

18.04 Plan of Action for Procurement of Business

Policy:

It is the policy of Licking/Knox Goodwill Industries, Inc. to follow an established plan when acquiring new business.

Procedure:

The following Plan of Action shall be used as a guideline when procuring new business:

Step	Time Frame	Action – Outline for Process
1		Notification of possible opportunity (telephone call, written notification, word-of-mouth, newspaper article, letter of intent or renewal).
2	Immediate (or as per customer deadline)	Introductory assessment; may or may not include input of Directors or Managers, depending on purpose, capabilities, size, location, etc.
3	Immediate	Notification for input from all parties potentially associated with project: Human Resources, Finance, Transportation, etc.
4	At Customer's Earliest Convenience	Project Review – Visit job site to ascertain all data, scope of work, facility tour, measurement/counts of square foot, furniture, fixtures, etc. and questions.
5	Approximately 2 weeks (or as per customer deadline)	Costing
6	Within 5/10 days of costing (or as per customer deadline)	Project Review – Analyze project for feasibility
7	Upon approval of Review Team	Submit Proposal
8	Within 1 – 2 weeks	Proposal Follow up
9	1 to 2 weeks before contract starts	Pre-Performance meeting for awarded contracts
10	Upon award of contract	Coordination of Project
11	Within 4 to 8 weeks of start-up (sooner if problems occur)	Follow-up with customer to survey satisfaction
12	With 30 days or less	Fact sheet for site

COST BREAKDOWN

General:

The cost breakdown is the summary form used to list itemized cost elements. For new contracts, this is referred to as the “Base Price” from which all re-determinations are established. The normal service period is one year.

Supplies and Equipment

Supplies and equipment are broken down on separate description forms. One hundred percent (100%) of supply costs are to be recaptured annually.

- **Supplies** will be itemized by number, nomenclature or description, unit of purchase, unit price and total cost per item. The total cost of all items will be divided by the billing period, i.e., divided by 12 for months, divided by 52 for weeks.
- **Equipment** is broken down similarly however; the year of purchase and useful life is noted in order to calculate an amortized price. The amortized price is determined by taking the total price and dividing it by the useful life to produce the net dollars received for each service period.
- **Other Equipment** is utilized in costing larger projects. “**Other Equipment**” includes designated, lower value equipment that has an expendable value of one to two years, such as brooms, and is not classified as Capital **Equipment**. An exception applies to Federal contracts where **Other Equipment** is defined as anything valued at less than \$1,000.
- Supplies and equipment itemized as **Expendable Supplies, Equipment Depreciation,** and **Other Equipment** will be located on the cost breakdown as Item 1. Item 1 will be the sum total of all supplies and equipment.

Burden

- Vehicle Operation Costs will be outlined (using form FMP 9E for Federal Contracts). The costs for vehicle operation will generally be allowable on vehicles used in the direct performance of work and for major items of equipment. The cost of transporting personnel to the work site is customarily not permitted to be itemized under Federal and State policy and under standard business practices. Exceptions will be made only in unusual circumstances and then only with the written concurrence of the contracting agency.
- Estimated miles per day will be used when calculating costs. The average cost per gallon of fuel shall be the most recent – average price in the location of the contract as of the submission date of the proposal.
- Other costs, such as maintenance, registration, insurance and taxes, will be estimated in the same manner.
- Whenever possible, rental and sub-contracting costs will be listed along with three vendor quotes for each item or service. The lowest quote will be utilized. The bids will be retained to support the unit costs shown for each item. Unique circumstances will be explained in a footnote or on an addendum. State and Federal contracts using rental and sub-contractors will follow allowable costing practices.

Total Service Costs

Total service costs will be calculated after a sub-total of costs are established and “other burden” or overhead and profit is calculated. Overhead and profit are determined by using 8% to 45% of labor or total costs. The method is determined by Federal or State rules or by the type of contract and other factors, such as contract size, need, customer input, etc.

NISH contracts require that the total service cost is divided by .96 in order to obtain the 3.75% NISH fee.

Possitivity contracts require 6% be added to the total service cost. Contracts with political subdivisions of the State of Ohio require an additional .5% added to the total service cost. Political Subdivisions are defined in the Ohio Revised Code, Section 125.04 as “any county, township, municipal corporation, school district, conservancy district, township park district, park districts created under Chapter 1545 of the Revised Code, regional transit authority, regional airport authority, regional water & sewer district or port authority.”

Private-For-Profit contracts omit the above costs. The final base price is used as the annual amount. Prices can also be calculated on a monthly, weekly or hourly basis, depending on customer requirements.