

PRICE ANALYSIS

Use for all procurements of \$50,000 or more, unless a cost analysis is required.

As required by Federal Transit Administration Circular FTA C 4220.1F Third-Party Contracting Guidance, Revision 4, March 18, 2013, and all subsequent editions, as available on FTA's website, www.fta.dot.gov.

AGENCY

ITEM BEING PROCURED

PROJECT AUTHORIZATION

A price analysis is needed to determine if the offers you received are fair and reasonable. The most common way to make this determination is to compare the offers to your Independent Cost Estimate (ICE). You may need to conduct additional analysis if your ICE is not consistent with the offers received. An ICE is only required for procurements of more than \$100,000 or more than \$250,000 when buying off state bus contracts. Leave the INDEPENDENT COST ESTIMATE field blank if your procurement does not require an ICE.

Step 1: Determine if the offered prices are Fair and Reasonable by comparing them to your ICE, if one was required.

INDEPENDENT COST ESTIMATE	VENDOR A OFFERED PRICE	VENDOR B OFFERED PRICE	VENDOR C OFFERED PRICE	VENDOR D OFFERED PRICE

(Attach additional sheets if more than four vendors submitted prices)

For Request For Proposal (RFP) procurements and procurements of A & E services, if an ICE was required and it is consistent with the offered prices, proceed to Step 3. If not, complete Step 2 and Step 3. Sign and date this form and submit it with your procurement documents.

For Invitation for Bid (IFB) procurements and Request For Quotes (RFQ) procurements, if an ICE was required and it is consistent with the offered prices, sign and date this form and submit with your procurement documents. If not, complete Step 2. Sign and date this form and submit with your procurement documents.

Step 2: Determine if offer is fair and reasonable (complete either a or b below).

a. Explain how the above numbers show that the price is fair and reasonable:

b. If you cannot use your ICE to determine if the price is fair and reasonable, additional explanation is required. Please indicate how you determined the price is fair and reasonable. Some accepted forms of price analysis techniques discussed in the Pricing Guide for FTA Grantees are:

1. Prices set by law or regulation (e.g., utility rates)
2. Established catalog prices
3. Comparison to previous purchases
4. Current published standards
5. Established market prices

Please indicate your technique. Retain supporting documentation in your files and make available to MDOT upon request.

Prices are set by law or regulation. These are considered fair and reasonable. Grantees should acquire a copy of the rate schedules set by the applicable law or regulation. Once these schedules are obtained, verify they apply to your situation, and you are being charged the correct price. For utility contracts, this policy applies only to prices prescribed by an effective, independent, regulatory body.

Comparison with competing suppliers' prices or catalog pricing for the same item. (Documentation could be copies of the catalog pages, website screenshots, etc). Established catalog prices require the following conditions:

- Established catalog prices exist
- The items are commercial in nature
- They are sold in substantial quantities
- They are sold to the general public

Comparison of proposed pricing with historical pricing from previous purchases of the same item. Changes in quantity, quality, delivery schedules, the economy, and inclusion of non-recurring costs such as design, capital equipment, etc., can cause price variations. Each situation must be analyzed. Also ensure that the previous price was fair and reasonable. Documentation should be a copy of the previous purchase invoices or quotes.

A written analysis of price components against current published standards, such as labor rates, dollars per pound, etc., to justify the price reasonableness of the whole.

Established market prices are based on the same principle as catalog prices except there is no catalog. A market price is a current price established in the usual or ordinary course of business between buyers and sellers free to bargain. These prices must be verified by buyers and sellers who are independent of the offeror. If you cannot determine other commercial buyers and sellers, you may obtain this information from the offeror. Documentation could be advertisements, catalog pages or invoices from other buyers and sellers.

Other (provide explanation):

Step 3: Negotiation – Required for A & E procurements and may be appropriate for some RFP procurements.

For RFP procurements – were negotiations conducted with the selected vendor?

- Yes
- No, If No, why not?

For all A & E and those RFP procurements that conducted negotiations, describe the negotiations that occurred.

NAME		
SIGNATURE	TITLE	DATE