

**COMMERCIAL SALES PRACTICE SECTION
FOR
SUPPLY FSS PROGRAMS**

Table 515.4-2 - INSTRUCTIONS FOR COMMERCIAL SALES PRACTICES FORMAT

Note: Clause 552.212-70 Preparation of Offer (Multiple Award)

If you responded "YES" to question (3), on the COMMERCIAL SALES PRACTICES FORMAT, complete the chart in question (4)(a) for the customer(s) who receive your best discount. If you responded "NO" complete the chart in question (4)(a) showing your written policies or standard sales practices for all customers or customer categories to whom you sell at a price (discounts and concessions in combination) that is equal to or better than the price(s) offered to the Government under this solicitation or with which the offeror has a current agreement to sell at a discount which equals or exceeds the discount(s) offered under this solicitation. Such agreement shall be in effect on the date the offer is submitted or contain an effective date during the proposed multiple award schedule contract period. If your offer is lower than your price to other customers or customer categories you will be aligned with the customer or category of customer that receives your best price for purposes of the Price Reduction clause at 552.238-75. The Government expects you to provide information required by the format in accordance with these instructions that is, to the best of your knowledge and belief, current, accurate, and complete as of 60 calendar days prior to its submission. You must also disclose any changes in your price list(s), discounts and/or discounting policies which occur after the offer is submitted, but before the close of negotiations. If your discount practices vary by model or product line, the discount information should be by model or product line as appropriate. You may limit the number of models or product lines reported to those which exceed 75% of actual historical Government sales (commercial sales may be substituted if Government sales are unavailable) value of the special item number (SIN).

Column 1—Identify the applicable customer or category of customer. A "customer" is any entity, except the Federal Government, which acquires supplies or services from the Offeror. The term customer includes, but is not limited to original equipment manufacturers, value added resellers, state and local governments, distributors, educational institutions (an elementary, junior high, or degree granting school which maintains a regular faculty and established curriculum and an organized body of students), dealers, national accounts, and end users. In any instance where the Offeror is asked to disclose information for a customer, the Offeror may disclose information by category of customer if the offeror's discount policies or practices are the same for all customers in the category. (Use a separate line for each customer or category of customer.)

Column 2—Identify the discount. The term "discount" is as defined in solicitation clause 552.212-70 Preparation of Offer (Multiple Award Schedule). Indicate the best discount (based on your written discounting policies or standard commercial discounting practices if you do not have written discounting policies) at which you sell to the customer or category of customer identified in column 1, without regard to quantity; terms and conditions of the agreements under which the discounts are given; and whether the agreements are written or oral. Net prices or discounts off of other price lists should be expressed as percentage discounts from the price list which is the basis for your offer. If the discount disclosed is a combination of various discounts (prompt payment, quantity, etc.), the percentage should be broken out for each type of discount. If the price lists which are the basis of the discounts given to the customers identified in

Table 515.4-2 - INSTRUCTIONS FOR COMMERCIAL SALES PRACTICES FORMAT (CONTINUED)

the chart are different than the price list submitted upon which your offer is based, identify the type or title and date of each price list. The contracting officer may require submission of these price lists. To expedite evaluation, offerors may provide these price lists at the time of submission.

Column 3—Identify the quantity or volume of sales. Insert the minimum quantity or sales volume which the identified customer or category of customer must either purchase/order, per order or within a specified period, to earn the discount. When purchases/orders must be placed within a specified period to earn a discount indicate the time period.

Column 4—Indicate the FOB delivery term for each identified customer. (See FAR 47.3 for an explanation of FOB delivery terms.)

Column 5—Indicate concessions regardless of quantity granted to the identified customer or category of customer. Concessions are defined in solicitation clause 552.212-70 Preparation of Offers (Multiple Award Schedule). If the space provided is inadequate, the disclosure should be made on a separate sheet by reference.

NOTE (1): Please provide your proposed Government pricing in the following format or a similar format:

SIN #	NDC#/ Item #	Description	Strength	Size	Unit
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Commercial List Price (Indicate Date)	Proposed Gov't Discount off List Price	MFC** Discount off List Price	MFC Net Price	Name of MFC	Proposed Net FSS Price Without IFF*	Proposed Net FSS Price With IFF*
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*IFF - Industrial Funding Fee - See Clause 552.238-76.

**Most Favored Commercial Customer.

NOTE (2): The following is a listing of additional discounts that you may employ when presenting your offer under this solicitation. You may provide your proposed Government offer for any or all of these additional discount situations in your own format.

- *Quantity Discounts
- *Annual Rebates
- *Prompt Payment Discount
- *Incentive Program Proposal

If you respond "YES" to question 4 (b) in the Commercial Sales Practices Format, provide an explanation of the circumstances under which you deviate from your written policies or standard commercial sales practices disclosed in the chart on the Commercial Sales Practices Format and explain how often they occur. Your explanation should include a discussion of situations

**Table 515.4-2 - INSTRUCTIONS FOR COMMERCIAL SALES PRACTICES FORMAT
(CONTINUED)**

that lead to deviations from standard practice, an explanation of how often they occur, and the controls you employ to assure the integrity of your pricing. Examples of typical deviations may include, but are not limited to, one time goodwill discounts to charity organizations or to compensate an otherwise disgruntled customer; a limited sale of obsolete or damaged goods; the sale of sample goods to a new customer; or the sales of prototype goods for testing purposes.

If deviations from your written policies or standard commercial sales practices disclosed in the chart on the Commercial Sales Practices Format are so significant and/or frequent that the Contracting Officer cannot establish whether the price(s) offered is fair and reasonable, then you may be asked to provide additional information. The Contracting Officer may ask for information to demonstrate that you have made substantial sales of the item(s) in the commercial market consistent with the information reflected on the chart on the Commercial Sales Practice Format, a description of the conditions surrounding those sales deviations, or other information that may be necessary in order for the Contracting Officer to determine whether your offered price(s) is fair and reasonable. In cases where additional information is requested, the Contracting Officer will target the request in order to limit the submission of data to that needed to establish the reasonableness of the offered price.

CSP-1 COMMERCIAL SALES PRACTICES FORMAT

Name of Offeror _____

SIN(s) _____

Note: Please refer to clause 552.212-70, PREPARATION OF OFFER (MULTIPLE AWARD SCHEDULE), listed on page 75 for additional information concerning your offer. Provide the following information for each SIN (or group of SINs or SubSIN) for which information is the same.

- (1) Provide the dollar value of sales to the general public at or based on an established catalog or market price during the previous 12 month period or the offerors last fiscal year.

SIN _____ \$ _____ SIN _____ \$ _____ SIN _____ \$ _____

SIN _____ \$ _____ SIN _____ \$ _____ SIN _____ \$ _____

State beginning and ending of the 12-month period. Beginning _____ Ending _____ In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s).

- (2) Show your total projected annual sales to the Government under this contract for the contract term, excluding options, for each SIN offered. If you currently hold a Federal Supply Schedule contract for the SIN the total projected annual sales should be based on your most recent 12 months of sales under that contract.

SIN _____ \$ _____ SIN _____ \$ _____ SIN _____ \$ _____

SIN _____ \$ _____ SIN _____ \$ _____ SIN _____ \$ _____

- (3) Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), are the discounts and any concessions which you offer the Government equal to or better than your best price (discount and concessions in any combination) offered to any customer acquiring the same items regardless of quantity or terms and conditions? YES _____ NO _____. (See definition of "concession" and "discount" in 552.212-70)

- (4) (a) Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), provide information as requested for SIN (or group of SINs for which the information is the same) in accordance with the instructions at Figure 515.4-2, which is provided in the solicitation for your convenience. The information should be provided in the chart below or in equivalent format developed by the offeror. Rows should be added to accommodate as many customers as required.

CSP-1 COMMERCIAL SALES PRACTICES FORMAT (CONTINUED)

- (b) Do any deviations from your written policies or standard commercial sales practices disclosed in the above chart ever result in better discounts (lower prices) or concessions than indicated? YES ____ NO _____. If YES, explain deviations in accordance with the instructions at Table 515.4-2 which is provided in this solicitation for your convenience.
- (5) If you are a dealer/reseller without significant sales to the general public, you should provide manufacturers' information required by paragraphs (1) through (4) above for each item/SIN offered, if the manufacturer's sales under any resulting contract are expected to exceed \$500,000. You must also obtain written authorization from the manufacturer(s) for Government access, at any time before award or before agreeing to a modification, to the manufacturer's sales records for the purpose of verifying the information submitted by the manufacturer. The information is required in order to enable the Government to make a determination that the offered price is fair and reasonable. To expedite the review and processing of offers, you should advise the manufacturer(s) of this requirement. The contracting officer may require the information be submitted on electronic media with commercially available spreadsheet(s). The information may be provided by the manufacturer directly to the Government. If the manufacturer's item(s) is being offered by multiple dealers/resellers, only one copy of the requested information should be submitted to the Government. In addition, you must submit the following information along with a listing of contact information regarding each of the manufacturers whose products and/or services are included in the offer (include the manufacturer's name, address, the manufacturer's contact point, telephone number, and FAX number) for each model offered by SIN:
- (a) Manufacturer's Name _____
- (b) Manufacturer's Part Number _____
- (c) Dealer's/Reseller's Part Number _____
- (d) Product Description _____
- (e) Manufacturer's List Price _____
- (f) Dealer's/Reseller's percentage discount from List Price or net prices _____

**COMMERCIAL SALES PRACTICE SECTION
FOR
SERVICE FSS PROGRAMS**

GENERAL INFORMATION FOR SUBMISSION OF PRICING

- 1) This schedule is for professional labor categories that are not subject to the requirements of the Service Contract Act. Offeror shall only include professional labor categories in their offer. Offerors may offer on any single or combination of SINs. Offerors shall also define the geographic service area in which they are capable of performing. Offerors may propose nationwide and/or limited geographic area pricing. If different service areas and/or prices apply within a SIN it must be clearly identified. Pricing submitted should be in accordance with standard commercial pricing practice (e.g. labor rates or fixed unit prices etc.). Only pricing approaches for which an offeror can provide supporting documentation demonstrating that it is in fact a commercial practice will be acceptable.
- 2) All prices, under this schedule will be fixed price subject to economic price adjustment. A fixed-price contract with economic price adjustment provides for upward and downward revision of the stated contract price upon the occurrence of specified contingencies. The Government's experience is that commercial prices in this industry are not based on established pricelists or catalogs, rather they are based on "Market Prices" as defined below. Therefore, the Government expects price information to be submitted as outlined in this exhibit.
 - a) **Prices based on commercial "Market Price" defined in FAR 2.101 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 offerors.
 - i) Offerors shall indicate the SINs being offered and list the net pricing offered in terms of net value. In addition to the information required here and in the Commercial Sales Practice format of the solicitation, provide documentation to substantiate pricing (e.g. copies of invoices, proposals, pricing agreements with corporate customers, internal policies, market prices, quote sheets, etc.). Provide any other additional supporting documentation and/or rationale that will demonstrate price realism.
 - b) Economic prices adjustments to prices awarded as Market Price will be subject to the stability of market or labor conditions that exist during an extended period of contract performance. Price adjustments will be restricted to industry-wide contingencies and adjustments based on labor costs will be limited to the contingencies beyond the contractor's control. These conditions will be verified by obtaining adequate information to establish the base level from which adjustment will be made and may require verification of data submitted and are subject to I-FSS-969 Economic Price Adjustment FSS Multiple Award Schedule Market Prices.
- 3) In the event the Offerors' pricing is based on individual labor category by hourly rates, pricing shall include direct labor, fringe benefits, overhead, general and administrative expenses, profit or fee, payroll taxes and applicable required insurance. This is generally known as "fully loaded" rates. The offeror shall identify and clearly define each labor category and/or subcategory as provided in generic terms in the Schedule of Services for which an offer is made. The description of each labor category must include the experience, minimum training, certifications, and degrees of the offerors' personnel proposed, as applicable.

FSS SERVICE PRICE PROPOSAL – (CONTINUED)

- 4) Offerors shall include the Industrial Funding Fee (IFF) (1%) in the prices submitted with their offer. The fee will be included in the award price(s) and be reflected in the total amount charged to the ordering activities. See clause 552.238-74 Industrial Funding Fee (IFF), found elsewhere in the solicitation, for additional information regarding the collection and remittance of the IFF.
- 5) Offerors shall **not** include transportation costs in the price offered. Costs for transportation and lodging required for on-site services at an activity will be in accordance with the regulatory implementation of Public Law 99-234 and Federal Acquisition Regulation (FAR) 31.205-46, Travel Costs and the Contractor's cost accounting system/Federal Government Travel Regulations (FTR). The FTR can be found at: <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/perd04d.html>. These costs may be directly reimbursed by the ordering activity, as specified in the task order. See clause C-FSS-370 Contractor Tasks / Special Requirement, found in section C.1.7 in the solicitation.

Any resultant Contractor under this schedule shall notify the ordering activity, in writing, of the proposed request for reimbursement of transportation and/or lodging expenses, at the time they are responding to a task order request. The Contractor shall only be reimbursed for these travel and per diem expenses as outlined on the executed task order.

Reimbursements for costs that are not specifically addressed in this Solicitation or in the resultant Contract or task order ARE NOT ALLOWED. Generally it is a Government policy not to allow a charge of profit or fee on reimbursable items and to only reimburse actual costs consistent with the FTR. No reimbursement will be made by the Government for a Contractor's local travel* unless otherwise determined by the ordering activity's Contracting Officer.

Airfare shall be based upon the lowest available cost—coach or economy airfare. The use of any airfare other than coach or economy must be approved in writing in advance, by the ordering activity's Contracting Officer.

NOTES:

1. Regarding air fare: Contractors are not entitled to the government contract air fares that are awarded under the airline passenger transportation services (city-pair program) contract without the express consent of the airline. This applies even when a government activity and/or Contracting Officer authorize air travel.
 2. *Local Travel: Field facility directors/head of activity are responsible for determining the areas to be covered by local travel. Travel outside of the normal commuting area of the facility may be reimbursable by the Government in accordance with FTR.
- 6) In addition to the information requested item 2 above, the offeror shall also include all supporting sales, pricing and billing information as requested in the Commercial Sales Practice format of this section.

FSS SERVICE PRICE PROPOSAL – (CONTINUED)
COMMERCIAL SALES PRACTICE DISCLOSURES (CSP)

- 1) The following definitions apply to all disclosures under this solicitation:
 - a) **Concession**, as used in this solicitation, means a benefit, enhancement or privilege (other than a discount), which either reduces the overall cost of a customer's acquisition or encourages a customer to consummate a purchase. Concessions include, but are not limited to complementary/free hours, extended price guarantees and bonus services.
 - b) **Discount**, as used in this solicitation, means a reduction to net prices/rates (published or unpublished). Discounts include, but are not limited to, rebates, quantity discounts, purchase option credits, and any other terms or conditions other than concessions) which reduce the amount of money a customer ultimately pays for services ordered or received. Any net price/rate lower than the standard price is considered a "discount" by the percentage difference from the standard price/rate to the net price.
 - c) **Customer**, as used in this solicitation, means any entity which acquires services from the Offeror. The term customer includes, but is not limited to state and local governments, educational institutions (an elementary, junior high, or degree granting school which maintains a regular faculty and established curriculum and an organized body of students), national accounts, and end users. In any instance where the Offeror is asked to disclose information for a customer, the Offeror may disclose information by category of customer if the offeror's pricing policies or practices are the same for all customers in the category.
 - d) **Best Price**, as used in this solicitation, means the lowest net price/rate at which you sell to a customer or category of customers without regard to quantity; terms and conditions of the agreements; location; and whether the agreements are written or oral. If the price is a combination of various discounts/concessions (prompt payment, quantity, etc.), each type of discount/concession should be fully identified and explained. Provide documentation to substantiate pricing (e.g., agreements with corporate customers, internal policies, market prices, quote sheets, pricing agreements and invoices, etc.) and identify the effective period, pricing and any other terms and conditions clearly including any contingencies related to volume and/or quantity and location. If prices/rates are based on cost, provide information other than certified cost or pricing data to show how the offeror arrived at the proposed price/rate. A price certification is not required. If rates are audited by a Federal Agency, include this information in the narrative. Disclosures can be made on a separate sheet.

- 2) The offeror shall identify and clearly define each labor category and/or subcategory by **Special Item Number (SIN)** as provided in generic terms in the Schedule of Services for which an offer is made.
 - a) The description of each labor category must include the experience, minimum training, certifications, and degrees of the offerors' service providers, as applicable.
 - b) The specific locations/geographic coverage for which the offer is made. Offerors may limit the geographic service area to a minimum of one entire state in which they are capable of performance for each SIN. Therefore, pricing may be proposed for nationwide and/or limited geographic service coverage for a minimum of one entire state.
 - c) Provide a description of net prices/rates terms and conditions offered to the Government under this proposal base on your standard commercial selling practices. If the price is a combination of various discounts/concessions (prompt payment, quantity, etc.), each type of discount/concession should be fully

**FSS SERVICE PRICE PROPOSAL – (CONTINUED)
COMMERCIAL SALES PRACTICE DISCLOSURES (CSP)**

- identified and explained. Net rates in terms of price, and all additional rates terms and conditions shall be listed.
- d) Pricing submitted should be in accordance with standard commercial pricing practice (e.g. labor rates or fixed unit prices etc.). Only pricing approaches for which an offeror can provide supporting documentation demonstrating that it is in fact a commercial practice will be acceptable.
- 3) On Price Proposal Attachment 1a or similar format (note attachment 1 is a Microsoft excel spreadsheet, reference tab 1a), provide the total dollar value of sales to all customers during the previous 12-month period or the offerors last fiscal year. Further break down these sales figures into two categories: 1) general public/state or local government and 2) Federal Government customers at or based on market prices, cost build up or an established catalog or market price by SIN. State beginning and ending of the 12-month period. In the event that a dollar value is not an appropriate measure of the sales, provide and describe your own measure of the sales of the item(s). In the event sales are made only to state or local governments, identify such sales accordingly.
- 4) On Price Proposal Attachment 1b or similar format (note attachment 1 is a Microsoft excel spreadsheet, reference tab 1b), provide your total projected annual sales to the Government under this contract for a one year period, for each SIN offered. If you currently hold a Federal Supply Schedule contract for the SIN the total projected annual sales should be based on your most recent 12 months of sales under that contract. On an attachment provide a clear explanation of how you estimated your total projected annual sales to the Government under this contract.
- 5) Based on your written discounting policies (standard commercial sales practices in the event you do not have written discounting policies), are the prices/rates (discounts, concessions, terms and conditions in any combination) which you offer the Government equal to or better than that offered to any customer acquiring the same items regardless of quantity or terms and conditions? YES ___ NO ___.
- a) If you answer **NO** to this question, on an attachment provide an explanation of why the net prices terms and conditions offered to the Government are not equal to or better than offered to any commercial customer acquiring the same items.
- 6) Based on your written pricing policies (standard commercial sales practices in the event you do not have written pricing policies), provide information as requested for each SIN (or group of SINs for which the information is the same) in regards to net pricing/rates. The information should be provided in the format requested in the format on attachments 1c, 1d and 1e or in an equivalent format developed by the offeror. (note attachment 1 is a Microsoft excel spreadsheet, reference tabs 1c, 1d, and 1e) Complete the charts showing your written policies or standard sales practices for all customers or customer categories with which the Offeror has a current or recent agreement to sell.
- a) You are obligated to disclose the best price/rate (based on your written pricing policies or standard commercial pricing practices if you do not have written pricing policies) at which you sell to the customer or category of customer, without regard to location; quantity; terms and conditions of the agreements; and whether the agreements are written or oral.

EXHIBIT 3 – PRICE PROPOSAL COMMERCIAL SALES PRACTICE DISCLOSURES (CSP)- (CONTINUED)

- b) Offeror is obligated to disclose your written policies or standard sales practices for all customers or customer categories to whom you sell at a price/rate that is equal to or better than the price(s)/rate(s) offered to the Government under this solicitation or with which the Offeror has a current agreement to sell at a price/rate which is equal to or better than the price(s)/rate(s) offered under this solicitation.
 - c) Such agreement shall be in effect on the date the offer is submitted or contain an effective date during the proposed multiple award schedule contract period. If price(s)/rate(s) disclosed are for an effective date other than within the last 30 days the time frame of the rates shall be disclosed.
 - d) The Government expects you to provide information required by the format in accordance with these instructions that is, to the best of your knowledge and belief, current, accurate, and complete as of 30 calendar days prior to its submission.
 - e) You must also disclose any changes in your, discounts, prices and/or policies that occur after the offer is submitted, but before the close of negotiations.
 - f) If your pricing practices vary, the variations should be explained clearly to include a description of the circumstance, frequency, delivery locations and selling terms and conditions as applicable.
- 7) Provide documentation to substantiate pricing (e.g., agreements with corporate customers, internal policies, market prices, quote sheets, pricing agreements and invoices, etc.) and identify the effective period, pricing and any other terms and conditions clearly.
- 8) In the event your offer includes pricing on individual labor category by hourly rates provide information other than certified cost or pricing data to show how you arrived at the proposed price rates. Pricing shall include direct labor, fringe benefits, overhead, general and administrative expenses, profit or fee, payroll taxes, applicable required insurance and industrial funding fee. This is generally known as "fully loaded" rates. Provide a price-build up for the net price offered the Government for each category offered including any of the applicable elements broken out. **See Price Proposal Attachment 1f example or similar format (note this is a Microsoft excel spreadsheet, reference tab 1f).** A price certification is not required. If rates are audited by a Federal Agency, include this information in the narrative. Disclosures should be made on a separate sheet.
- 9) Do any deviations from your written policies or standard commercial sales practices disclosed in any of the charts the charts above ever result in better prices than indicated? YES ____ NO ____.

If **YES**, explain deviations in accordance with the following instructions:

- a) Provide an explanation of the circumstances under which you deviate from your written policies or standard commercial sales practices disclosed in the charts above and explain how often they occur. Your explanation should include a discussion of situations that lead to deviations from standard practice, an explanation of how often they occur, and the controls you employ to assure the integrity of your pricing.
- b) If deviations from your written policies or standard commercial sales practices disclosed in the charts requested are so significant and/or frequent that the Contracting Officer

**EXHIBIT 3 – PRICE PROPOSAL COMMERCIAL SALES PRACTICE DISCLOSURES
(CSP)- (CONTINUED)**

cannot establish whether the price(s) offered is fair and reasonable, then you may be asked to provide additional information.

- c) The Contracting Officer may ask for information to demonstrate that you have made substantial sales of the item(s) in the commercial market consistent with the information reflected on the charts above a description of the conditions surrounding those sales deviations, or other information that may be necessary in order for the Contracting Officer to determine whether your offered price(s) is fair and reasonable. In cases where additional information is requested, the Contracting Officer will target the request in order to limit the submission of data to that needed to establish the reasonableness of the offered price.

ECONOMIC PRICE ADJUSTMENT CLAUSE FOR SUPPLY PROGRAMS**552.216-70 ECONOMIC PRICE ADJUSTMENT - FSS MULTIPLE AWARD
SCHEDULE CONTRACTS (SEP 1999)-- ALTERNATE I (SEP 1999)(LOCAL
DEVIATION)**

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

(a) Contractors shall submit price decreases anytime during the contract period in which they occur. Price decreases will be handled in accordance with the provisions of the Price Reduction Clause.

(b) Contractors may request price increases when all of the following conditions are met:

(1) Increases result from a reissue or other modification of the Contractor's commercial catalog/price list that was used as the basis for the contract award.

(2) Increases are requested before the last 60 days of the contract period.

(3) At least 30 days elapse between requested increases.

(c) The following material shall be submitted with the request for a price increase:

(1) A copy of the commercial catalog/price list showing the price increase and the effective date for commercial customers.

(2) Commercial Sales Price format regarding the Contractor's commercial pricing practice relating to the reissued or modified catalog/price list, or a certification that no change has occurred in the data since completion of the initial negotiation or a subsequent submission.

(3) Documentation supporting the reasonableness of the price increase.

(d) The Government reserves the right to exercise one of the following options:

(1) Accept the Contractor's price increases as requested when all conditions of (b) and (c), above, are satisfied;

(2) Negotiate more favorable discounts from the new commercial prices when the total increase requested is not supported; or,

(3) Remove the product(s) from contract involved pursuant to the Cancellation Clause of this contract, when the increase requested is not supported.

(e) The contract modification reflecting the price adjustment shall be and made effective upon signature of the Contracting Officer, provided that in no event shall such price adjustment be effective prior to the effective date of the commercial price increases. The increased contract prices shall apply to the delivery orders issued to the Contractor on or after the effective date of the contract modification.

NOTE 1: There is a slightly different application here for 651B due to Public Law 102-585.

NOTE 2: The tracking customer's price must be disclosed with your request for increases. The awarded tracking customer and the established ratio at time of award will affect your ability to receive an increase.

ECONOMIC PRICE ADJUSTMENT CLAUSE FOR FSS SERVICE PROGRAM**I-FSS-969 ECONOMIC PRICE ADJUSTMENT--FSS MULTIPLE AWARDSCHEDULE (JAN2002) (DEVIATION DEC 2004)**

Price adjustments include price increases and price decreases. Adjustments will be considered as follows:

(a) Contractors shall submit price decreases anytime during the contract period in which they occur. Price decreases will be handled in accordance with the provisions of the Modifications Clause.

(b) Economic price adjustments under the Multiple Award Schedules (MAS) program for contracts not based on commercial catalogs or price lists will be handled as described below. Price adjustments may be effective on or after the first 12 months of the contract period and every consecutive 12 month period thereafter on the following basis:

(1) Adjustments will be based upon a market indicator. The market indicator, as used in this clause, means the originally released public index, public survey or other public, based market indicator. The market indicator shall be the originally released Consumer Price Index – All Urban Consumers (CPI-U), not seasonally adjusted, U.S. City average, published by the Bureau of Labor Statistics, U.S. Department of Labor for Series ID CUUS0000SEMC, Medical Care Services, Professional Services, published by the US Bureau of Labor Statistics, and made available at www.bls.gov. Any price adjustment shall be based on the percentage change in the designated (i.e. indicator identification and date) market indicator from the initial award to the latest available as of the anniversary date of the contract effective date, subject to paragraph (e), below. If the market indicator is discontinued or deemed no longer available or reliable by the Government, the Government and the Contractor will mutually agree to a substitute. The contract modification reflecting the price adjustment will be effective upon approval by the Contracting Officer, subject to paragraph (g), below. The adjusted prices shall apply to orders issued to the Contractor on or after the effective date of the contract modification.

(c) Notwithstanding the economic price adjustments discussed above, the Government recognizes the potential impact of unforeseeable major changes in market conditions. For those cases where such changes do occur, the contracting officer will review requests to make adjustments, subject to the Government's examination of industry-wide market conditions and the conditions in paragraph (d) and (e), below. If adjustments are accepted, the contract will be modified accordingly. The determination of whether or not extraordinary circumstances exist rests with the contracting officer. The determination of an appropriate mechanism of adjustment will be subject to negotiations.

(d) Conditions of Price change requests under paragraphs (b)(1) and (c) above.

(1) No more than one increase will be considered during each succeeding 12 month period of the contract subject to the conditions of paragraph (b) above. No more than a total of three increases will be considered subject to paragraph (c) above or combination of (b) and (c) above. (For succeeding contract periods of less than 12 months, up to three increases will be considered subject to the other conditions of subparagraphs (b) and (c).

(2) Increases are requested before the last 60 days of the contract period, including options.

(3) At least 30 days elapse between requested increases.

(4) In any contract period during which price increases will be considered, the aggregate of the increases during any 12 month period shall not exceed five

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(JAN2002) (DEVIATION DEC 2004)(CONTINUED)**

percent (5%) of the contract unit price in effect at the end of the preceding 12 month period. The Government reserves the right to raise the ceiling when market conditions during the contract period support such a change.

(e) The following material shall be submitted with request for a price increase under paragraphs b (1) and c above:

(1) A copy of the index, survey or pricing indicator showing the price increase and the effective date.

(2) Commercial Sales Practice format, per contract clause 52.215-21 Alternate IV, demonstrating the relationship of the Contractor's commercial pricing practice to the adjusted pricing proposed or a certification that no change has occurred in the data since completion of the initial negotiation or a subsequent submission.

(3) Any other documentation requested by the Contracting Officer to support the reasonableness of the price increase.

(f) The Government reserves the right to exercise one of the following options:

(1) Accept the Contractor's price increases as requested when all conditions of (b), (c), (d), and (e) of this clause are satisfied;

(2) Negotiate more favorable prices when the total increase requested is not supported; or,

(3) Decline the price increase when the request is not supported. The Contractor may remove the item(s) from contract involved pursuant to the Cancellation Clause of this contract.

(g) Effective Date of Increases: No price increase shall be effective until the Government receives the electronic file updates pursuant to the Modifications clause of this contract.

(h) All MAS contracts remain subject to contract clauses GSAR 552.238-75, "Price Reductions"; and 552.215-72, "Price Adjustment Failure to Provide Accurate Information."

PRICE REDUCTION CLAUSE FOR VA FSS PROGRAMS.**552.238-75 PRICE REDUCTIONS (MAY 2004)**

(a) Before award of a contract, the Contracting Officer and the Offeror will agree upon (1) the customer (or category of customers) which will be the basis of award, and (2) the Government's price or discount relationship to the identified customer (or category of customers). This relationship shall be maintained throughout the contract period. Any change in the Contractor's commercial pricing or discount arrangement applicable to the identified customer (or category of customers) which disturbs this relationship shall constitute a price reduction.

(b) During the contract period, the Contractor shall report to the Contracting Officer all price reductions to the customer (or category of customers) that was the basis of award. The Contractor's report shall include an explanation of the conditions under which the reductions were made.

(c) (1) A price reduction shall apply to purchases under this contract if, after the date negotiations conclude, the Contractor—

(i) Revises the commercial catalog, pricelist, schedule or other document upon which contract award was predicated to reduce prices;

(ii) Grants more favorable discounts or terms and conditions than those contained in the commercial catalog, pricelist, schedule or other documents upon which contract award was predicated; or

(iii) Grants special discounts to the customer (or category of customers) that formed the basis of award, and the change disturbs the price/discount relationship of the Government to the customer (or category of customers) that was the basis of award.

(2) The Contractor shall offer the price reduction to the Government with the same effective date, and for the same time period, as extended to the commercial customer (or category of customers).

(d) There shall be no price reduction for sales—

(1) To commercial customers under firm, fixed-price definite quantity contracts with specified delivery in excess of the maximum order threshold specified in this contract;

(2) To Federal agencies;

(3) Made to State and local government entities when the order is placed under this contract (and the State and local government entity is the agreed upon customer or category of customer that is the basis of award); or

(4) Caused by an error in quotation or billing, provided adequate documentation is furnished by the Contractor to the Contracting Officer.

(e) The Contractor may offer the Contracting Officer a voluntary Governmentwide price reduction at any time during the contract period.

(f) The Contractor shall notify the Contracting Officer of any price reduction subject to this clause as soon as possible, but not later than 15 calendar days after its effective date.

(g) The contract will be modified to reflect any price reduction which becomes applicable in accordance with this clause.

AUDIT CLAUSES FOR ALL VA FSS PROGRAMS**AS13 EXAMINATION OF RECORDS BY VA (MULTIPLE AWARD SCHEDULE) (FEB 1998)**

(a) The Contractor agrees that the Secretary of the Department of Veterans Affairs or any duly authorized representative shall have access to, and the right to examine, any books, documents, papers, computer tapes, and any other directly pertinent records of the Contractor to verify that the pre-award pricing, sales, marketing and other data, related to the supplies or services offered under the contract which formed the basis for award, were accurate, complete and current. This right to initiate an audit exists for two (2) years after each of the following events:

- (1) contract award, or
- (2) the date of modification adding this clause to the contract, or
- (3) the date of modification to the contract which requires new Commercial Sales Practices information, with the right, in this instance only, being limited to information contained in the modification.

(b) The Contractor agrees that the Secretary of the Department of Veterans Affairs or any duly authorized representative shall have access to, and the right to examine, any books, documents, papers, computer tapes, and any other directly pertinent records of the Contractor related to this contract for overbillings, billing errors, compliance with the Price Reduction clause and compliance with the Industrial Funding Fee clause of this contract. The authority to initiate post award audits shall expire 3 years after final payment. The basic contract and each option shall be treated as separate contracts for purposes of the review for overbillings, billing errors and price reductions. Further information is contained in 552.215-72 PRICE ADJUSTMENT - FAILURE TO PROVIDE ACCURATE INFORMATION (Aug 1997)