

ANNEX B

W8485-23SL01/A

BASIS OF PAYMENT

FOR

REPAIR, OVERHAUL AND IN-SERVICE SUPPORT

OF

PARACHUTES & RELATED EQUIPMENT

1. Introduction

In consideration of the Contractor’s satisfactory performance of its obligations under this Contract during the periods outlined below and, if the option is exercised, during the extended period of the Contract, the Contractor will be paid in accordance with the applicable provisions as set out in the Basis of Payment.

a) Initial Period (dates to be inserted in resulting contract)

Year 1 means the period from / to;
 Year 2 means the period from / to;
 Year 3 means the period from / to;
 Year 4 means the period from / to;

b) Option Period (dates to be inserted in resulting contract)

Year 5 (Option Year 1) means the period from / to;
 Year 6 (Option Year 2) means the period from / to.

2. Preliminary Inspection and Estimate Preparation Services – Repair and Overhaul

For the provision of approved Preliminary Inspection and Estimate Preparation Services relating to the Repair and Overhaul of items in accordance with Annex A, Managed R&O Process, Appendix 2, Para 2.1.1 i), the Contractor will be paid the firm fixed price per item as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

3. Technical Support Services – Repair and Overhaul

For the provision of Technical Support Services relating to the Repair and Overhaul of items in accordance with Annex A, Performance Work Statement (PWS) Section 3.2 and PWS Appendix 2, Managed R&O Process, Para 2.1.1 i) L, the Contractor will be paid the firm hourly rates as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

Note: This is for all internal labour, including cleaning, repairing, repainting and refinishing and any shipment preparation such as building and fixing crates and containers required to Repair and/or Overhaul of this item. This is intended to capture the recurring costs for the future repair of each specific stock code for business planning purposes.

4. Engineering Support Services – Repair and Overhaul

For the provision of Engineering Support Services relating to the Repair and Overhaul of items in accordance with Annex A, Performance Work Statement (PWS) Section 3.2, and PWS Appendix 2, Managed R&O Process, Para 2.1.1 i) L, the Contractor will be paid the firm hourly rates as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

Note: This is for all internal labour, including any other recurring Engineering Support Services (i.e. certification of specific repairs or design changes, identification and sourcing

for alternate parts) required to Repair and/or Overhaul this item. This is intended to capture the recurring costs for the future repair of each specific stock code for business planning purposes.

5. Technical Investigation and Engineering Support Services

For the provision Technical Investigation and Engineering Support (TIES) Services, on an as-and-when requested basis, the Contractor will be paid the firm all-inclusive hourly rates as per the two following categories:

5.1 TIES Engineering Support Services

For the provision of Engineering Support Services relating to TIES in accordance with the Performance Work Statement Annex A, Section 4.2.1 the Contractor will be paid the firm hourly rates as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

Note: Includes all non-recurring Engineering support to Publication development and amendment, Design changes, Special Inspection, CMPC and APAF, Improvement of AMSE programs, Improvement of repair processes, Flight Safety Investigation, Identification and sourcing of alternate parts, and Engineering work during MRP.

5.2 TIES Technical Support Services

For the provision of Technical Support Services relating to TIES in accordance with the Performance Work Statement Annex A, Section 4.2.2, the Contractor will be paid the firm hourly rates as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

Note: Includes all non-recurring Technical advice in support of 1st and 2nd Line maintenance, Technical support during Mobile Repair Party (MRP), Training for Canadian Forces (CF) personnel on new capabilities and/or maintenance support activities at CF or Contractor facilities.

6. Management Support Services

For the provision of Management Support Services in accordance with the Performance Work Statement Annex A, Section 2, the Contractor will be paid the firm monthly rates as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

Includes: Management of contract, Inventory Management, Administrative Services, completing & submitting all required reports, Stocktaking (labour & reporting), Shipping & Handling as well as time attending meeting such as TRM and PRM.

7. Subcontracting

For authorized Subcontracted work, including shipping, labour* and materiel, the Contractor will be paid the actual laid-down cost plus a firm mark-up as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

* **Note:** The labour rates for subcontracting must never be in excess of the rate in effect under the Basis of Payment.

8. Contractor Furnished Materiel (CFM)

8.1 CFM

For CFM, the Contractor will be paid the laid-down cost of the materiel plus the firm mark-up as detailed below:

Year 1	Year 2	Year 3	Year 4	Year 5
Year 6				

8.2 CFM bought by Canada

Canada may buy excess CFM from the Contractor when the items meet the criteria defined in the Contract, Section “Canada Purchase of Excess Contractor Furnished Materiel”, and to the extent that the parties can come to terms.

When CFM is bought by Canada, the Contractor will be compensated for the laid-down cost, with no allowance for embodiment or transfer fees, overhead or profit.

9. Shipping Services

9.1 Routine Shipments

All routine shipments must be FCA Free Carrier at Contractor’s facility, Incoterms 2000. Customs duties are included and Applicable Taxes are extra.

9.2 For all items with a Repair Priority Code of C (Critical)

The shipping of items identified with a Repair Priority Code of C (Critical) is conditional to performance measurements, and payment will be subject to KPI 1, in accordance with Annex D, Performance Management Specification:

When the Return Date is not met:

If the Contractor does not achieve the Key Performance Indicator KPI 1 in the Performance Management Specification (Annex D), the shipping will be at no cost to Canada, by the fastest means possible to the directed location.

9.3 For Third Party Shipping

Third party shipping requires written approval from the Contracting Authority.

For the provision of third party shipping services, the Contractor will be paid the laid-down cost.

10. Travel and Living

a) The Contractor will be reimbursed for Travel and Living expenses in accordance with the National Joint Council Travel Directive, and as per section "Travel and Living Expenses" of the Contract.

b) For lodging facilities required for the performance of the work during Mobile Repair Party (MRP), the Contractor will be paid as per the rates provided in the approved DND 626.

11. Loss or Damages of Government Property

As per the Annex A, Performance Work Statement, section "5.5 Lost or Damaged to DND Materiel", if the Contractor does not submit a proposal for replacement of the lost or damaged item or if the proposed replacement is not approved by the Technical Authority, the Contractor must negotiate reimbursement through the Contracting Authority.

12. Change in Location

Canada will not consider any requests to amend the Basis of Payment to allow the contractor to recover any costs associated with a change in the location where the required services are provided.

13. GST/HST

All prices are exclusive of Goods and services Tax (GST) or Harmonized Sales Tax (HST) as applicable, unless otherwise indicated.

14. Definitions

14.1 Hourly Rates

Hourly Rate means a firm hourly rate to be charged for each hour worked and prorated for any period less than an hour. The hourly rates are firm, all-inclusive of direct and indirect costs, overhead rates, General and Administrative rates, and profit, but excludes Applicable Taxes. The hourly rates also include costs for any additional types of services required (e.g. environmental costs).

14.2 Laid-Down Cost

Laid-down cost is defined as the cost incurred by the Contractor to acquire a specific product or services for resale to Canada. This includes the suppliers invoice price (less trade discounts) plus any applicable charges for transportation, foreign exchange, custom duties and brokerage charges, but excludes Applicable Taxes.

14.3 Mark up

Mark-up includes the applicable purchasing expense, internal handling and general and administrative overhead expenses plus profit excluding Applicable Taxes. Costs are to be all inclusive, and shown as separate items on invoices.