

**OPERATIONS AND MAINTENANCE - GENERAL REQUIREMENTS
APPENDIX B – DETERMINATION OF MONTHLY PAYMENTS**

Solicitation No. 7007022 - Addendum No. 1

**OPERATIONS AND MAINTENANCE GENERAL REQUIREMENTS - APPENDIX B -
DETERMINATION OF MONTHLY PAYMENTS**

B.1 MONTHLY PAYMENTS

For performance of the Services specified in OMGR Appendix A, SCOPE OF SERVICES, the Contractor shall be paid an Average Monthly Payment equal to one-twelfth (1/12) of the lump sum annual price for the current year of the Operations and Maintenance Contract, adjusted as specified in OMGR Section 4.1, ECONOMIC PRICE ADJUSTMENT. The Average Monthly Payment for any partial month shall be prorated for the number of days in the month that the Skylink System is actually operated according to the System Operations Plan. The Average Monthly Payment shall be decreased as provided in OMGR Appendix B, Section B.2, B.3, B.4 and B.5 below and reduced by any amounts withheld in accordance with OMGR Section 4.3, INVOICES. Invoices shall be prepared and submitted and payments made in accordance OMGR Section 4.3, INVOICES.

B.2 SYSTEM SERVICE PERFORMANCE COMPENSATION

For any calendar month of this Contract that the Skylink System does not achieve a System Service Availability (A) of ninety-nine and one-half percent (99.5%), as specified and calculated in accordance with the System Contract, TP Section 8.0, SYSTEM SERVICE AVAILABILITY REQUIREMENTS, which Section 8.0 shall be made a part hereof of these General Requirements for the Operations and Maintenance Contract, a Payment Factor shall be applied to the Contractor's Average Monthly Payment for that month. The Payment Factor shall be as follows:

<u>SYSTEM AVAILABILITY (A)</u>	<u>PAYMENT FACTOR</u>
99.5 - 100.00	1.000
98.9 - 99.49	0.991
98.8 - 98.89	0.981
98.7 - 98.79	0.971
98.6 - 98.69	0.961
98.5 - 98.59	0.949
98.4 - 98.49	0.937
98.3 - 98.39	0.916
98.2 - 98.29	0.892
<u>SYSTEM AVAILABILITY (A)</u>	<u>PAYMENT FACTOR</u>
98.1 - 98.19	0.870
98.0 - 98.09	0.850
97.9 - 97.99	0.832
97.8 - 97.89	0.816
97.7 - 97.79	0.802

97.6 - 97.69	0.786
97.5 - 97.59	0.773
97.4 - 97.49	0.761
95.0 - 97.39	0.750
90.0 - 94.99	0.500
Below - 90.00	0.000

Should the Skylink System not achieve a System Service Availability of at least ninety-nine and one-half percent (99.5%) in any calendar month, then the amount to be paid to the Contractor for that month shall be the Monthly Price for that month multiplied by the appropriate Payment Factor from the above table.

Service Availability shall be calculated to two decimal place accuracy and the appropriate payment factor interpreted from the above table calculated to three decimal place accuracy.

Additional deductions in the payments shall be made for exceeding the Service Mode downtime limits defined in OMGR Section 6.2, DOWNTIME EVENT LIMITS. The total reduction of payment due to exceeding such Service Mode downtime limits shall be limited to five percent (5%). These downtime limits shall be prorated by the ratio of the number of days in the respective month to thirty (30) calendar days. The following deductions from the Average Monthly Payment shall be applied per each Service Mode downtime event in excess of the specified limit.

Length of Service Mode Downtime Event	Percent (%) Deduction per Downtime Event	
1. Up to and including two minutes	0.0333	
2. Greater than two (2) minutes and less than or equal to ten (10) minutes	0.1667	
3. Greater than ten (10) minutes and less than or equal to twenty (20) minutes	1st over	0.25
	2nd over	0.50
	3rd over	1.00
	4th over	2.50
	5th over	5.00
4. Greater than twenty (20) minutes and less than or equal to forty five (45) minutes	1st over	1.00
	2nd over	2.50
	3rd over	5.00

5. Greater than forty five (45) minutes	1st over	2.50
	2nd over	5.00

B.3 Past Due Periodic Maintenance

Timely completion of Periodic Maintenance (PM) is required to maintain the vehicle fleet's availability. The following section is intended to be a mechanism to compel the Contractor to remain current on required PMs.

The Contractor shall remain current with all system and subsystem Periodic Maintenance in accordance with the Maintenance Plan as specified in OM-A.1 (SCOPE OF SERVICES – GENERAL), OM-A.4.1 (MAINTENANCE REQUIREMENTS – GENERAL), and OM-A.4.2.1 (SUBSYSTEM MAINTENANCE). The Owner will conduct a review of the PM status at least once each month. The Contractor will provide a listing of all systems and subsystems that are past due PM as part of the monthly report to the Owner in accordance with OM-A.2.5 (MANAGEMENT REPORTS AND RECORDS). Failure to perform all of the required number and levels of Periodic Maintenances due each month shall result in the Owner assessing financial deductions for non-compliance in accordance with OMGC 6.0 (COMPENSATION) and as specified in OMGR 4.3 (INVOICES). The assessed deduction shall be an amount equal to the average person-hours required to complete the level of maintenance during the last two years multiplied times the hourly rate as calculated in accordance with OMGR-4.1.1 (ECONOMIC PRICE ADJUSTMENT – Labor Prices).

The following example illustrates how the Monthly Payment would be reduced for a train past due PM.

Assume that Car 1 is past-due on an Annual PM and Quarterly PM and Car 2 is past-due on a Semi-Annual PM:

Assume the Average Person-Hours required to complete Annual PM is 80 PH

Assume the Average Person-Hours required to complete Semi-Annual PM is 60 PH

Assume the Average Person-Hours required to complete Quarterly PM is 40 PH

Assume the hourly rate is determined to be \$25

Then, the deduction to Monthly Payment Due is calculated as follows:

Deduction for Car 1 is the Maximum of the delinquent PMs:

Annual – 80 PH x \$25 = \$2,000

Quarterly – 40 PH x \$25 = \$1,000

Deduction for Car 1 is \$2000

Deduction for Car 2 is the Maximum of the delinquent PMs:

Semi-Annual – 60 PH x \$25 = \$1,500

Deduction for Car 2 is \$1,500

Total Deductions for Past Due Periodic Maintenance is \$3,500

Systems that are past due more than one level of PM will only be assessed a deduction for non-compliance for the highest level. As in the example above, a train past due for a Quarterly and Annual will only be assessed the deduction for non-compliance for the Annual. Every system past due on the last day of the month would be assessed a deduction for non-compliance. All deductions shall be combined and the total deduction withheld from the total monthly payment as calculated in accordance with OM-B.2 (SYSTEM SERVICE PERFORMANCE COMPENSATION).

B.4 Cars, Systems, or Subsystems Out Of Service

Given the nature of the System and the need for scheduled and unscheduled maintenance; Cars, Systems and Subsystems will be periodically Out of Service. While equipment will inevitably be "Out of Service", the duration shall not be indefinite. The following section is intended to be a mechanism to compel the Contractor to restore, in a timely manner, "Out of Service" equipment to an operational condition.

The Contractor shall maintain all Cars, Systems, and Subsystems such that they can be placed into service or otherwise utilized with minimum delay except for the time required for normal periodic maintenance and timely repairs of unscheduled maintenance. The Contractor will report the availability of all Cars, Systems, and Subsystems to the Owner daily. The daily report will note any Cars, Systems, and Subsystems that are out of service, the number of days they have been out of service, and the reason for being out of service.

The Contractor will report the Cars, Systems, and Subsystems that have been out of service longer than 31 days as part of the monthly report OM-A.2.5.6 (MANAGEMENT REPORTS AND RECORDS). The Contractor will include the detailed reason for being out of service (including specific parts shortage) and the estimated date of return to service in the report.

Cars, Systems, and Subsystems being out of service longer than 31 days at any time during the preceding month will result in the Owner assessing financial penalties in accordance with OMGC 6.0 (COMPENSATION) and as specified in OMGR 4.3 (INVOICES). The assessed deduction for non-compliance shall be an amount equal to 0.1% of the monthly Contract value per day after 31 days. Every Car, System, and Subsystem that was out of service more than 31 days at any time during the preceding month shall be assessed a separate deduction for non-compliance. The deduction for non-compliance for being out of service will continue to be assessed until the Car, System, or Subsystem is returned to service for 14 consecutive days or a length of time authorized by the Owner. Where a System or Subsystem is partially, operational the Owner shall make the determination when the System or Subsystem is "Out of Service".

Failure to perform scheduled maintenance at the specified intervals required under the approved Final Maintenance Plan violates Section A.4 of the contract and compromises the prescribed levels of safety and reliability of the vehicle subsystem. Given the safety and liability implications of past due maintenance DFW cannot allow any car that is not current with respect to periodic maintenance to be operated in public passenger service and is considered to be "Out of Service."

The following examples illustrates how the Monthly Payment would be reduced for "Out of Service" Cars, Systems, or Subsystems.

Assume that Car 5 is Out of Service for 35 days while waiting for a rehabilitated motor.

Assume that of the PA subsystem, a quarter of the speakers at Station A-South are not Operational and the Owner determines the PA Subsystem to be "Out of Service." After 28 days, the Contractor repairs the speakers at A-South but another burned out after four days. The subsystem is restored the next day.

Assume the Average Monthly Payment is "X"

Then, the deduction to Monthly Payment Due is calculated as follows:

Deduction for Car 5 is the:

Number of Days After 31 days = 4 days

Maximum Duration of Consecutive Service = 14 days

Total Duration = 18 days

Deduction for Car 5 = $.001 \times 18 \times X = .018 X$

Deduction for PA subsystem, for not meeting the 14 days consecutive service, is the:

Number of Days After 31 days = 1 days

Maximum Duration of Consecutive Service = 14 days

Total Duration = 15 days

Deduction for PA subsystem = $.001 \times 15 \times X = .015 X$

Total Deductions for Out of Service equipment is $.033 X$

B.5 Environmental Discrepancies Not Timely Corrected

The Contractor is expected to remain compliant at all times with all aspects of OMGC 35.0 (ENVIRONMENTAL PROTECTION). The Owner may, without advance warning, shall conduct inspections in accordance with OMGC 46.0 (INSPECTION) and OMGC 35.3 (HAZARDOUS MATERIAL). If environmental discrepancies or violations are noted, the Owner shall advise the Contractor either orally or in writing. The Contractor shall correct all discrepancies within five calendar days of notification by any means necessary. The Contractor shall notify the Owner when environmental discrepancies or violations have been corrected. Failure to correct any environmental discrepancy within five days shall result in a deduction for non-compliance equal to 0.1% of the monthly Contract value per day after five days for each discrepancy or violation.

Repeat environmental discrepancies are those discrepancies or violations that continue to reappear even after being corrected repeatedly. If an environmental discrepancy or violation is reported by the Owner more than twice within any 60-day period, it will be considered a repeat offense. In addition to the above penalties, repeat environmental discrepancies will be penalized an additional 0.1% of the monthly Contract value per day after five days for each repeat discrepancy or violation.

All environmental penalties shall be combined and the total deduction for non-compliance, along with any other penalties, deducted from the total monthly payment as calculated in accordance with OM-B.6 (SYSTEM SERVICE PERFORMANCE COMPENSATION). The deduction for non-compliance for environmental discrepancies and violations will continue to be assessed at the same rate until the discrepancy or violation is corrected.

The following example illustrates how the Monthly Payment would be reduced for Environmental Discrepancies.

Assume that Owner has notified the Contractor of an environmental discrepancy and the discrepancy is corrected in 7 days. In addition, this same discrepancy was identified last month.

Assume the Average Monthly Payment is "X"

Then, the deduction to Monthly Payment Due is calculated as follows:

Deduction for discrepancy after five day is the:

Number of Days After 5 days = 2 days

Deduction = $.001 \times 2 \times X = .002 X$

Deduction for Repeat offense within 60 days

Deduction = $.001 \times 2 \times X = .002 X$

Total Deductions for Environmental Discrepancies is $.004 X$

B.6 Calculation of the Monthly Payment Due

The following example illustrates how the Monthly Payment is reduced for failure to meet the requirements of this OMGR Appendix B, Sections B.2, 3, 4 and 5.

Assume the Average Monthly Payment is "X"

System Service Performance Compensation:

Assume the System Service Availability for the month is determined to be 98.85

Assume there were 4 Mode Downtime Events during the month which exceeded 20 minutes but were less than 45 minutes.

Then, Per Section B.2 the deduction to the Monthly Payment is calculated as follows:

$X \text{ times } .981 \text{ (Payment Factor)} = .981X$

$X \text{ times } .025 \text{ (2.5\% Deduction)} = .025X$

Past Due Periodic Maintenance:

Assume that Car 1 is past-due on an Annual PM and Quarterly PM and Car 2 is past-due on a Semi-Annual PM:

Then, Per Section B.3 the deduction to the Monthly Payment is calculated to be \$3,500

Cars, Systems, or Subsystems Out Of Service:

Assume that Car 5 is Out of Service for 35 days while waiting for a rehabilitated motor.

Assume that the of the PA subsystem, a quarter of speaker at Station A-South are not Operational and the Owner determines the PA Subsystem to be "Out of Service." After 28 days, the Contactor repairs the speakers at A-South but another burned out after four days. The subsystem is restored the next day.

Then, Per Section B.4 the deduction to the Monthly Payment is calculated to be $.033X$

Environmental Discrepancies:

Assume that Owner has notified the Contractor of an environmental discrepancy and is corrected in 7 days. In addition, this same discrepancy was identified last month.

Then, Per Section B.5 the deduction to the Monthly Payment is calculated to be .004X

Total Monthly Payment Due:

$$\text{Monthly Payment Due} = .981X - .025X - \$3,500 - .033X - .004X = .919X - \$3,500$$
