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State of Florida
Department of Transportation



DISTRICT FOUR

EXHIBIT B
Method of Compensation
Transportation Systems Management and
Operations (TSM&O) Device Maintenance
Contract, District Four

Financial Project Number(s): 406795-7-72-01 & various

Contract Number: E4X61

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1.0 PURPOSE

This Exhibit “B”, Method of Compensation defines the method of compensation to be made to the Contractor for the services described in Exhibit "A" Scope of Services and method by which payments will be made.

2.0 ASSIGNMENT OF WORK

The Department will request Contractor services on an as-needed basis. Services to be provided for tasks will be initiated and completed as directed by the Department’s Project Manager. A Letter of Authorization (LOA) will be issued for each task assignment scheduled.

3.0 COMPENSATION

For the satisfactory performance of services detailed in Exhibit "A" Scope of Services, the winning Contractor’s Exhibit “C” Contract Price Proposal amount shall become this Agreement’s “Maximum Limiting Amount.” The Contractor’s Maximum Limiting Amount (a.k.a. the Budgetary Ceiling) of this Agreement is **(TBD)**. The Contractor shall be paid up to the Maximum Limiting Amount for the term of this Agreement. It is agreed that this amount will be the limit of all compensation due the Contractor for performance of the services described in Exhibit “A” Scope of Services. The Contractor shall not provide services that exceed the maximum limiting amount without an approved Supplemental Agreement from the DEPARTMENT.

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 Agreement is contingent upon annual appropriation by the Legislature.

It is agreed that the Contractor 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 Contractor for costs or make payments more than currently established funding. The DEPARTMENT shall provide LOA for services to start.

Any unused prior year funds will automatically transfer to the following fiscal year’s budget until the end of the contract term.

The Contractor shall not provide services that exceed the Fiscal Year amount(s) without an approved Supplemental Agreement from the DEPARTMENT.

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The cost associated with any office space or warehouse storage sites, including but not limited to rental, lease, or ownership cost, maintenance cost, utilities, etc. shall not be compensated separately and shall be included in various bid items in the Exhibit “C”, Contract Price Proposal.

Equipment, materials, vehicles, tools, etc. necessary for the Contractor to perform maintenance, parts/equipment replacement, and troubleshooting/diagnostic services as noted in Exhibit A, Scope of Services shall be considered incidental and shall be included in the contract unit prices unless stated otherwise in an LOA. The Contractor will not be allowed a mark-up on the costs of any incidental materials or equipment as those costs are included in the contract Fixed Price (Lump Sum) and Fixed Fee (Unit Rate). No additional compensation will be made for any maintenance activities performed at night.

4.0 **METHOD OF COMPENSATION AND PROGRESS PAYMENTS**

Exhibit “C” Contract Price Proposal of this Agreement has been formatted to have a combination method of compensation. The combination consists of: “Lump Sum,” “Loaded Unit Rate,” and “Reimbursement” methods of compensation. The Contractor shall submit monthly invoices in a format acceptable to the Department. Payments for Fixed Price (Lump Sum) and Fixed Fee (Unit Rate) services shall be made in the following manner:

4.1 Fixed Price (Lump Sum) Compensation

The Exhibit “A” Scope of Services contains services that are well defined, and the level of effort is reasonably predicted. For these services the Contractor has provided a Lump Sum price for the term of the Agreement. The Lump Sum locks the Contractor’s operating margin for the five-year term of the Agreement.

The services listed below are priced as Lump Sum in Exhibit “C” Contract Price Proposal:

- On-Site and Operations Staffing
- Transition Period (Expected October 2024 to December 2024) lump sum payment amount will be \$75,000 less any applicable deductions billable at the end of the Transition Period

The Contractor’s Fixed Price (Lump Sum) shall include the cost of mobilization, salaries, overhead, MOT, fringe benefits, operating margin, any fees or administration costs related to the items provided and/or the work performed. It shall also include charges for packing, handling, freight, distribution, and inside

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delivery

4.2 Fixed Fee (Unit Rate) Compensation

The Exhibit "A" Scope of Services contains services that are well defined, and the level of effort is reasonably predicted per unit. For these services Contractor has provided a Fixed Fee (Unit Rate) price for the term of the Agreement. The Fixed Fee (Unit Rate) locks the Contractor's operating margin for the five-year term of the Agreement. The Contractor shall be paid based in actual quantities of units.

The Fixed Fee or Loaded Unit Price Rates shall contain the Contractor's cost for mobilization, staff salaries, overhead, MOT, fringe benefits and operating margin. Payment for expenses shall be made on the basis of actual allowable costs incurred as authorized and approved by the Department. The Contractor will receive in compensation the service visits and work-hours negotiated and authorized by the Department for the satisfactory performance of the services detailed in each LOA.

4.3 Reimbursable Compensation

The DEPARTMENT will reimburse the Contractor for the following costs:

- For parts procurement requested by the Department and is not defined as non-reimbursable per Exhibit A – Scope of Services and Exhibit B – Method of Compensation

The DEPARTMENT has pre-established a \$2,500,000 budgetary ceiling or \$500,000/year cap over the five-year contract term for reimbursement.

The Contractor shall be allowed to charge a 1% mark-up to the Department for any parts (approved by the FDOT's Project Manager or his/her designee) purchased using this Contract. The 1% mark-up is not allowed for the tax portion of the purchase. The Contractor is not allowed to charge a mark-up on any rental equipment, tools, machinery or vehicles. Payment will be made upon acceptance of the system component by the Department. This payment does not include manufacturer repair for items covered by a manufacturer's warranty. The Contractor shall provide the Department copies of all invoices from material and service providers relating to this contract. An estimate must be approved by the Department's Project Manager or his/her designee before any parts may be purchased or work may be done.

Approved expense items not contained in this price sheet shall be purchased in

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accordance with 60A-1.002, Florida Administrative Code, and include a minimum of three quotes from three different vendors for any item with a unit cost of \$1,000.00 or more. Services by specialists not included in this price sheet may be required at times and shall be obtained by the same practice as commodities.

4.4 Optional Services Compensation

The Exhibit "A" Scope of Services also contains services that are not well defined, and the level of effort cannot be reasonably predicted. The DEPARTMENT will provide written authorization by LOA for optional services for services such as Special Projects.

For these services the Contractor shall provide Staffing Rates for the term of the Agreement. The Staffing Rates lock the Contractor's operating margin for the five-year term of the Agreement, which are priced in Optional Services Staffing Rates section in Exhibit "C" Contract Price Proposal:

Work assignments shall be negotiated by the parties based on the billing rates. The services priced as Staffing Rates and Optional Services Staffing Rates in Exhibit "C" Contract Price Proposal were priced as a loaded billing rate for the duration of the contract term. The Staffing Rates and Optional Services Staffing Rates shall contain the Contractor staff salaries, overhead, fringe benefits and operating margin. Payment for expenses shall be made on the basis of actual allowable costs incurred as authorized and approved by the DEPARTMENT.

The Contractor shall receive in compensation the workhours negotiated and authorized by the DEPARTMENT for completing services associated with Special Projects.

Payment shall be made to the Contractor for the services provided. The invoice shall include a summary of the hours provided and a progress report.

The DEPARTMENT has pre-established a \$2,500,000 budgetary ceiling or \$500,000/year cap over the five-year contract term for optional services. The DEPARTMENT shall not guarantee any minimum or maximum amount of work under this section. The DEPARTMENT, at its sole discretion, shall assign work on an as-needed basis and may decrease or increase the pre-established cap or use for other services specified in the scope of services.

Optional Services Staffing Rates are also Fixed Fee or Loaded Unit Price Rates and shall contain the Contractor cost for mobilization, staff salaries, overhead,

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MOT, fringe benefits and operating margin. Payment for expenses shall be made on the basis of actual allowable costs incurred as authorized and approved by the Department.

5.0 **ESTABLISHMENT OF LETTER OF AUTHORIZATION AMOUNT**

The Department shall assign work to the Contractor through a Letter of Authorization (LOA). These work assignments may consist of a Fixed Price (Lump Sum), Fixed Fee (Unit Rate) or combination methods of compensation elements.

For each LOA, the Contractor, following the Scope of Services as set forth in Exhibit "A", shall prepare an estimate of work and price based on the rates established in Exhibit "C", and allowable expenses, if applicable.

For work assignments that use Fixed Fee (Unit Rate), once an acceptable Maximum Limiting Amount has been agreed upon by the Contractor and the Department's Project Manager, an LOA shall be issued by the Department's Project Manager. All work authorizations shall be completed within the term of this Agreement.

6.0 **INVOICE SUBMITTALS**

Invoices shall be submitted for approval and processing electronically to the Florida Department of Transportation (FDOT) Project Manager.

The Contractor has certified that 10.67% MBE/DBE utilization would be achieved for this contract. If MBE utilization was certified by the Contractor, an MBE payment certification form shall be submitted with each invoice to verify the MBE utilization.

If DBE utilization was certified, DBE payments are to be input each month at the following link: <https://www3.dot.state.fl.us/EqualOpportunityOffice/bizweb/>

New users reporting DBE payments will need to contact the FDOT Service Desk at FDOT.ServiceDesk@dot.state.fl.us to get a BizWeb user ID and password to access the application.

7.0 **DETAILS OF COSTS AND FEES**

Details of the Contractor's costs and fees for the performance of the Contractor's

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services described in Exhibit "A", Scope of Services are contained in Exhibit "C", Contract Price Proposal, attached hereto and made a part hereof.

8.0 **TANGIBLE PERSONAL PROPERTY**

This Contract does not involve the purchase of Tangible Personal Property, as defined in Chapter 273, F.S.

9.0 **DAMAGE TO EXISTING ITS EQUIPMENT CAUSED BY THIRD-PARTY VEHICLE CRASHES**

All costs related to repair of damages to the District's existing ITS equipment caused by third-party vehicle crashes shall be borne by the Department. The Contractor will be responsible for reporting damage found during any of the maintenance tasks defined in Exhibit "A" Scope of Services, which appears to be related to a vehicle crash. The time spent investigating the damage may be handled, at the Department's discretion, under a Special Project LOA held open for on-going support services. An estimate must be approved by the Department's Project Manager or his/her designee before any work may be done. When the work is completed, the Contractor must send a copy of the invoice for those repair services to the Department's Project Manager or his/her designee so that a claim may be filed with the responsible party's insurance company.

10.0 **FINANCIAL CONSEQUENCES**

Payment shall be made only after receipt and approval of goods and services unless advance payments are authorized by the Chief Financial Officer of the State of Florida under Chapters 215 and 216, Florida Statutes. Deliverable(s) must be received and accepted in writing by the Department's Project Manager on the Department's invoice transmittal forms prior to payment. If the Department determines that the performance of the Contractor is unsatisfactory, the Department shall notify the Contractor of the deficiency to be corrected, which correction shall be made within 5 business days. If the issue rectification is unacceptable to the Department, the Contractor shall be assessed a non-performance penalty per the Liquidated Damages specified in the Exhibit "A", Scope of Services.

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