

# 53.9015 Contracting by negotiation.

(a) Price Negotiation Memorandum Format - Competitive. Contracting officers shall use the PNM Format - Competitive as prescribed in 15.406-3(a)(S-90) and 15.406-3(a)(S-91). *This Price Negotiation Format - Competitive is for illustration purposes only. It mirrors the fillable version in the contract writing system.*

Source Selection Information - See FAR 2.101 and 3.104

## PRICE NEGOTIATION MEMORANDUM FORMAT-COMPETITIVE

PNM Contents

Yes      No      N/A

The contracting officer shall include a "Source Selection Information" legend when applicable pursuant to FAR 2.101 and 3.104. Refer to DFARS PGI 215.406-3(11)(A) for documents uploaded into CBAR. Mark "CONTROLLED UNCLASSIFIED INFORMATION (CUI)" pursuant to [DoD Instruction 5200.48, Controlled Unclassified Information \(CUI\)](https://www.esd.whs.mil/Portals/54/Documents/DD/Issuances/dodi/520048p.PDF?ver=2020-03-06-100640-800) (<https://www.esd.whs.mil/Portals/54/Documents/DD/Issuances/dodi/520048p.PDF?ver=2020-03-06-100640-800>) and [DLA Instruction 5200.48, Controlled Unclassified Information \(CUI\)](https://issuances.dla.mil/Published_Issuances/Controlled%20Unclassified%20Information%20(CUI).pdf?ver=2020-03-06-100640-800) ([https://issuances.dla.mil/Published\\_Issuances/Controlled%20Unclassified%20Information%20\(CUI\).pdf?ver=2020-03-06-100640-800](https://issuances.dla.mil/Published_Issuances/Controlled%20Unclassified%20Information%20(CUI).pdf?ver=2020-03-06-100640-800)).

### 1. Subject

- a. Contractor name, division or group and location
- b. Contract or RFP number
- c. Item or service acquired

### 2. Introductory summary

- a. Contractor and proposal selected for award and date
- b. Offerors
- c. Tabular Summary of: proposed price, government estimate, and final proposal revision

Major Price Items or CLINS

Total

Profit/fee %

CPAF (base and award fee) (\$ and %)

Contract type

d. Clearance authority

(1) Approval authority

(2) Approval date, meeting dates, and participants

### 3. Details

- a. Description of item or services
- b. Explain method used for line item or unit prices
- c. Personnel: List names, title, organization and telephone number of participants in price analysis and as applicable, cost realism discussions

d. Significant dates:

- (1) Proposal date
- (2) Discussion (s)/date (s)
- (3) Final proposal revision date
- (4) Other significant date (s) (acquisition review board dates, competitive range determination, solicitation amendments, etc.)

#### **4. Acquisition situation**

- a. Acquisition background
- b. Discuss period of performance and delivery schedule
- c. Outside influences or unusual time constraints (i.e., Funding limitations, higher level, Congressional influences)
- d. Unique features or special pricing provisions (economic price adjustment, incentives, warranties, special progress payments, etc.)
- e. Fast Payment Procedures - Discuss the authority for using fast payment procedures and whether they will apply to delivery orders issued under the contract. If using fast payment procedures, cite the applicable threshold from 13.402(a) or FAR 13.402(a). If DFARS 213.402(a)(ii) applies, state that individual orders may exceed the SAT. Ensure compliance with all FAR and DLAD fast payment procedures for contracts that will authorize use of these procedures.
- f. Indefinite-Quantity Contract (IQC). The contracting officer established a guaranteed minimum (GM) quantity or GM dollar value for the period of performance of the basic IQC, recorded an obligation in the amount of the GM purchase requirement (\$\_\_\_\_\_) at time of award, and placed the EBS screen shot documenting the obligation in the contract file IAW DLAD 16.504(a)(1)(S-90).
- g. Requirements contract. If the award includes a GM, paragraph f. applies.

#### **5. Evaluation summary**

- a. Reasonableness, completeness, cost realism if applicable, and balance
  - (1) Description of price analysis technique (s) used, results, and appropriateness in determining price reasonableness and completeness
    - (a) Description of the basis of any escalation rates used for adjusting historical prices or for forecasting option year prices. See DoD Contract Pricing Reference Guide, Volume 2 Quantitative Techniques, Chapter 1 Using Price Index Numbers for potential sources of information, calculating adjustments, and other relevant topics. .
    - (b) Description of GSA Schedule prices, if any. Contracting officer must check GSA for any relevant price information and document the results
  - (2) Description of the cost realism analysis technique (s) and their result (s) (if performed)
  - (3) Description of assessment of unbalanced pricing and any associated risks
  - (4) Document decision to conduct discussions and date (s). Document decision to award without discussions.
  - (5) Description and listing of major differences between the proposal and the final proposal revision prices
- b. Adequate price competition determination description
  - (1) Basis of determination statement of adequate price competition
    - (a) Best value to the Government and the significance of cost or price to all evaluation factors combined;
    - (b) Lowest evaluated price; or
    - (c) Adequate price competition
  - (2) Definitive statement the offered price selected is fair and reasonable based on adequate price competition.

#### **6. ADVISORY REPORTS/KEY DOCUMENTS**

Listing of Government advisory reports (pricing, technical, should-cost, etc.)

## **7. SIGNATURES**

## **8. Attachments**

Attachments as identified in the document

## **CUI Source Selection Information - See FAR 2.101 and 3.104**

(b) Price Negotiation Memorandum Format - Non-Competitive. Contracting officers shall use the PNM Format - Non-Competitive as prescribed in [15.406-3 Documenting the negotiation](#), and [15.406-3 Documenting the negotiation](#). This Price Negotiation Memorandum Format -Non-Competitive is for illustration purposes only. It mirrors the fillable version in the contract writing system.

## **PRICE NEGOTIATION MEMORANDUM FORMAT - NON-COMPETITIVE**

PNM Contents

Yes      No      N/A

Mark "CONTROLLED UNCLASSIFIED INFORMATION (CUI)" pursuant to [DoD Instruction 5200.48, Controlled Unclassified Information \(CUI\)](#) (<https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/520048p.PDF?ver=2020-03-06-100640-800>) and [DLA Instruction 5200.48, Controlled Unclassified Information \(CUI\)](#) ([https://issuances.dla.mil/Published\\_Issuances/Controlled%20Unclassified%20Information%20\(CUI\).pdf?ver=2020-03-06-100640-800](https://issuances.dla.mil/Published_Issuances/Controlled%20Unclassified%20Information%20(CUI).pdf?ver=2020-03-06-100640-800)).

The contracting officer shall include a "Source Selection Information" legend when applicable pursuant to FAR 2.101 and 3.104. Refer to DFARS PGI 215.406-3(11)(A) for documents uploaded into CBAR.

### **1. Subject**

- a. Contractor name, division or group and location
- b. Contract or RFP Number (as applicable include modification number)
- c. Item or service acquired
- d. Delivery and/or Period of Performance

### **2. Introductory summary**

- a. Date (s) of Negotiation and Agreement
- b. Contract action type (new contract, supplemental agreement, etc.)
- c. Tabular summary of cost, FCCOM, profit or fee and price:
  - (1) Proposed and objective positions
  - (2) Proposed, objective and considered negotiated positions
  - (3) Separate summaries for options, etc.
  - (4) Fee or profit rate for each position
  - (5) Award fee pool for each position (as applicable) Ceiling price and percentage for each position (as applicable for cost contracts)
  - (6) Contract type for each position (FFP, FP/EPA, CPFF, CPAF, etc.)
- d. Approval authority
  - (1) Approval authority

(2) Approval date, meeting date (s), and participants

(3) Limitations and specific approving authority conditions

### **3. Details**

a. Item or service identification:

(1) Quantity and type

(2) Previous buys for the same or similar items

(A) Date (s) of recent buys

(B) Quantity

(C) Contract type

(D) Prior unit or total prices (target and finals if applicable and available: document separately recurring and nonrecurring costs)

(E) Current unit or CLIN prices (may attach) with name of item, NSN, part number, quantities, etc., as applicable (document separately recurring nonrecurring costs)

(F) Summary explanation of significant differences between the instant buy and most recent historical price (s)

(G) Stock Position of Items (include date stock position, current unfilled orders, inventory consumption rate, due-in quantities, etc. Discuss any over or under position)

b. Explain method for line item or unit prices

c. Fact-finding and negotiation dates, places, names, titles, and office symbols for the government and the contractor

d. Principal government and contractor negotiator identified

### **4. Acquisition situation**

a. Acquisition background (contract type, pricing, etc.) indefinite-delivery contract and why it does or does not apply, surge and sustainment, etc.

b. Period of performance and delivery schedule (address resolution of differences between required, proposed and negotiated)

c. Outside influences and unusual time constraints

d. Government furnished facilities, equipment or other support unique to this acquisition

e. Unique features such as should cost, design-to-cost, life cycle cost, special payment procedures, and special provisions (clauses: savings, EPA, progress payments, performance based payments, validation of critical safety item and date, incentives, etc.)

f. Fast Payment Procedures. Discuss the authority for using fast payment procedures and whether they will apply to delivery orders issued under the contract. If using fast payment procedures, cite the applicable threshold from 13.402(a) or FAR 13.402(a). If DFARS 213.402(a)(ii) applies, state that individual orders may exceed the SAT. Ensure compliance with all FAR and DLAD fast payment procedures for contracts that will authorize use of these procedures.

g. Indefinite-Quantity Contract (IQC). The contracting officer established a guaranteed minimum (GM) quantity or GM dollar value for the period of performance of the basic IQC, recorded an obligation in the amount of the GM purchase requirement (\$\_\_\_\_\_) at time of award, and placed the EBS screen shot documenting the obligation in the contract file IAW DLAD 16.504(a)(1)(S-90).

h. Requirements Contract. If award includes a GM, paragraph g. applies.

### **5. Negotiation summary**

a. Discussion of contractor price analysis, government price analysis, or no analysis performed

(1) Price element summary for proposed, objective, and considered negotiated amount. Discuss the position for proposed, objective and considered negotiated positions by topic.

(2) Price reasonableness basis or estimating technique (attach exemption or waiver if used instead of certified cost or pricing data). If using GSA schedule, the contracting officer must include a GSA contract for any relevant price information and document the results

(3) Identify submission of data other than cost or pricing data necessary to determine a reasonable price. Discuss rationale and required updates (attach sales data, catalogues, competitive price list, independent market prices, other data, etc.)

(4) Identifies submission of subcontractor cost or pricing data necessary to determine a reasonable price. (Even if HCA waived the submission for prime contractor)

(5) Price analysis and objective adjustments resulting from requirement changes

(6) Significant differences between objective and negotiated amounts

(7) Use of advisory information and report (s) to support the objective, including significant differences, objective, and final negotiated agreement.

b. Discuss analysis and support for proposed, objective and (PNM) negotiated positions

c. Identify proposal of record used to baseline the objective.

d. When receiving certified cost and pricing data, a statement of the extent to which the contracting officer relied on contractor provided data except where specifically identified (including agreed to cut-off dates)

e. For noncompetitive actions exceeding \$1M, the contracting officer must search the Contract Business Analysis Repository (CBAR) and document the results of CBAR search.

f. When performing cost analysis, major cost element summary with subparagraph index for proposed, objective and considered negotiated amounts (including direct and indirect costs for labor, materials,)

g. Discussions of cost analysis performed for each major cost element for contractor proposed, government objective and considered negotiated positions in the following areas:

(1) Summary breakout of major cost items

(A) Labor hours by rate category

(B) Identify and discuss indirect rate (s)

(C) Materials and other costs by category

(D) Subcontractor cost or pricing data

1. Requirement, availability, adequacy of and reliance on subcontractor cost or pricing data

2. Sole source or competitive

3. Extent and adequacy of the prime's review

4. Why the contracting officer did not receive certified cost or pricing data when required (attach waiver or describe exemption)

5. Why the contracting officer received certified cost or pricing data when not required

(E) Basis or estimating method used

(F) Explanation of contractor data not relied on and reason for using other than contractor's data, identify data used to develop the government's position

(G) Rationale, sources, and currency of the data used to set the objective (include modification change determined to be noncommercial where originally determined commercial)

(H) Significant differences between the objective and negotiated amounts

(I) Use of advisory reports supporting the objective, including significant differences between them, the objective, and the final negotiated agreement

(J) For undefinitized contract actions: actual costs to date, % of completion, trends and, as applicable, the contractor's estimate to complete

(2) With incentive arrangements, describe the basis for share ratio (s) and ceiling price (s)

(3) Profit (Fee). Explain how the contracting officer developed the objective

(A) If using WGM, state assigned weights and provide reasoning when weights are below or above normal. (DD 1547 Attached to the PNM)

(B) If not using WGM, explain why and how the contracting officer developed the profit objective

(C) List profit or fee rate (s) negotiated. If the contracting officer did not achieve WGM profit objectives during negotiations, explain why and support profit or fee rate negotiated

h. Summarize and include a definitive statement on why the negotiated price is fair and reasonable. (Address the 25% limitation on price increases (DFARS 217.7505)

i. Description of the basis of any escalation rates used for adjusting historical prices and for forecasting option year prices. See DoD Contract Pricing Reference Guide, Volume 2 Quantitative Techniques, Chapter 1 Using Price Index Numbers for potential sources of information, calculating adjustments, and other relevant topics.

## **6. ADVISORY REPORTS/KEY DOCUMENTS**

Listing of Government advisory reports (pricing, technical, should cost, etc.)

## **7. Signatures**

Include signatures of the author of the PNM, contracting officer and (as applicable) approval authority

## **8. Attachments**

a. DD Form 1547 - Weighted Guidelines

b. DD Form 1861 - Facilities Capital Cost of Money (objective only)

c. Other attachments identified in the PNM

**Parent topic: SUBPART 53.90 – FORMATS AND TEMPLATES**