

STATE USE FAIR MARKET PRICE POLICY

PURPOSE:

To prescribe a methodology for the determination of fair market pricing for products and services.

POLICY:

It shall be the Policy of the State Use Committee, pursuant to Title 74 O.S. §3005, and O.A.C. 304:10-1-4, to provide the herein described methodology and procedure for the preparation of Fair Market price analysis, which shall be presented to the State Use Committee for approval and establishment of the Fair Market Price.

RESPONSIBILITIES:

Qualified Organization: submit a product/service to the State Use Office for consideration of being added to the Procurement Schedule. The Submission shall utilize the Request to Add/Change Form-

Contracting Officer and support staff:—shall conduct an extensive market analysis using criteria which may include surveys of comparable private contracts, research of other governmental entities within and outside the state, comparison of wholesale and retail pricing of like products and services, and wholesale and retail pricing from qualified organizations}

State Use Committee: will review and if approved, thereby establish the Fair Market Price.

PROCEDURE:

Fair Market Price

1. Fair Market Price Comparison
 - 1.1. Fair Market Price Comparison is a reasonable price, which can be charged by the Qualified Organization, which may include, but is not limited to, the cost of raw materials, labor, capital equipment cost amortization, overhead and profit, service charges, delivery, and shipping costs.
 - 1.1.1. Also, in determining fair market prices, consideration should be given to the following factors:
 - 1.1.1.1. To the extent applicable, the amounts being paid for similar articles in retail quantities by federal agencies purchasing the commodities or services.
 - 1.1.1.2. The price of commodities or services in similar quantities if purchased from a reputable in-state vendor engaged in the business of selling retail commodities.
 - 1.1.1.3. To the extent possible, the amount paid by the state in any recent purchases of retail commodities or services in similar quantities, making due allowance for general inflationary or deflationary trends.
 - 1.1.1.4. The fair market price of a commodity or service, determined after consideration of relevant factors of the before mentioned types may not be excessive or unreasonable.
 - 1.1.1.5. The fair market price may include a reasonable charge for overhead and profit that is competitive with other retail markets.
 - 1.1.1.6. Price comparison when appropriate should include wholesale and retail pricing of like commodities.
2. Cost Analysis

2.1. Cost analysis means the determination made by the Qualified Organization with advice from the Contracting Officer and support staff, of the monies needed to be expended to produce a commodity or provide a service. Adequate weight will be given to legal and moral imperatives to pay workers with severe disabilities equitable wages.

2.1.1. This determination may include, but is not limited to, items such as:

- 2.1.1.1. The cost of raw materials,
- 2.1.1.2. supplies,
- 2.1.1.3. labor,
- 2.1.1.4. (prevailing wage) fringe benefits,
- 2.1.1.5. capital expenditures,
- 2.1.1.6. equipment maintenance,
- 2.1.1.7. overhead,
- 2.1.1.8. profit,
- 2.1.1.9. workshop charges,
- 2.1.1.10. delivery costs,
- 2.1.1.11. other usual, customary and reasonable costs of manufacturing, marketing, and distribution of a commodity or service.

3. Fair Market Price Determination

3.1. Fair Market Price Determination shall be prepared by the State use Contracting Officer and Staff as follows:

- 3.1.1. The number of fair market comparisons obtained shall be a result of extensive market analysis and representation of market pricing.
- 3.1.2. If it is not possible to have extensive fair market price comparisons, the fair market value will be calculated using the cost analysis method described in section two (2) above.
- 3.1.3. The State Use Contracting Officer may also apply criteria from Title 74, The Central Purchasing Act.

4. Value Added

4.1. Value added is anything that will enhance a product, i.e. repackage, inventory, delivery; or additional benefits such as those identified in the Economic Benefits Studies that have been conducted.

- 4.1.1. List all value added items in the documentation for initial fair market determination.

5. Recommendation to the Committee

5.1. Fair market prices will be presented on a spreadsheet which reflects the comparisons available and the sources for each price comparison.