



Procurement Pricing

A Fundamentals class on cost & pricing analysis for the Procurement Lifecycle

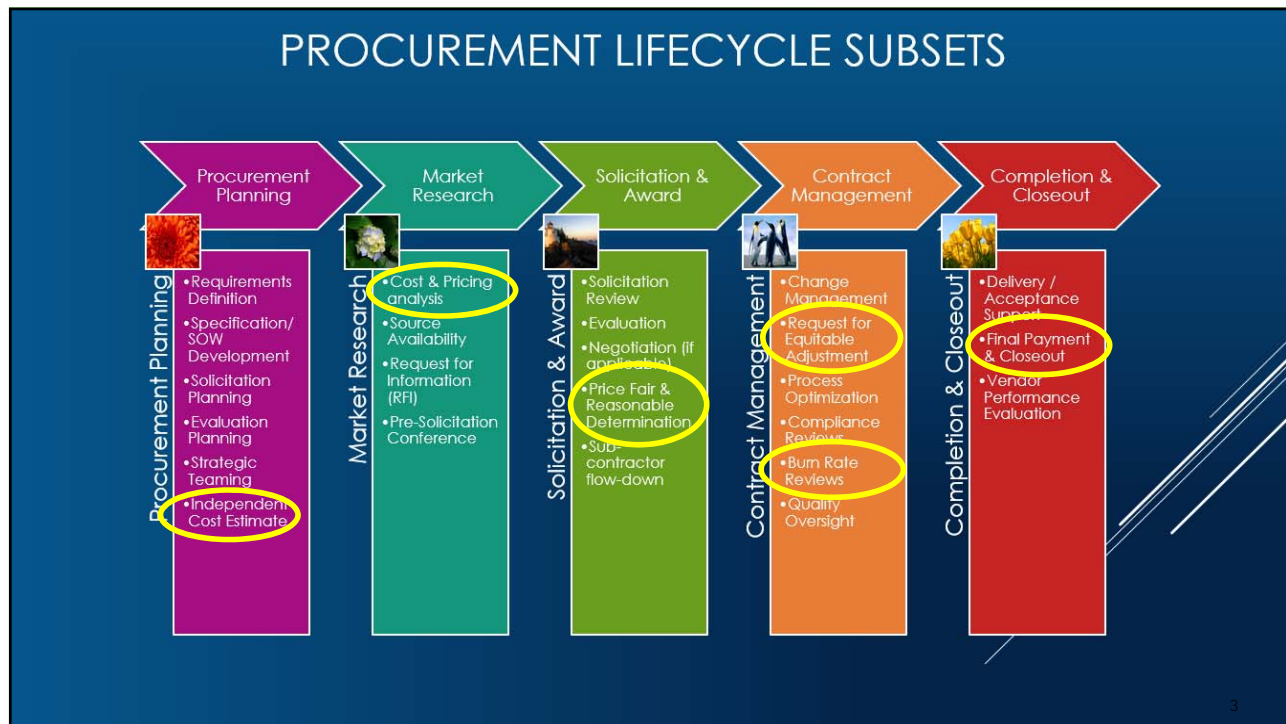
Sarah Allen – Administrator


2016



AGENDA

- Procurement Life Cycle
- The Regulations
- What is Fair and Reasonable Pricing?
- Planning
 - IGE
 - MR
 - Strategy
- Solicitation & Award
 - Price Analysis
- Contract Management & Closeout/Handover
 - Burn Rate & Obligation Logs
 - Request for Equitable Adjustment
 - Closeout issues





The Regulations

- HRS 103D-312 : Fair & Reasonable Pricing Policy; cost or pricing data.
 - Legislative Session 2016, HB2060 HD1 SD2
- HAR 3-122-121 to 130 : Cost or Pricing data

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What is Fair and Reasonable Pricing?

- Identify Government's Pricing Objectives
 - Pay a Fair and Reasonable Price
 - Price Each Contract Separately
 - Exclude Contingencies
- Identify Government Approaches to Contract Pricing
 - Price Analysis
 - Cost Analysis
 - Cost Realism Analysis

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Identify Government's Pricing Objectives

- Identify Government's Pricing Objectives
 - Pay a Fair and Reasonable Price
 - Price Each Contract Separately
 - Exclude Contingencies

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Fair and Reasonable

- ▀ Fair to the Buyer
- ▀ Fair to the Seller
- ▀ Price Evaluation Factors

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Fair and Reasonable Pricing

- ▀ Price Each Contract Separately
- ▀ Exclude Contingencies

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What is Fair and Reasonable Pricing?

- ▀ Identify Government Approaches to Contract Pricing
 - ▀ Price Analysis
 - ▀ Cost Analysis
 - ▀ Cost Realism Analysis

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Two Methods for Determining Price Reasonableness?

- ☐ Price Analysis - Always
- ☐ Cost Analysis - As Required

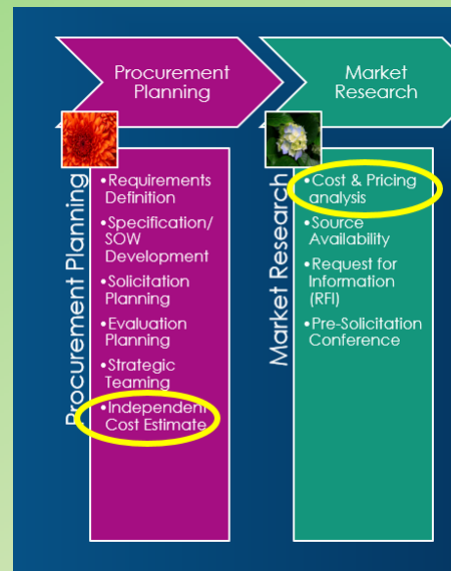


Analysis Routes



PLANNING and MARKET RESEARCH Steps 1 & 2

- Market Research
- Overall Procurement Strategy



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Independent Government Estimate (IGE)

- How Was The Estimate Made?
- What Assumptions Were Made?
- What Information And Tools Were Used?
- Where Was The Information Obtained?

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Market Research

- ▶ Historical Pricing Data For Market Research
- ▶ Published Data For Market Research
- ▶ Market Research Data From Buyers And Other Experts
- ▶ Market Research Data From Prospective Offerors
- ▶ Market Research Data From Other Sources
- ▶ Using Market Research To Estimate Probable Price

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Procurement Data Sites

Title	Website
HI-SPO Website	www.spo.hawaii.gov
GSA Supply Schedules & GSA Advantage	www.gsaelibrary.gsa.gov/ElibMain/home.do www.gsaadvantage.gov/advantage/main/elib.do?pg=home&src=elib
USAspending.gov	www.usaspending.gov
Dynamic Small Business Search	http://dsbs.sba.gov
Federal Business Opportunities	www.fbo.gov

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State Websites

The image shows two side-by-side screenshots of state websites. The left screenshot is the State of Hawaii State Procurement Office website, featuring a header with the state seal and navigation links like Home, News & Events, For Vendors, For State & County Personnel, HiePRO, References, and Forms. The main content area includes a group photo of staff and a 'Welcome to the SPO's SITE' message. The right screenshot is the Department of Business, Economic Development & Tourism Research & Economic Analysis website. It has a header with the department name and a search bar. The main content area features a large banner for the 'Quarterly Statistical & Economic Report' for the 2nd Quarter of 2016, along with a sidebar with links to DBEDT Data Warehouse, Current Economic Conditions, Daily Passenger Counts, Weekly Unemployment Updates, and Hawaii Census. A 'Sign Up' button for the Products Mailing List is also visible.

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GSA Schedules

<http://www.gsaelibrary.gsa.gov/ElibMain/home.do>

The image shows a screenshot of the GSA eLibrary website. The header includes the GSA eLibrary logo and the text 'GSA Federal Acquisition Service'. Below the header is a welcome message: 'Welcome! GSA eLibrary is your one source for the latest GSA contract award information. GSA offers unparalleled acquisition solutions to meet today's acquisition services that provide best value, in terms of cost, quality and service, for federal agencies and taxpayers.' A search bar is prominently displayed with the text 'Search' and a dropdown menu for 'all the words'. Below the search bar is a 'Category Guide' section with a list of categories. An orange arrow points to the 'Laboratory, Scientific, & Medical' category. The categories listed are: Spring/Summer Supplies & Services, Disaster Relief, Hospitality, Cleaning, & Chemicals, Laboratory, Scientific, & Medical, Office Solutions, Security Solutions, Tools, Hardware, & Machinery, Vehicles & Watercraft, Building & Industrial, Furniture & Furnishings, IT Solutions & Electronics, Law Enforcement, Fire, & Security, Recreation & Apparel, Services, Travel & Transportation Solutions, and Wildland Fire & Equipment.

The above is the main page for the GSA eLibrary. These categories will show the contractors' GSA contract along with price information.

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GSA Schedules, ctd...

Below, you will see all the main categories that fall under laboratory, Scientific, & Medical. Let's pick Medical Equipment and Supplies:

GSA eLibrary	
GSA Federal Acquisition Service	
Category Guide	
Laboratory, Scientific, & Medical	
GSA provides a full range of commercial products and services covering such areas as scientific and medical research, public safety, electrical and electronic param	
Source	Description
621 I	PROFESSIONAL AND ALLIED HEALTHCARE STAFFING SERVICES
65 I B	PHARMACEUTICALS AND DRUGS - Includes Antiseptic Liquid Skin Cleansing Detergents and Soaps, Dispensers and Accessories.
65 II A	MEDICAL EQUIPMENT AND SUPPLIES
65 II C	DENTAL EQUIPMENT AND SUPPLIES
65 II F	PATIENT MOBILITY DEVICES - Includes Wheelchairs, scooters, walkers.
65 V A	X-RAY EQUIPMENT AND SUPPLIES - Includes medical and dental x-ray film.
65 VII	INVITRO DIAGNOSTICS, REAGENTS, TEST KITS AND TEST SETS
66	SCIENTIFIC EQUIPMENT AND SERVICES - Test and Measurement Equipment, Unmanned Scientific Vehicles; Laboratory Instruments, Furnishings and L
66 III	CLINICAL ANALYZERS, LABORATORY, COST-PER-TEST

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Okay, now here is a category list of all the medical equipment and supplies. Let's pick Adhesive Tapes and Adhesive bandages:

GSA eLibrary	
GSA Federal Acquisition Service	
Schedule Summary	
For general questions, contact: VA FSS Help Desk Phone: 703-756-7737 E-mail: helpdesk.ammhinfss@va.gov	
Laboratory, Scientific, & Medical	
65 II A	
MEDICAL EQUIPMENT AND SUPPLIES	
Vendors Click here to view the current solicitation on FedBizOpps	
65 II A Category list: Categories - Go	
Download Contractors (Excel)	
Category	Description
A-1	Adhesive Tapes and Adhesive Bandages
A-10	Cannulas, Airways, Tubes and Accessories - All styles, types and sizes, except those relating to blood transfusion and IV apparatus
A-12	Colostomy/Ostomy Products
A-16	Stockings (Anti-embolism/compression only)
A-17	Sutures, Suture Needles, Staples and Extractors (all types and sizes)
A-19	Wound Drainage Systems and Kits/Evacuators - Excludes equipment and equipment accessories
A-200	Equipment Maintenance and Repair
A-24	Bands, Patient Identification
A-27	Brush-Sponge Surgical Scrubs
A-28	Charts and Chart Racks (Medical Only)
A-30	Restraints, Adult and Pediatric - Medical application only

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GSA Schedules, ctd...

Okay, now here is a list of all the vendors that have a contract on GSA. For goods information, you can either click on their contract or directly to GSA Advantage.

Contractor Listing
For general location, contact:
VA FPM Help Desk
Phone: 703-765-7777
E-mail: helpdesk.amerinfo@gsa.gov

65 02 0 MEDICAL EQUIPMENT AND SUPPLIES
Destination: Adhesive Tapes and Adhesive Bandages
52 contractors

Display: 10 Rows (Contract Number)
Total Rows: 52
Please Select Rows
Click the "G" key to select all that apply

Search Contractor TBCs/Products

Contractor	Contract #	Phone	City, State	Factor	Contractor TBCs	View Contract
3M MEDICAL DEVISION	V797D-40028	800-733-0331	WASHINGTON, DC	0	0	View Contract
ACTINEM PRODUCTS, CO.	V797D-23320	309-723-0302	DOHA, FL	0	0	View Contract
ANCHOR MEDICAL SUPPLY INC.	V797D-40028	212-440-0208	NEW YORK, NY	0	0	View Contract
ARGENTUM MEDICAL, LLC	V797D-40098	800-951-5009	GRENO, IL	0	0	View Contract
ASPER SURGICAL	V797D-40078	604-666-7000 EXT 240	CHALCOTHA, MI	0	0	View Contract
AVICOR HEALTH CARE PRODUCTS, INC.	V797D-40027	817-551-0505	ARLINGTON, TX	0	0	View Contract
AVKARE, INC.	V797D-40068	811-900-0020	PULASKI, TN	0	0	View Contract
BAVSEIDE MEDICAL SUPPLY CO., INC.	V797D-50409	813-879-2751	TAMPA, FL	0	0	View Contract
BEST MEDICAL WEAR LTD.	V797D-20409	516-486-0546	BROOKLYN, NY	0	0	View Contract
BEST MEDICAL PRODUCTS, INC.	V797D-40088	804-340-3000 1127	BLANCKEN, NY	0	0	View Contract
BIO APPLE BUYING GROUP CORPORATE (SBA: 800-APPL)	V797D-38079	800-909-3803 EXT 311	ROSBY, NY	0	0	View Contract
BIOMAT CORPORATION (SBA: AMERICAN MEDICAL)	V797D-40098	804-630-9475	JACKSONVILLE, FL	0	0	View Contract
CARDINAL HEALTH 200, LLC	V797D-40048	847-760-4800	HAUBERMAN, IL	0	0	View Contract
COVENTURE I, LLC THE SHOWER SLEE	V797D-40076	800-800-1306	INDIANAPOLIS, IN	0	0	View Contract
COVISEN SALES, LLC	V797D-40024	508-240-0200	WINDFORD, MA	0	0	View Contract
COR SAVERS AND FIRST AID SUPPLY	V797D-40088	800-666-0277	SCOTTSDALE, AZ	0	0	View Contract
DYNATRONICS CORPORATION (SBA: TARTAN GROUP)	V797D-22700	(202) 760-7000	SALT LAKE CITY, UT	0	0	View Contract
EUGENEX CORPORATION (SBA: TARTAN GROUP)	V797D-40048	630-260-1000	HEBENTON, IL	0	0	View Contract
ERA HEALTH, LLC (SBA: VETRON'S HEALTH)	V797D-40022	817-807-2215	PORT WORTH, TX	0	0	View Contract
EUROAMERICAN 3P, LLC	V797D-23320	954-877-2929	FORWARD BEACH, FL	0	0	View Contract

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GSA Schedules, ctd...

We clicked on a contract. Here's a look at some prices:

Argentum Medical, LLC: Silverlon™ Family of Advanced 7 Day Antimicrobial Wound, Burn, Surgical and Negative Pressure Dressings.

**Authorized Federal Supply Schedule Price List 2/15/14 to 2/14/19
Contract No. V797D-40098**

Silverlon™ Wound Contact Dressings

FSS NET IN UOM	PRODUCT NO.	PRICE/UOM	PRODUCT DESCRIPTION	QTY/UOM
A-4(b) Box	WCD-22	\$ 29.65	2" x 2"	10
A-4(b) Box	WCD-44	\$ 105.53	4" x 5"	10
A-4(b) Box	WCD-412	\$ 334.17	4" x 12"	10
A-4(b) Box	WCD-1012	\$ 347.24	10" x 12"	5
A-4(b)	WCD-466	\$ 139.30	4" x 66"	1 EA

Silverlon™ Wound Packing Strips

FSS NET IN UOM	PRODUCT NO.	PRICE/UOM	PRODUCT DESCRIPTION	QTY/UOM
A-4(b) Box	WPS-112	\$ 35.73	1" x 12"	5
A-4(b) Box	WPS-124	\$ 71.11	1" x 24"	5

Silverlon™ Adhesive Strips

FSS NET IN UOM	PRODUCT NO.	PRICE/UOM	PRODUCT DESCRIPTION	QTY/UOM
A-1 Box	AS-6001	\$ 74.62	1" x 3"	150

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GSA Schedules, ctd...

Okay, now here is a list of all the vendors that have a contract on GSA. For services information, you can either click on their contract or directly to GSA Advantage.

66 SCIENTIFIC EQUIPMENT AND SERVICES

Mechanical, Chemical, Electrical, and Geophysical Testing Services

Category Description

873 3 Electric Testing And Analysis Services Services for electrical testing and analysis include, but are not limited to, qualification, inspection, safety, performance, certification, and compliance testing of manufactured goods to nationally and internationally recognize reliability standards and regulatory requirements and directives (UL, CSA, FCC, ANSI, MIL-STD, etc.); marking services; circuit testing of semiconductors and microprocessors; EM/EMC testing; dielectric strength and dielectric constant; dissipation factor; electrical insulating materials testing; electrostatic discharge testing; arc resistance testing; hi-pot testing, electrical power system components testing (transformers, dielectric oil, relays, circuit breakers, switchboards, power plants, substations, etc.) screening and destruction analysis of electronic components; and related training.

3 contractors

Display: All Socio-Economic Indicators
Small Business

Search Contractor T&Cs/P

Download Contractors (Excel)

Hold the 'Ctrl' key to select all that apply

Contractor	Contract #	Phone	City, State	Socio-Economic	Contractor T&Cs /Pricelist	View Catalog
FRANKLIN APPLIED PHYSICS, INC.	GS-07F-96985	6106666645	OAKS, PA	S		
INTERTEK TESTING SERVICES, NA, INC.	GS-07F-0158V	770-280-7431	CORTLAND, NY	0		
SOUTHWEST RESEARCH INSTITUTE	GS-07F-6087P	210-532-2238	SAN ANTONIO, TX	0		

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GSA Schedules, ctd...

We clicked on a contract. Here's a look at some labor rates (full burdened to include fringe benefits, overhead and profit):

CUSTOMER INFORMATION:

Prices shown herein are Net (discount deducted).

1a. TABLE OF AWARDED SPECIAL ITEM NUMBERS (SIN's)
873 3 Electric Testing and Analysis Services

1b. LOWEST PRICE TEST: N/A

1c. HOURLY RATES: Prices shown herein are Net (discount deducted).

commercial job title	experience	functional responsibility	education	hourly rate
sr. staff scientist	34 yr. at this job	supervises tests, interprets military and commercial specifications, plans the work in accordance with timetables and budgets, analyzes data, writes technical reports	Ph.D.(physics)	\$186.74
staff scientist	21 yr. at this job	plans and conducts tests, designs and fabricates instrumentation, writes technical reports	Ph.D.(physics)	\$102.84

2. MAXIMUM ORDER: \$100,000

3. MINIMUM ORDER: \$100

4. GEOGRAPHIC COVERAGE: Domestic, 50 states, Washington, DC, Puerto Rico, US Territories and to a CONUS port or consolidation point for orders received from overseas activities.

5. POINTS OF PRODUCTION: N/A

6. DISCOUNT FROM LIST PRICES: Government discount is 7.31% from accepted price list.
Prices shown herein are Net (discount deducted).

7. QUANTITY DISCOUNT: None

8. PROMPT PAYMENT TERMS: Net 30

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FedBizOpps.gov

★ FedBizOpps.GOV
Federal Business Opportunities



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Search more than **32,000*** active federal opportunities.

Posted Date: Least 90 Days
 Place of Performance: Any State or Territory
 Keyword / Solicitation #:

Set-Aside Code: Any
 Type: Any
 Agency:

Additional criteria and multiple selections are available on the [advanced search form](#).
* Notices posted within the last 90 days.

⚠ SAM.gov REGISTRATION IS FREE: There is NO FEE to register, or maintain your registration, in the System for Award Management (SAM.gov). If you receive an email from a company claiming to represent SAM.gov, be cautious. If you get an e-mail from a company offering to help you register in SAM.gov asking you to contact them and pay them money, be cautious. These messages are not from the Federal Government. It is FREE TO REGISTER in SAM.gov for any entity.

💡 ATTENTION: Agency users are responsible for properly uploading controlled, unclassified materials to FBO using the access control procedures for document packages and attachments detailed in the [FBO Buyers Guide](#). Do not upload ANY classified materials to FBO.

🚨 Important Password Update: Users and interfacing Systems must reset their passwords as required every 90 days or the account will be disabled IAW GSA IT Security Policy, (CIO P 2100.1). Registered users will receive an email notification to remind them of this requirement. If your account has been disabled, contact the Federal Service Desk at 800-606-8220 (Monday - Friday 8 a.m. to 8 p.m. ET).

NOTE: If your account was re-enabled after contacting the FSD, you must reset your password before midnight on the day of the call to prevent it from being disabled once again.

Buyers / Engineers

Government users may post, manage, and award opportunities.

Username:
 Password:

[View Opportunities](#)
No login is required to view opportunities.
[Register Now](#)
[Password Reminder](#)
[Recovery FAQs](#)

Vendors / Citizens

Vendors and citizens may search, monitor, and retrieve opportunities.

Username:
 Password:

[Find Opportunities](#)
No login is required to view opportunities.
[Register Now](#)
[Password Reminder](#)
[Recovery FAQs](#)

RECOVERY

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VENDOR COLLABORATION

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Opportunities



RETURN TO OPPORTUNITIES

Opportunities List
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Search Results
Archives

⚠ Please note, there may be opportunities FBO did not recognize by this search. The results returned are based on agency input. If for any reason the submitting agency did not enter the Place of Performance location information, the system will not return that opportunity in the results.

[Refine Results](#)
[Clear Search](#)

1 - 20 of 86 Sort By: Posted On (Desc.) Showing: 20 per page 1 | 2 | 3 | 4 | 5 | 6

Opportunity	Agency/Office/Location	Type / Set-aside	Posted On
 J--Preventative Maintenance on Boring Machines N0060416T3131 J -- Maintenance, repair & rebuilding of equipment	Department of the Navy Naval Supply Systems Command NAVSUP Fleet Logistics Center Pearl	Combined Synopsis/Solicitation (Modified)	Jun 30, 2016
 Dental Hygienist N62645-12-D-5010-0013 Q -- Medical services	Department of the Navy Bureau of Medicine and Surgery Naval Medical Logistics Command	Award	Jun 30, 2016
 Radio Pharmaceuticals W81K02-16-T-1036 65 -- Medical, dental & veterinary equipment & supplies	Department of the Army U.S. Army Medical Command Pacific Regional Contr Ofc TAMC	Combined Synopsis/Solicitation / Total Small Business	Jun 29, 2016
 Antenna Repair WX01960Y2016T J -- Maintenance, repair & rebuilding of equipment	Department of Homeland Security Federal Emergency Management Agency National Continuity Branch	Combined Synopsis/Solicitation	Jun 21, 2016
 ONE-TIME ENHANCEMENT FEE/ ENHANCEMENT & SUPPORT N68094-16-T-0036 D -- Information technology services, including telecommunications services	Department of the Navy Bureau of Medicine and Surgery Naval Hospital Camp	Combined Synopsis/Solicitation	Jun 21, 2016

RECOVERY

Locate actions funded by the American Recovery and Reinvestment Act.

SEARCH RECOVERY OPPORTUNITIES

SEARCH RECOVERY AWARDS

FBO RECOVERY REPORTS

- [Click here for Opportunities](#)
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Learn more about FBO recovery reports

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FBO now contains the Vendor Collaboration Central Event Listing. [Learn more](#) or [search](#).

VENDOR COLLABORATION

USER GUIDES

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DEMONSTRATION VIDEOS


Learn about FBO features and functionality in on-line videos.

Watch the Videos

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	<p>J--Vessel Maintenance, Repair and Overhaul Services of 7 Facility Response Team (FRT) boats, 2 work boats (WB), 9 paint maintenance barges (PMB), and 40 pneumatic fenders. N0060416T3062 J -- Maintenance, repair & rebuilding of equipment</p>	Department of the Navy Naval Supply Systems Command NAVSUP Fleet Logistics Center Pearl	Combined Synopsis/Solicitation (Modified) / Total Small Business	Jun 09, 2016
	<p>65--Carefusion Software Windows 7 Upgrade Pyxis VA26116Q0325 65 -- Medical, dental & veterinary equipment & supplies</p>	Department of Veterans Affairs Fresno VAMC Department of Veterans Affairs Central California Health Care System	Combined Synopsis/Solicitation	Jun 08, 2016
	<p>Prep Tables, Various HDEC04-16-T-0001 73 -- Food preparation and serving equipment</p>	Other Defense Agencies Defense Commissary Agency Contracting Business Unit/Equip. & Maint Div (HDEC04)	Award / Total Small Business	Jun 08, 2016
	<p>Safety IV Catheters MP-1508-51 65 -- Medical, dental & veterinary equipment & supplies</p>	Defense Logistics Agency DLA Acquisition Locations DLA Troop Support - Medical	Combined Synopsis/Solicitation	May 24, 2016
	<p>Web-based self-assessment for leader development training W912CN-16-T-0019 U -- Education & training services</p>	Department of the Army Army Contracting Command, ECC 413th CSB (W912CN) RCO Hawaii	Combined Synopsis/Solicitation (Modified) / Total Small Business	May 23, 2016
	<p>Suction Canister Reusable and Disposable Canister Liners IAP-1503-10 65 -- Medical, dental & veterinary equipment & supplies</p>	Defense Logistics Agency DLA Acquisition Locations DLA Troop Support - Medical	Combined Synopsis/Solicitation	Mar 29, 2016
	<p>Sterile Disposable Operating Room Towels MP-1511-62 65 -- Medical, dental & veterinary equipment & supplies</p>	Defense Logistics Agency DLA Acquisition Locations DLA Troop Support - Medical	Combined Synopsis/Solicitation	Mar 29, 2016
	<p>Disposable ECG Electrodes IAP-1603-57 65 -- Medical, dental & veterinary equipment & supplies</p>	Defense Logistics Agency DLA Acquisition Locations DLA Troop Support - Medical	Combined Synopsis/Solicitation	Mar 28, 2016
	<p>Suction Canister Disposable IAP-1501-08 65 -- Medical, dental & veterinary equipment & supplies</p>	Defense Logistics Agency DLA Acquisition Locations DLA Troop Support - Medical	Combined Synopsis/Solicitation	Feb 29, 2016

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Government Economic Data – Bonnie's Example

In a recent analysis to determine whether or not to allow a price increase on the car rental contract, several factors were taken into consideration; 1) Inflation rate, 2) Industry rates, 3) Gasoline prices and 4) New vehicle costs. All information gathered from the United States Department of Labor, Bureau of Labor Statistics (not adjusted for Hawaii specifically).

1. Inflation rate 2016 – approximately 1.5 %

Table A. West Region CPI-U monthly and annual percent changes (not seasonally adjusted)

Month	2011		2012		2013		2014		2015		2016	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
January	0.5	1.4	0.4	2.6	0.3	1.7	0.3	1.7	-0.3	0.7	0.5	2.6
February	0.6	1.9	0.4	2.5	0.8	2.0	0.4	1.3	0.6	0.9	0.1	2.1
March	0.9	2.6	0.9	2.4	0.4	1.5	0.6	1.5	0.8	1.1	0.2	1.5
April	0.6	3.0	0.2	2.1	0.0	1.3	0.3	1.8	0.3	1.0	0.5	1.8
May	0.3	3.2	0.2	2.0	0.2	1.3	0.6	2.3	0.8	1.2	0.5	1.5
June	-0.2	3.1	-0.2	2.0	0.1	1.5	0.1	2.3	0.0	1.1		
July	-0.1	2.9	-0.3	1.8	0.0	1.9	0.1	2.3	0.3	1.3		
August	0.2	3.0	0.5	2.1	0.1	1.5	-0.1	2.1	-0.1	1.3		
September	0.4	3.5	0.5	2.2	0.2	1.3	0.1	2.0	-0.2	1.0		
October	0.0	3.4	0.4	2.5	-0.1	0.9	-0.1	2.0	0.0	1.1		
November	-0.2	3.2	-0.7	1.9	-0.4	1.3	-0.6	1.7	-0.2	1.5		
December	-0.3	2.7	-0.5	1.7	0.0	1.8	-0.5	1.3	-0.1	1.8		

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Bonnie's Example, ctd..

1. Passenger Car Rental Rates (May 2016) 2% increase in prices (preliminary calculations)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	3.2	4.2	2.3	2.9	-3.1	0.9	1.6	0.3	-1.8	-1.9	3.8	5.3
2007	-0.4	-1.1	-5.3	-1.5	-5.3	-3.6	5.0	11.3	3.6	-0.5	-2.3	4.7
2008	2.1	-0.3	2.3	-5.8	-1.4	0.0	19.9	15.1	5.7	-5.4	-5.0	-4.8
2009	1.5	8.8	13.5	5.3	-1.4	2.4	7.3	9.6	3.7	-5.7	-10.2	-10.6
2010	-4.5	4.1	3.6	-1.0	-10.1	-1.9	13.0	9.1	-2.3	-7.4	-1.0	-0.8
2011	-6.9	-3.3	8.3	-0.5	-7.5	-6.7	14.2	20.5	1.5	-12.0	-13.5	-15.7
2012	-12.1	-3.9	27.7	7.4	-3.3	-16.0	9.4	14.6	6.1	-1.7	2.3	2.7
2013	-5.5	-0.7	6.5	0.4	-14.6	-7.1	7.7	20.2	1.6	-2.8	-9.6	-6.2
2014	2.5	7.1	20.8	12.5	0.5	-9.6	2.1	9.1	-0.2	-16.0	-17.1	-12.0
2015	-0.6	4.3	12.8	0.1	-2.4	-10.0	4.3	7.2	1.0	-5.8	-10.5	-4.7
2016	-7.0	-2.3(P)	1.6(P)	1.8(P)	0.2(P)							

P : Preliminary. All indexes are subject to revision four months after original publication.

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Bonnie's Example, ctd..

1. Gasoline prices declined January to April, with increases beginning in May 2016

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2006	-10.8	4.1	3.9	5.1	8.2	9.5	9.5	11.1	-3.0	-19.7	-22.8	-4.5		
2007	4.2	6.8	5.4	11.7	15.4	8.2	5.6	-1.7	1.4	1.7	13.4	11.2		
2008	11.1	3.4	2.7	1.1	4.6	15.2	20.8	10.1	-0.1	-16.7	-39.9	-52.0		
2009	-42.2	-9.3	8.1	4.7	1.7	27.7	25.7	26.4	6.2	8.0	6.5	4.9		
2010	5.9	-1.0	-1.7	-3.9	-3.4	-4.4	-1.5	2.2	5.8	9.1	10.3	15.2		
2011	10.4	9.1	8.6	12.4	12.4	3.2	-1.7	-2.7	1.6	0.3	0.8	-2.8		
2012	0.3	2.8	6.6	4.6	-4.3	-9.6	-11.1	2.0	12.9	17.0	2.4	-5.9		
2013	-8.1	4.1	1.0	-3.5	-11.6	-5.3	0.0	2.7	2.1	1.2	0.6	2.2		
2014	4.0	1.4	-3.3	-1.9	-2.6	-0.3	-3.5	-3.1	-2.5	-3.4	-5.8	-15.3		
2015	-28.7	-24.0	-13.7	3.2	7.7	6.7	8.4	-1.2	-9.6	-9.4	-5.5	-3.1		
2016	-8.6	-21.1	-15.4	-4.0	12.9									

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Bonnie's Example, ctd..

1. New vehicle cost shows very minor deviations since the beginning of CY 2016.

3-Month Percent Change

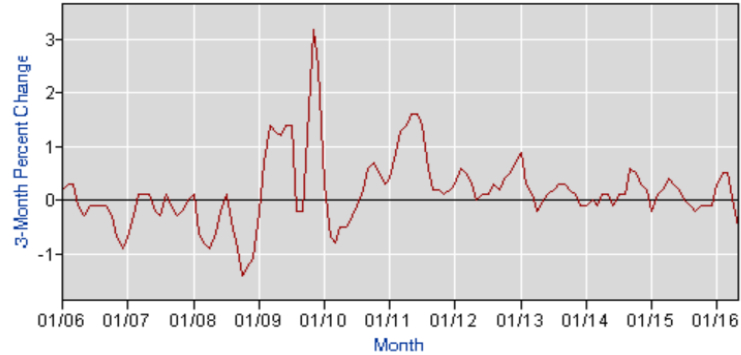
Series Id: CUSR0000SETA01

Seasonally Adjusted

Area: U.S. city average

Item: New vehicles

Base Period: 1982-84=100



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Bonnie's Example, ctd..

I also did a current price comparison (for Hawaii only) for April through December 2016 on Excel.

Here is a sample:

May 1, 2016										
HONOLULU	Alamo	Enterprise	National	Dollar	Thrifty	Budget	Hertz	Avis	Advantage	ADR
Compact	\$50	\$56.00	\$75	\$50	\$48	\$55	\$82	\$81	\$49	\$60.67
Minivan	\$80	\$88.00	\$138	\$83	\$81	\$89	\$140	\$139	\$84	\$102.44
Standard SUV	\$64	\$70.00	\$108	\$67	\$65	\$71	\$110	\$109	\$73	\$81.89
KONA	Alamo	Enterprise	National	Dollar	Thrifty	Budget	Hertz	Avis	Advantage	ADR
Compact	\$58	\$58.00	\$61	\$55	\$53	\$58	\$61	\$61	NA	\$66.43
Minivan	\$75	\$75.00	\$111	\$97	\$90	\$75	\$111	\$111	NA	\$106.43
Standard SUV	\$73	\$73.00	\$92	\$92	\$90	\$73	\$105	\$92	NA	\$98.57
LIHUE	Alamo	Enterprise	National	Dollar	Thrifty	Budget	Hertz	Avis	Advantage	ADR
Compact	\$56	\$62.00	\$63	\$57	\$54	\$57	\$63	\$64	\$53	\$75.57
Minivan	\$83	\$86.00	\$112	\$87	\$84	\$87	\$114	\$115	\$84	\$121.71
Standard SUV	\$72	\$75.00	\$86	\$75	\$73	\$75	\$87	\$88	NA	\$90.14
KAHULUI	Alamo	Enterprise	National	Dollar	Thrifty	Budget	Hertz	Avis	Advantage	ADR
Compact	\$56	\$61.00	\$61	\$56	\$55	\$56	\$61	\$67	\$48	\$57.89
Minivan	\$85	\$85.00	\$111	\$85	\$91	\$85	\$112	\$111	\$84	\$94.33
Standard SUV	\$96	\$101.00	\$97	\$104	\$103	\$101	\$108	\$105	\$84	\$99.89
HILO	Alamo	Enterprise	National	Dollar	Thrifty	Budget	Hertz	Avis	Advantage	ADR
Compact	\$57	\$60.00	\$61	\$55	\$55	\$57	\$62	\$67	NA	\$59.25
Minivan	\$66	\$68.00	\$111	\$67	\$67	\$68	\$112	\$111	NA	\$83.75
Standard SUV	\$69	\$71.00	\$93	\$69	\$69	\$71	\$93	NA	NA	\$66.88

We ultimately negotiated with the vendor a 1-2% (depending on car size) increase for the 2016-2017 contract period.



Developing Your Price Estimate

Preliminary Estimate of Contract Price	
Price Estimate	Estimating Rationale
\$19,700	Estimate based on the price determined fair and reasonable 11 months ago under contract XX-9X-XXXX.
\$20,488	Estimate based on the price determined fair and reasonable 11 months ago under contract XX-9X-XXXX plus 4 percent inflation estimated using the Producers Price Index for similar items.
\$19,750	Estimate based on current FloMo Systems catalog price for the quantity required.
\$19,900	Estimate based on current Acme Products catalog price for the quantity required.

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Procurement Strategy

- Identify Procurement Team Members
- Life-cycle Costs

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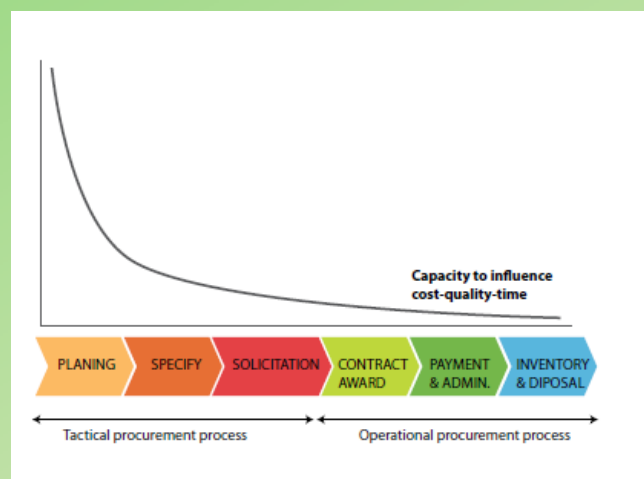
Who is Responsible for Determining Price Reasonableness?

The Procurement Officer is responsible for documenting the determination of price reasonableness in all procurements and contracting actions but may obtain assistance from:

- Procurement Specialist
- Legal Counsel
- Administrative Services Officer
- Project Managers (in-house estimates, technical evaluations, labor mix evaluation, etc.)
- Estimators
- Auditors (desk audits, detailed audits of cost or pricing data)



Procurement Strategy: Life-Cycle Costs





Procurement Strategy: Lease vs. Purchase

Offer	Government Expenditure Beginning of Year 1	Government Expenditure End of Year 1	Government Receipt End of Yr 2	Evaluated Price
1 (Purchase)	\$146,000	N/A	\$12,000 Discounted to \$9,917	\$136,083
2 (Lease)	\$70,500	\$70,500 Discounted to \$64,091	N/A	\$134,591

Excel:
 =PV(Rate,#Periods, Pmts, FV, Type)
 Type: pyt at beginning of period =1
 Pyt at end of period = 0

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Coffee Break!



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SOLICITATION & AWARD Step 3


- ▀ Responsibility
- ▀ Price Analysis
- ▀ Unbalanced Bids
- ▀ Price-Related Decision Process



Solicitation & Award

- Solicitation Review
- Evaluation
- Negotiation (if applicable)
- **Price Fair & Reasonable Determination**
- Sub-contractor flow-down

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Price Analysis

The process of examining and evaluating a “proposed price” to determine if it is fair and reasonable without evaluating its separate cost elements and profit.

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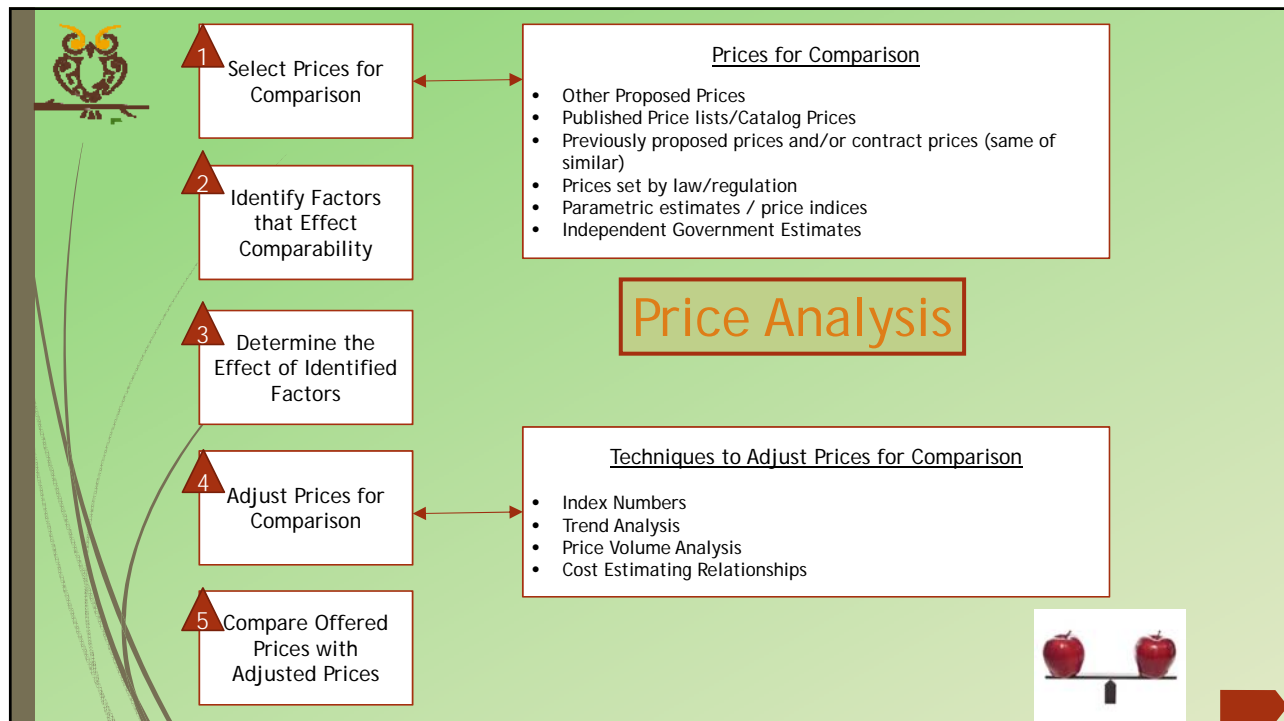
Should-Pay Price

❑ Should-pay price - the price that the State should reasonably expect to pay for the item based on available information concerning competitive offers, historical prices, commercial prices, pricing yardsticks, and Internal Government Estimates.



❑ Apples-to-apples

❑ For price analysis, the items being compared must have enough similar characteristics or qualities to make the comparison meaningful.





Price Analysis

- ☐ Price Analysis always involves some form of comparison with other prices.
- ☐ Purchasing Specialist / Procurement Officer is responsible for selecting basis for comparison and determining whether a price is fair and reasonable.
- ☐ Must Document the basis of
 - ☐ Proposed Price
 - ☐ Comparison Price



Price Analysis

- ☐ Basis for Price Analysis comparisons (in order of desirability):
 - ☐ Comparison of competitive proposals. Adequate price competition
 - ☐ Comparison to prior competitive purchase orders/contracts for same or similar items/services.
 - ☐ Comparison with previous invoices for same or similar item.
 - ☐ Comparison with a published price list, catalog or GSA Federal Supply Schedule.
 - ☐ Prices or Labor Rates set by law/regulation (e.g., Davis Bacon, Service Contract Act, Minimum Wage, Union Labor Agreements, utilities)
 - ☐ Recognized Price Indices (professionals, materials, equipment) National, regional, or local agreements.
 - ☐ Comparison with internal or independent estimate.

Relationship between Market Research and Price Analysis?



Price Analysis - Example

Fair and Reasonable Justification

HP Designjet T1200 HD Multifunction Printer

Agency is unable to join / enroll in WSCA 10-01 due to the cooperative agreement's start a year ago. HP is able to provide the HP Designjet T1200 HD Multifunction Printer for \$17,913.00, Four Year Next Business Day Hardware Support for \$3,827.00, and the required ink cartridges for \$414.00. Amazon.com was able to provide the same printer and ink cartridges at \$18,561.24 and \$449.34 respectively. CDW.com's pricing was quoted at \$19,795.99 and \$383.94. A comparative table below displays the price of the 3 companies while supplying the warranty directly from HP as the manufacturer. Below are the quotes that support this justification.

	<u>HP</u>	<u>Amazon.com</u>	<u>CDW.com</u>
HP Designjet T1200	\$17,913.00	\$18,561.24	\$19,795.99
Ink Cartridges	\$414.00	\$449.34	\$383.94
Warranty	\$3,827.00	\$3,827.00	\$3,827.00
Total	\$22,154.00	\$22,837.58	\$24,006.93



Factors That Affect Comparability

- ☐ Market conditions;
- ☐ Quantity or size;
- ☐ Geographic location;
- ☐ Purchasing power of the dollar;
- ☐ Extent of competition;
- ☐ Terms and conditions
- ☐ Technology; and
- ☐ Government unique requirements.



How do we know we are getting a fair and reasonable price in the following?

- ☐ Sole Source
- ☐ Exemption
- ☐ Emergency
- ☐ Procurement Violation
- ☐ Professional Services
- ☐ Extensions to the period of performance
- ☐ Change Orders / Amendments with Price Adjustments



Solicitation & Award: Unbalanced Bids



Solicitation & Award: Price-Related Decision Process

Cost Element	Proposed	Objective	Considered Achieved	Reference
Computer Hardware	\$1,000,000	\$900,000	\$925,000	See Para A
IT Help Desk Services	\$2,500,000	\$2,025,000	\$2,127,500	See Para B
Subtotal	\$3,500,000	\$2,925,000	\$3,052,500	
G&A	\$350,000	\$292,500	\$305,250	See Para C
Total Cost	\$3,850,000	\$3,217,500	\$3,357,750	

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CONTRACT MANAGEMENT AND CLOSEOUT Steps 4 & 5

- Contract Management
- Closeout & Completion



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Contract Management

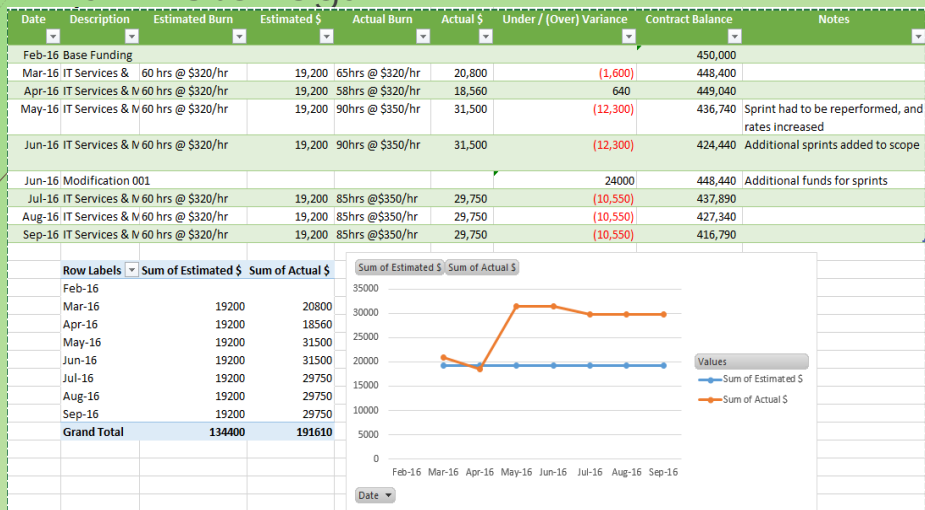
Request for Equitable Adjustments

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Contract Management

Burn Rate Logs



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Closeout

- ▀ Termination Settlements

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Mahalo!

- ▀ Visit us on the web at: SPO.Hawaii.gov
- ▀ Follow us on Twitter at: @HawaiiSpo
- ▀ Email us at:
state.procurement.office@Hawaii.gov
- ▀ Call us at: 808-586-0554



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References

- ▀ Contract Pricing Reference Guide – Defense Acquisition University
- ▀ HRS 103D-312
- ▀ HRS 3-122-120 to130