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**EXHIBIT "B"**  
**METHOD OF COMPENSATION**  
**DISTRICT WIDE GENERAL LANDSCAPE SERVICES**

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1. 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 payment shall be made.

2. ASSIGNMENT OF WORK:

The DEPARTMENT shall request VENDOR Services on an as-needed basis. Services to be provided on each project will be initiated and completed as directed by the Florida Department of Transportation (FDOT) Contract Project Manager or Designee, hereinafter referred to as the FDOT PM. A "Letter of Authorization" (LOA) will be issued for each project scheduled with specific project limits. No LOA for plant material involving an establishment period shall be issued preceding one (1) year before the expiration of the contract to allow for payment during the establishment period.

3. COMPENSATION:

The total of all authorizations shall not exceed a Budgetary Ceiling of \$2,000,000.00.

The contract Budgetary Ceiling shall be made up of:

<b>Budgetary Ceiling</b>	<b>\$2,000,000.00</b>
Funded Services FM # 437903-1-52-01	\$1,000,000.00
Unfunded Services Various FM #s	\$1,000,000.00

This is a Term Contract for an Indefinite Quantity whereby the VENDOR agrees to furnish services during a prescribed period of time. The specific period of time completes such a contract. The Department will authorize services based on need and availability of budget. Execution of this Agreement does not guarantee that any work will be authorized.

a. Funded Services via Contract Project number:

A LOA shall be provided to the VENDOR for each assignment for Funded Services via the Contract Financial Project Number 437903-1-52-01. The FDOT PM shall insure that adequate funds are encumbered prior to the rendering of services by the VENDOR during the term of this contract.

b. Unfunded Services (Project Cost Accounted Services via Various Project Numbers):

A LOA and an approved encumbrance shall be provided to the VENDOR for each assignment given for the Unfunded Services (Project Cost Accounted Services). Funds shall be encumbered prior to the issuance of the LOA. No work shall begin on these services until the VENDOR receives an approved encumbrance.

NOTE: Each LOA shall state whether the project will be paid for under Funded or Unfunded (Project Cost Accounted) Services and will list the balance of the funds for each service.

The VENDOR shall not start work or be paid for work performed prior to receiving a signed Letter of Authorization.

4. ESTABLISHMENT OF LETTER OF AUTHORIZATION AMOUNT:

For each LOA, the VENDOR, following the Scope of Services as set forth in *Exhibit "A" – Scope of Services*, shall prepare an estimate of work and cost based on the rates established in *Exhibit "C" – Price Proposal*, and allowable expenses. Once an acceptable Maximum Amount has been agreed upon by the VENDOR and the FDOT PM, an LOA shall be issued by the FDOT PM. All work authorizations shall be completed within the term of this Agreement.

Each LOA issued by the FDOT PM will serve as a formal Notice to Proceed (NTP) and will establish a time period for project installation and completion for the particular LOA being issued. No work shall commence prior to the issue date of the LOA.

5. 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.

The FDOT agrees to compensate the VENDOR for services performed under this Agreement in the following manner:

- a. FDOT and the VENDOR will agree as to the services to be performed, the manpower effort required for performance of service, and the compensation to be paid. The VENDOR shall be compensated for each assignment or project authorization under this Agreement based on the estimated total cost of the assignment as established in the LOA. The schedule of rates listed in the *Exhibit "C" – Price Proposal* shall be used for determining the VENDOR's compensation, except for Non-Rate Unit Items.
- b. A detailed budget shall be established for each project as part of a cost estimate that will determine the expected cost to complete the project. The itemized cost estimate shall include the anticipated hours needed for each Direct Labor Cost, the cost of all plant

material including: quantity, species, minimum size, and the irrigation components, and/or other work products, and types of specialized equipment associated with the assigned activities.

- c. Field adjustments found to be needed that were not detailed on the original cost estimate may be utilized provided the estimated total cost of the corresponding LOA is not exceeded and the FDOT PM gives prior written approval. The FDOT PM will provide written authorization for any agreed upon adjustments as soon as practicable. Should additional work become necessary in excess of the estimated total cost of the LOA, the VENDOR shall be required to obtain a separate LOA signed by the FDOT PM or the original LOA must be amended before any additional work begins.

#### 6. DETAILS OF NON-RATE UNIT ITEMS:

Unit Items necessary for assigned work activities not listed in *Exhibit "C" – Price Proposal*, are considered Non-Rate Unit Items and shall be paid at cost. To establish the cost, the VENDOR must obtain three (3) quotes, if possible, and use the lowest quote for any Non-Rate Unit Item cost. The VENDOR shall be asked to submit the quotes in writing to the FDOT PM for approval prior to the issuance of the LOA.

Any plant material considered a Non-Rate Unit Item shall have installation and one-year establishment period costs based on rates listed in the *Exhibit "C" – Price Proposal* under line item #158. This price would be combined with the lowest quote to establish the cost for Non-Rate Unit Items that qualify as plant materials.

Any landscape improvement considered a Non-Rate Unit Item shall be paid for the actual cost incurred upon approval and acceptance from the FDOT PM.

#### 7. PROGRESS PAYMENTS:

The VENDOR shall submit monthly invoices by e-mail to the FDOT PM, in a format acceptable to the DEPARTMENT, along with supporting documentation required by DEPARTMENT. For the satisfactory performance of the services detailed in each LOA, the VENDOR shall be paid up to the Maximum Amount of each LOA. Payment shall be made for the services provided, at the Unit Rates established in *Exhibit "C" – Price Proposal*, as approved by the DEPARTMENT. Payment for Non-Rate Unit Items shall be made on the basis of actual allowable costs incurred as authorized and approved by the FDOT PM. The contract billing rates shall include the costs of salaries, overhead, fringe benefits and operating margin.

The invoice shall include supporting documentation of man-hours provided and itemization of costs incurred (including receipts for documentation of quantities and cost for payment of Non-Rate Unit Items). The VENDOR shall keep daily reports of all personnel, equipment, herbicides, pesticides, and items not included in the overall plant price on each project for review by the FDOT

PM. These daily reports and receipts will be used as supporting documentation for projects using hourly rates, equipment, materials, and/or any Non-Rate Unit Items. During the establishment period, the daily reports for all maintenance activities shall be submitted to the FDOT PM before scheduling the quarterly inspections to substantiate the project site is ready for DEPARTMENT inspections.

The VENDOR shall submit invoices for each authorized project for installation of plant material by the percentages below:

- a. Up to 60% of the total project costs incurred will be paid upon completion and written acceptance of the Landscape Installation Period by the FDOT PM.
- b. Up to 40% of the total project cost incurred will be paid during the one (1) year establishment period upon completion and written acceptance of the monthly establishment period inspections. Upon receiving a monthly inspection acceptance, the contractor may invoice for a maximum of 3.3% of the total project cost, pending any deductions applied per section 8 below.

The VENDOR shall submit an invoice for 100% of the costs incurred on landscape improvement projects, that do not include installation of plant material with a one-year establishment period, upon acceptance by the FDOT PM.

#### 8. FINANCIAL CONSEQUENCES:

Should the Contractor fail to timely and satisfactorily perform any remedial work associated with plant materials during the establishment period, the DEPARTMENT may increase the establishment period another ninety (90) days for said deficiencies and/or may deduct the payments scheduled during the establishment period by 0.11% per calendar day of the total LOA cost, for each day following the 10-day grace period (as described in Exhibit A, Section III.A.8.c.) that all punch list deficiencies are not corrected.

Should the Contractor fail to timely and satisfactorily perform any work associated with the scheduled completion of the authorized landscape improvements, the DEPARTMENT may deduct 0.11% per calendar day of the total LOA cost, for failure to provide the specified landscape improvement products and services or late delivery of landscape improvement products and services.

#### 9. TANGIBLE PERSONAL PROPERTY:

This contract does not involve the purchase of Tangible Personal Property, as defined in the Florida Statutes, Chapter 273.