Guidelines for Preparing a Cost and/or Price Proposal for
DLA Aviation, Land and Maritime and Troop Support

This is a guide only and is intended to provide an overarching view of the information an offeror must provide with its proposal in order for the Government to conduct a thorough evaluation of proposed cost and/or price elements. Each acquisition is unique and a may require that the offeror provide specific data that may vary from acquisition to acquisition. However, in every instance the Contracting Officer must have adequate information to determine that the proposed price is fair and reasonable. Additional information may be required above and beyond what is listed in this guide.

**IT IS THE RESPONSIBILITY OF THE SUPPLIER TO SUBSTANTIATE ITS PROPOSED COSTS/PRICES**

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FOR ACTIONS PROPOSED AS COMMERCIAL: Catalog/Market Price

Requires a two pronged approach:

- First the item must be determined to be commercial in accordance with FAR 2.101.
- Then one or more of the following techniques can be utilized to determine costs/prices to be fair and reasonable; however, in certain circumstances additional information may be required.

As defined in FAR Part 2, a Catalog Price is defined as a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or vendor, is either published or otherwise available for inspection by customers, and states prices at which sales are currently, or were last, made to a significant number of buyers constituting the general public

- For catalog items, the contractor should include:
  - A copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted, or a copy of price lists (published or unpublished) (e.g., wholesale, original equipment manufacturer, or reseller);
  - A copy or description of current discount policies; or
  - An explanation of the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities to help determine catalog price to be reasonable (also, see guidance for market priced items below).
  - A statement validating that this is the lowest price offered to any interested party or price paid by best customer.

As defined in FAR Part 2, a Market Price is defined as current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offeror.

- For market-priced items, the contractor should include:
  - Recent invoice(s) (redacted invoices are not valid for use/invoices will not be shared outside the Government) showing:
    - Date of sale – sales not greater than three years old (including source and date or period of the market quotation)
    - Quantity – must be comparable quantities to current requirement
    - Price paid (including base amount and discounts)
  - A description of the nature of the market.
Note: If an item is commercial of a type, offeror should also provide documentation regarding the exact commercial item; as well as invoices, catalog data etc. demonstrating price reasonableness of the commercial item and other than certified cost or pricing data detailing the reason(s) for the difference in price between the commercial item and the of a type item.

FOR NON-COMMERCIAL ACTIONS WITH A TOTAL VALUE (ALL YEARS, MAX QUANTITIES) GREATER THAN TINA: Certified Cost & Pricing Data*

- Proposal must be based on the elements identified in FAR 15.408, Table 15-2 and DFARS 215.408-5 Proposal Adequacy Checklist
- Proposal must include clear traceability to each element of cost and/or price, and the basis of estimate (examples: Explain how the number of labor hours was determined? Explain the different labor categories and how they support the proposed technical approach?)
- A thorough discussion of the basis of estimate must be provided for each element of cost as required
- Forward Pricing Rate Agreement (FPRA) rates must be used if there is a currently approved FPRA. Otherwise, if there is a Forward Pricing Rate Recommendation (FPRR) it should be identified in the proposal and for those rates not IAW the FPRR, justification must be provided for use of alternate rates.
- Subcontractor costs which meet the requirements of FAR 15.404-3 and all required analysis must be submitted with the original proposal (Explain how the prime contractor determined the subcontractor’s proposed prices to be fair and reasonable)
- Provide Certificate of Current Cost or Pricing Data as required by FAR 15.406-2 at completion of negotiations.

FOR ACTIONS WITH A TOTAL VALUE (ALL YEARS, MAX QUANTITIES) LESS THAN TINA:
Regardless of the competitive nature of the acquisition, information may be requested (in accordance with the hierarchy outlined at FAR 15.404) to support a determination of fair and reasonable costs/prices. Therefore, it may be necessary to support a determination of fair and reasonable costs/prices for both commercial and non-commercial acquisitions with informal cost data. **In addition, it may be necessary:**

- To identify general market conditions that may impact a determination of fair and reasonable pricing for that item (out of production item, scarcity of raw materials, manufacturing set-up, tooling, etc.)
- To identify production conditions that may impact a determination of fair and reasonable pricing for that item (limitations due to production capacity, min/max buy quantities, etc.)
- When purchasing sole source commercial items, the contracting officer will request and the offeror will need to provide non-Government sales data for quantities comparable to those in the solicitation. In addition, if there have not been any non-Government sales, “data other than certified cost or pricing data” shall be obtained and a price or cost analysis performed as required. In some cases the contracting officer will have to obtain “data other than certified cost or pricing data” from the offeror because there is not sufficient data from other sources to determine if prices are fair and reasonable. If other than cost or pricing data is required, the contracting officer is required to perform an analysis on elements of cost. The information provided in the breakdown must include:
  - Labor hours, to include identification of skills required for the action (including quotes and/or invoices)
  - Material costs (including quotes and/or invoices)
  - Overhead rates to include G&A
  - Profit
- To identify contract numbers and prices of recent sales of the item to other than DLA

*Cost Analysis [FAR 15.404-1(c)] is the evaluation (assuming reasonable economy and efficiency) of any separate cost elements and profit to determine fair & reasonable or cost realism, and to compare proposed costs with expected costs. During cost analysis, detailed cost elements and profit are evaluated individually.*

Price
Analysis [FAR 15.404-1(b)(1-4)] a broad term meant to account for all buyer actions taken to reach a reasonable price decision without resorting to cost analysis. During price analysis, the buyer evaluates the total price; profit is embedded in the price and not evaluated separately.

Note: For sole source acquisitions, the Acquisition Specialist/Contracting Officer shall request and review the supplier’s purchase order history as a method of determining price reasonableness.