

**Oregon Forward Program
Janitorial Services
Price Determination Requests**

Document Summary

The Department of Administrative Services (DAS) administers the Oregon Forward program. DAS is required by ORS 279.845(1)(a) to “Determine the price of all products manufactured and services offered for sale to the various public agencies by any qualified nonprofit agency for individuals with disabilities.” This process is completed by DAS through cooperation with Oregon Forward Contractors (OFCs) and the Public Agencies with whom they contract.

This document is meant to provide guidance about the information needed by DAS for a successful **Janitorial Services** price determination process. The information that is submitted with a request for price determination must be complete and accurate in order to expedite the approval requested. DAS receives over 300 Price Determination Requests each year and as much as seventy-five percent of those requests are for janitorial services, so it is important that DAS receive several items with each request for process completion.

The information that is required for DAS’ Price Determination Process and should be provided for each determination request includes:

- **Costing Workbooks** are developed by the OFC in response to the requirements of the contract. A costing workbook is necessary for each price point required by the contract. Each costing workbook should tie to the price in each case.
- **The Statement of Work (SOW) or Statement of Services** is a necessary element of any request for price determination. Further, any clarification of specifications necessary to effectively describe the facility, or the services required, such as health clinic, classrooms, etc. should be added to the proposal documents to adequately describe the contracted services, and any unusual requirements. The size of the area to be cleaned is also important and often is part of the SOW. A draft contract containing this information is also an acceptable exhibit for this purpose. If the size of the area to be cleaned is not available, the Public Agency should have access to that information. If not, the OFC employee participating the walk-through should estimate the area included, by whatever means available.
- A **Proposal Cover Letter** that helps explain the proposal should also be included, if provided as part of the OFC’s proposal.
- A completed **Price Determination Request Form** signed by the OFC and the Public Agency should be submitted as well. Some Public Agencies require DAS’ signature on the form before they sign it. In those cases, DAS will sign the form before the Public Agency affixes a signature, with the request that a completed form be return to DAS.

The remainder of this document clarifies each of these items and how they can be presented to allow an accurate and meaningful price determination for each Oregon Forward Program janitorial contract.

The Essential Components of an Effective Oregon Forward Program Janitorial Services Proposal for Price Determination

Oregon Forward Program contracts are unique in Oregon. There is no competition with another entity for price. The authorizing statutes for the Oregon Forward program, in section 279.845(1)(a), include a provision requiring that "...The price shall recover the cost of raw materials, labor, overhead, delivery costs and a margin held in reserve for inventory and equipment replacement..." Within that same section it gives responsibility for this "Price Determination" to the State of Oregon's Department of Administrative Services (DAS).

Any OFC price proposal is important to the contracting public agency and to the OFC. Complete information is critical for assuring that the agreed-to price meets the requirements set forth in statute and rule.

Proposal components

A systematic approach to developing a proposal is helpful. The first task in the development of a proposal is a thorough review of the Statement of Work or Services. This portion of the Contract provides insight into the needs of the customer for which the contract has been drafted. This review is critical and provides the contractor and public agency the opportunity to assure a mutual understanding of the requirements of the contract.

To fulfill its responsibility for price determination, DAS has developed tools and processes designed to efficiently determine prices for all Oregon Forward products and services. DAS is reliant on the OFCs and their customer Public Agencies to provide the necessary information for an effective price determination that accomplishes two somewhat conflicting goals.

1. The proposed price recovers the costs for providing the product or service.
2. The proposed price is not excessive in the marketplace as determined by DAS. Both parties to the contract may provide information to DAS to demonstrate whether or not the price proposed is excessive.

Failure to provide the information that is the basis for the analysis of the proposal will delay DAS' findings. When the information provided is incomplete, DAS will be required to request additional information. Contracts should not be signed before DAS' price determination is complete. Contracts executed prior to completion of the price determination process may have to be signed again if the pricing must be adjusted after DAS' evaluation.

The information that is required by DAS for price determination include:

- The **Statement of Work (SOW), or Statement of Services** is critical to an accurate price determination for any contract. The size of the area to be serviced, and service frequency, as well as a list of expectations are all needed for any meaningful review. In those cases where the entire facility will not be serviced through the contract, the area to be cleaned should be

determined and that information provided with the proposal. If a building or facility layout is provided it should also be included with the price determination request information.

A typical SOW for janitorial services includes several components.

- Tasks that are to be included in the monthly charge are sometimes called “**Ordinary services.**” In every case, task frequency¹ should be noted. Understanding which services are considered part of the service being purchased for which the Public Agency wants to be invoiced monthly should be clarified if there is any doubt. The services often include Daily, Weekly, Monthly, Semi-Annual, Annual, and Biennial expectations. The key is that these services must be included in the monthly charge and should be included in the costing workbook for those monthly charges.
- **Periodic services** are not usually included in the price charged monthly. There are some exceptions, but the SOW should describe what is included in the monthly charge. These services may include carpet cleaning, window washing, and high dusting for example. Usually, the Public Agency is invoiced separately or at least on separate line of the invoice for these services and they are not included in the monthly charge. A costing workbook(s) should be developed separately for each service component for which a price is provided to the Public Agency. The Statement of Work should make that clear. If it isn't clear, it is important that the public agency and the OFC to gain a mutual agreement about Periodic Services and if at all possible have these distinctions included in the contract. At any rate, both parties should keep a copy of all communications about the contract, and the services that are provided.
- **Exceptional and Emergency services** are usually required in a janitorial services contract. These charges are meant to pay for extra services not described elsewhere in the SOW and are used to define charges for responding to unusual and/or emergency needs for the facility being cleaned. These charges are always per person, per hour prices. It is important to use a costing workbook for developing the price for both exceptional and emergency services.
- Another consideration is for any **Day Porter** requirements required in the contract. Often, there are specific tasks required of those fulfilling that role. This cost can be shown by a separate costing workbook, or included in the costing workbook for the “regular” services for which the customer will be billed monthly. Usually day porters don't have separate supplies or equipment; rather using those items on location for the services provided otherwise. The day porter calculation should include overhead and

¹ A performance-based contract is an exception to this requirement. The SOW for this sort of contracting instrument will not include frequencies. Performance-based contracts are atypical. The proposal package should describe how the proposal meets those requirements.

margin. If the day porter is a stand-alone service then the supplies and equipment will necessarily become part of the price. In any case, the proposal should make this apparent.

- **Costing Workbooks** that develop all of the proposed pricing for the requirements of the contract must be included in the information provided to DAS. There may be numerous requirements for pricing within the contract document. A close review of the Statement of Work (SOW), or Statement of Services and the pricing exhibit in the contract should clarify the price points for which a price review is necessary. Should the pricing exhibit include tasks for which pricing is needed, but it is not clear in the SOW, then the Public Agency and OFC should work to assure common understanding and document any agreements. In these cases, that understanding should be conveyed to DAS in the request for price determination, either in the notes of the costing workbook submitted or in the text of a cover letter.

For most janitorial contracts, the SOW will describe all services that are included in the monthly price. "Ordinary Services" are those services are listed as daily, tasks done specific days of the week, weekly, monthly, quarterly, semi-annual and annual. A costing workbook should be developed that illustrates the costs from which a monthly price is computed.

There are often other service components in a janitorial contract for which prices are requested. The titles for these services include, but aren't limited to "As Requested Services," "Exceptional Services," "Periodic Services," and "Additional Services." Most SOW documents describe "Periodic," or "Periodical" services for which the price is developed separately using a separate costing workbook. These services frequently require scheduling and may include obtaining permission from the public agency prior to performing the service. Further, the Public Agency will often make these services "upon request," and on a schedule agreed to with the provider.

Unless the contract and SOW indicate otherwise, the pricing for those services should not be included in the costing workbook developed to determine the monthly price for regular or ordinary services. These services should be priced separately, using a separate costing workbook to justify each of those service charges for which a price is called in the contract. These prices can be upon request or set when the contract is signed. In either case, DAS is required to determine the pricing for all Oregon Forward Program services, including any periodic services to be arranged.

The number of service events per year is an important figure that will influence the accuracy of the price for **ordinary services** for which the month price is developed. The frequency of services per year should be entered in the column "Times per Yr." This entry in both the labor and transportation tabs of the workbook should be the same if there is a need for transportation for every service event. If the number of services are different an explanation should be provided. For state contracts, a five day per week service usually will result in 250 service visits per year due to the 10 holidays currently observed by state offices. Local

governments don't necessarily observe the same number of holidays, but the contract should outline the holidays for which no service is required. In any case, the OFC janitorial service provider should consider the holidays as days for which no service is provided, unless the contract or statement of work indicates otherwise.

The type of worker being utilized to fulfill the contract should be compiled on the labor tab of the workbook. The worker categories displayed in the labor tab should not be task specific, person specific or requirement specific. Whenever possible, this information should be compiled to a single line with the aggregate number of hours anticipated to fulfill the contract for each wage level or worker description per service visit.² While this may entail setting a different line item per day of the week for instance, it should be apparent that service frequency is consistent with the requirements of the SOW. OFC estimators should compile the information from whatever method used to estimate labor so that it fits into this format.

- A **Proposal Cover Letter** is a useful component of the proposal package. It is a way to clarify the work being proposed and can eliminate confusion in interpreting the proposal. This document can be useful for the public agency customer and can help them be comfortable with the prices being submitted, or at least be able to understand how the costs were included in the proposed price. If a proposal cover letter is provided to the customer as part of the proposal, it should be included in the material provided to DAS for price determination. There are a variety of formats and content options for this tool. Potential content for the proposal letter:
 - If providing information for an amendment, a description of the impacts of various cost changes on price can be described, as well as any assumptions made while developing the costing workbooks. (Additionally, this information can be entered into the costing workbook in the "Work Area" on the "Summary of Annual Cost" tab.)
 - If the proposal is for an amendment, or for a new contract replacing an existing contract, it is very helpful to contrast the prices proposed with those currently in place. If the SOW has not been revised, this makes for a straight forward review by the Public Agency and the DAS Oregon Forward program.
 - For a contract renewal or for a new contract replacing an existing contract, it is important to mention any changes to the SOW. There is a direct connection between price and SOW, so changes are important to acknowledge.
- Public Agencies need contracted janitorial services in many types of locations. The typical Oregon Forward janitorial contract is for cleaning an office environment. However, there are many atypical locations for which janitorial services are procured. Examples include medical clinics and labs, college campuses, park restrooms, and 24/7 or multi shift locations to name just

² The costing workbook should never include a specific person or people when developing a price. All wages indicated should be calculated by the rate of pay for a worker level or category. The mid-range of any pay scale for a position-type is typically an adequate accommodation for any level of position utilized to fulfill a contract.

a few. Any atypical characteristics of the facility for which a proposal is provided may affect pricing and this information is required for an effective DAS price determination. If some clarification seems necessary to effectively describe the service, it is helpful to include some description of what makes the location unusual relative to a typical office environment. This information may be provided through the **Proposal Cover Letter**. It may also be provided in the workbook in the "Work Area" on the "Summary of Annual Cost" tab of the Costing Workbook.

- The "**Price Determination Approval**" form should be completed and signed by both parties to the contract with legible contact information for those signing the form. Some local governments need DAS' approval before affixing a signature, especially if the governing body must approve the contract. In those cases, the OFC should send the information to DAS for review when providing it to the Public Agency customer.

The pricing listed on the form should be derived from the costing workbooks provided. If the price displayed does not directly coincide with the supplied costing workbooks, an additional document should be included that describes how the proposed price was developed. It is important that this form be completely filled in. Any blank sections will usually prompt further investigation by DAS and will increase the time required for the price review.

Conclusion

Oregon Forward Program price determination by DAS is a desk exercise. An Oregon Forward Program proposal that includes the information required to evaluate a proposal is critical to the accuracy, speed and the satisfactory result to the evaluation of proposed prices. Submission of all the necessary information, accurately and adequately communicated, can eliminate the need for requests of more information and will improve the response time for price determination requests.

Any concerns for what may be, or should be included in an Oregon Forward program price proposal may be addressed to DAS. It is important to develop pricing that covers the cost of the service, and is a good overall value for agencies of the state of Oregon and local governments, ultimately with an outcome of great jobs for workers with disabilities.