

NAPA IBS Contract # 121218 Pricing

The NAPA IBS Sourcewell contract pricing has three distinct parts:

1. The price of all materials and supplies purchased by the Sourcewell customer

Our customers determine the goods that we source for them through our contract. To maintain transparency, any goods that are purchased through our VMI services are procured and sold to the Sourcewell member at our acquisition cost. For example, if a municipality hires us to do MRO VMI and asks us to buy replacement light ballasts for their building maintenance division, we would source those goods through the network of approved Sourcewell MRO vendor awardees as well as our network of suppliers nationwide. If the municipality approves acquiring these light ballasts from Vendor X at \$38.50 each, we will procure those ballasts, log them in our system, and sell them back to the City Department at \$38.50 each with no markup.

2. The monthly operating expenses charged to customer – based on agreed upon service levels

We bill true, auditable costs to operate the on- or off-site VMI back to the Sourcewell member. This operating cost will vary customer-to-customer because of the wide range of hours of operation, sourcing and inventory management needs and staffing required to manage the contract. These are negotiated on a case-by-case basis and billed back at agreed costs on a monthly basis.

3. The management fee for services rendered

The return for NAPA IBS by billing materials and operating costs with no markup comes in the form of a monthly management fee billed to the customer. In our sample contract (Exhibit D), this is defined as a not-to-exceed 10 percent management fee based on total dollars of goods sold to the customer on a monthly basis. For example, if we were running a materials warehouse and, during a given month, we sold \$55,000 worth of goods to the member, they would receive a very clean and easy-to-manage management fee bill for \$5,500 at the end of the month.

***Note: NAPA IBS is a VMI service program. Therefore, the price of our service is what we are submitting as part of this proposal. In sourcing the price of specific goods for these contracts, we will go to published pricing for Sourcewell-awarded MRO vendors as part of this RFP as the price of record, as well as look to our vendor network to source goods to bring the best value to Sourcewell members for our services.*