complete, or attempt to complete, the services required by the completion date designated in the contract. The FDOT Project Manager shall make the final determination on the liquated damages to be assessed.

The performance standards, with associated liquated damages, are as follows:

1. The total number of vehicles/equipments exceeding the downtime criteria, specified in the Scope of Services, shall not exceed 3% of the total fleet inventory, assigned to the contract, per month. Liquated Damage is 2% of the monthly Basic Services Fixed Fee for each vehicles/equipments exceeding the 3% performance criteria.
2. No vehicles/equipments shall exceed the downtime criteria, specified in the Scope of Services, by ten (10) calendar days or more. For each vehicle exceeding the downtime criteria by ten (10) calendar days or more, Liquated Damage is \$100.00 per day for each day exceeding the downtime criteria.
3. The total number of re-repairs that occurs within 90 calendar days or 4,500 miles (whichever comes first) of the previous repair shall not exceed two (2) per month. Liquated Damage is 1% of the monthly Basic Services Fixed Fee for every vehicle exceeding the performance criteria.
4. Response time to a service call shall not exceed 90 minutes for more than one (1) incident per month. Liquated Damage is 1.0% of the monthly Basic Services Fixed Fee per occurrence.
5. The Vendor will adhere to administrative and reporting requirements and responsibilities. Liquated Damage is \$100.00 per occurrence.
6. Failure to adhere to manufacturers' warranties/recalls shall not exceed one (1) vehicle per any 90 calendar day period. Liquated Damage is 1.0% of the monthly Basic Services Fixed Fee per occurrence.
7. Failure to adhere to the required hours of operation. Liquated Damage is 1.0% of

the monthly Basic Services Fixed Fee per occurrence.

8. The Vendor will complete maintenance or repairs of damaged or non-operating small equipment within three (3) business days of receipt. Liquidated Damage is the total cost of the repair or maintenance service.
9. Overdue preventative maintenance work shall not exceed 1% of the total fleet inventory assigned to the contract. Liquidated Damage is 3% of the monthly Basic Services Fixed Fee.
10. Inspections for aerial equipment shall be 100% compliance with required OSHA and ANSI standards. Liquidated Damage is 3% of the monthly Basic Services Fixed Fee.
11. 95% of vehicles reported as down shall have an appropriate shop work order. Liquidated Damage is 3% of the monthly Basic Services Fixed Fee.
12. 95% of the vehicles/equipments inspected by the Office of Motor Carrier Compliance (OMCC) shall remain in service. Liquidated Damage is 5% of the monthly Basic Services Fixed Fee.
13. The total number of minor defects identified by an Office of Motor Carrier Compliance (OMCC) inspection shall not exceed 25% of the total number of vehicles/equipments inspected. Liquidated Damage is 5% of the monthly Basic Services Fixed Fee.