USAID PASCO – RFP 465.002 – In-Country Distribution of Health Commodities - Lusaka-origin

Annex 2 Guide to Creating Cost Proposal and Establishing Prices

This annex does not replace or supersede the guidance provided under Section I.4.B.3. Rather, it provides additional guidance to aid offerors in developing their cost proposals. Chemonics has requested that offerors prepare and submit cost proposals showing their prices according to Table 1 to receive consideration. Chemonics recommends the following broad steps in order to aid the offerors in preparing their table of prices. Offerors, at their own discretion, may follow these steps in order to first understand their organizational costs, and then develop a table of prices as requested below:

Step 1: Read the Scope of Work as provided under Section II.2

Step 2: Design a technical proposal in response to the requirements requested in the Scope of Work under Section II.2 of this RFP. Offerors should examine the market for the proposed activity and realistically assess how they can meet the needs and services as described in this RFP, specifically in Section II.

Step 3: Determine the basic costs associated with performing the work and preparing each deliverable and report requested, and then develop a detailed budget that captures all such costs in the offeror's own budget template.

Step 4: Translate the offeror's own budget into a table of prices. Complete the price table below.

Step 5: Write Cost Notes. Offerors should prepare cost notes to identify the types of costs included in its all-inclusive proposed prices (for example, insurance, fuel, maintenance, labor, data charges). The offeror is required to submit costs notes.

The pricing for this RFP and any resulting award will consist of three elements: fixed base cost per kilometer by vehicle size, variable fuel cost per kilometer by vehicle size, and distance.

a) *Fixed base cost per km.* The fixed base cost is an all-inclusive cost per kilometer that will remain valid for the duration of any subcontract and should account for recovery of costs for the totality of operations, except for fuel. The fixed base cost per km shall include costs for reverse logistics, as denoted in Section A.2., Scope of Work.

b) *Variable fuel cost per km.* Given regulatory fluctuations in fuel prices, the rate for fuel is based on estimated fuel economy per vehicle size, and is based on established national pricing by the Energy Regulation Board (ERB). ERB pricing under any resulting IQS shall therefore be reviewed monthly by all parties. Should changes be introduced by the ERB during the period under review, the pricing will be updated by a Pricing Agreement to be signed by all parties. The Pricing Agreement shall include an updated copy of the Price List Table, updated to reflect the variable fuel rate. The fixed based unit cost and estimated fuel economy per vehicle size shall not be adjusted during this period. Pricing shall be effective for POs issued after full execution of a Pricing Agreement.

c) *Distance.* During implementation of any resulting IQS, Chemonics, ZAMMSA, and the Awardee will agree on distances using one of the following methodologies:

   - A Standard Distance Agreement (SDA), to be developed and reviewed periodically by all parties in the Subcontract for current and additional destinations. All changes to an SDA shall be mutually agreed upon by all parties and shall be implemented via full execution of an updated SDA, which shall be binding upon execution and replace any previously signed SDAs.

- ZAMMSA's Dispatch/Route Optimization Tool, which relies on a database of GIS points and OpenStreet maps.
- Routes created in OpenStreet maps, Google maps, or other online mapping programs.
- As otherwise agreed in writing via the distribution plan and approved purchase order.

Pricing should be proposed in the below format. Pricing which does not conform to this guidance may not be considered.

Vendors should use the below table when providing their rates. A copy of the below table can be found in Annex 19 'Pricing Table and Per Drop Price List.'

ZONE NAME / POINT OF ORIGIN:							
A			**B**	**C**	**D**	**E**	**F**
Vehicle Size	**Vehicle Description**	**Minimum Required Enclosed Storage Capacity (cubic meters, cbm)**	**Total Rate per Km (ZMW)**	**Fixed base Cost per km (ZMW)**	**Fuel economy (Litres/Km)**	**Fuel price (ZMW)**	**Proposed variable fuel cost per km (ZMW)**
			(C+F)	**Vendor to propose base**	**Vendor to denote**	**Per Energy Regulation Board pricing**	**(D * E)**
SUV, single-cab truck, or van (4x2)	Vehicles must have fully enclosed cabs that meet storage volume. Two-wheel drive vehicles are acceptable in this cost category. Vehicles must meet ZAMRA requirements as per Annex 007 b.	2.71					
SUV or single-cab truck (4x4)	Land Cruiser 76 series or similar models of vehicles required. Functioning four-wheel drive required. Single-cab trucks must have fully enclosed cabs that meet storage volume. Vehicles must meet ZAMRA requirements as per Annex 007 b.	2.71					
3.5-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	18.48					

5-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	19.18					
10-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	31.5					
15-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	34.65					
20-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	47.25					
30-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	63.32					

Using the total rate per km as calculated in the tables above in column B, the price per route will then be calculated as follows:

- For direct, single-drop routes:

  (One-way distance* 2 * total rate per km) **Note that a multiplier of two will be applied to account for base and variable costs for the return trip to point of origin.*

- For multi-drop routes:

  (Total route distance, inclusive of return to origin * total rate per km). See example below of total route distance calculation:

Route Information	Km
Origin to Point A	30
Point A to Point B	40
Point B to Point C	50
Point C to origin	20

Total route distance	**140**

Please use Annex 19, 'Pricing Table_Lusaka' when preparing pricing.

Note that the completed pricing tables may be submitted in Excel format for proposal submission.

Cost Evaluation

Using the tables above, Chemonics will calculate the average monthly cost of distribution using the Offeror's proposed pricing and using historical average order data as per Annex 03.

To aid in the development of pricing, please reference Annex 3, Historical 3PL Data and Site List. Annex 3 provides historical data on routes serviced, to include deliveries, vehicle sizes, and volumetric data. Annex 3 also includes a list with all current sites. The information in Annex 3 is to be considered illustrative for the purpose of this RFP.

As the historical data is reviewed, please note:

- Future iterations of this work will introduce different vehicle categories as compared to historical work, specifically segregating out two-wheel drive vs four-wheel drive SUVs and also providing an option for a 3.5-ton vehicle.
- Future iterations of this work are expected to have two vendors at each point of origin - a primary and secondary vendor with a split in orders of approximately 60% and 40% respectively.

A walkthrough of the pricing table and evaluation will be done at the bidder's conference.