

## Procurement & Property Division Policy Memorandum

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| Subject: <b>Best Value Procurements (Below the Simplified Acquisition Threshold)</b> |  |                       | Number:<br>13-01 |
| Distribution:<br>ARS: PAO's<br>PPD<br>FD   | Date:<br>February 10, 1997<br>Revised:<br>August 9, 1999<br>December 7, 2001 | This Replaces:<br>N/A |                  |

### Background

This memorandum provides general guidelines for your use when developing "best value" procurements for requirements below the Simplified Acquisition Threshold.

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### Definition

Best Value - A source selection process which is used to determine which proposal offers the best trade-off between price/cost and performance capabilities where quality is considered an integral performance factor. In essence, it is getting the best deal for our money, all factors considered.

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### Policy Guidance

For simplified acquisitions procured under the procedures in Part 12 of the Federal Acquisition Regulation (FAR), Contracting Officers may evaluate a quote or offer "based, as appropriate, on either price alone, or price **and other factors (e.g., past performance and quality)**, including the administrative cost of the purchase." An example of an administrative cost would be the additional cost involved in administering one order versus multiple orders for different line items. "Other factors" that might be considered in a "best value" evaluation are quality and past performance. A technical evaluation might include an examination of product literature, product samples (if requested), technical features, and warranty provisions. Some factors to be considered, which potentially impact overall cost or price are as follows:

- (1) Expected life of the item selected as compared with that of a comparable item;
- (2) warranty conditions;
- (3) maintenance availability; and
- (4) trade-in considerations.

If “best value” evaluation is used, remember that **requests for quotations or solicitations must notify suppliers of the basis upon which contract award/issuance of a purchase order is to be made.**

This means that the “other factors” must be stated in the Request for Quotation (RFQ). (See Enclosure.)

A formal evaluation plan, conduct of discussions, and scoring of quotes or offers are **not required for simplified acquisition procedures.** For some items, it may be appropriate to include more factors in the best value evaluation. For example, for the purchase of notebook computers, weight, size, speed, battery life, printing capability, memory, and ergonomics might be considered in the evaluation. In this case, the RFQ would call for submission of product literature and advise that these factors would be considered in the evaluation.

Other factors might be considered in a “best value” evaluation. For instance, for a study, the technical approach and the staffing and management plan might also be evaluated. Language similar to that in the enclosure should be included in the RFQ/Request for Proposal to advise vendors of the evaluation criteria.

When “other than price related factors” are considered in the evaluation, the file must be documented to support the contract award decision, to include a discussion of any trade-offs considered. In other words, while “other than price related” or “technical/management” factors may be considered more important than price for a higher quality item, the file must include a justification for paying the higher price.

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Action Required by REE  
Contracting Officers

Review all requirements to determine if using “best value” procedures would increase the likelihood of receiving a quality product at a reasonable price. Where appropriate, process procurements using the “best value” guidelines outlined herein.

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PPD Point of Contact

Policy Branch, 301-504-1725.

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Enclosure

Approved:

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Procurement and Property Division

**Evaluation Provision**

Any resulting order will be issued to the company offering the best value to the Government, price, and other factors considered. Listed below are all the factors that will be considered.

(This would include any factors upon which the evaluation will be based, such as, but not limited to, quality, reliability, and past performance.)

NOTE: When past performance history is a factor, specify that it may be based on the Contracting Officer's (CO) knowledge of and previous history with (item/service description), customer surveys or any other verifiable information available to the CO.