

Attachment C2 – Cost Narrative

Proposer is instructed to complete and submit the Price Proposal as identified herein. Proposer to use the following subheader format as provided below.

I. PART I: COST WORKSHEETS

Proposer to submit and complete the Cost Worksheets as contained in **Attachment C1**. Proposers shall not modify the worksheets in any way. MCHD understands that there will be potentially four primary types of costs associated with procuring a new system: software licensing, implementation services, annual maintenance costs, and annual subscription costs.

The below statements are provided to further guide the Proposer on how to fill out the cost worksheets.

- a. **Software Licensing Cost:** Software license costs include all costs related to licensing the software application and include third-party software license fees, where applicable. In presenting software license fees, the Proposer shall:
 - Explain all factors that could affect licensing fees in the Vendor Notes field of **Attachment C1**.
 - To the extent possible, the Proposer shall show any applicable discounts separately from the prices for products and Services.
- b. **Implementation Services Cost:** Implementation service costs typically include all costs related to professional services (including general implementation, project management, configuration, and other professional services), data conversion, customization, and training. It is important to note the following:
 - In the event the product or service is provided at no additional cost, the item should be noted as "No charge."
 - In the event the product or service is not being included in the Proposal, the item should be noted as "No bid."
 - Proposer shall make clear the basis of calculation for all fees and costs.
 - All estimated travel expenses and related out-of-pocket costs must be included as a separate line item in **Attachment C1** on a not-to-exceed basis. MCHD shall not be liable for additional travel costs or out-of-pocket costs incurred for any reason outside MCHD control. Travel expenses will be paid as incurred on a monthly basis.
- c. **Annual Maintenance Cost:** Annual maintenance costs include the annual maintenance and support fees for the application environment. **MCHD expects software maintenance costs will not increase in the first five (5) years upon go-**

live operation, and will increase by no more than 3% annually thereafter, and that maintenance costs will not be payable until after go-live sign-off. Unless a standard offering or otherwise included in scope of the Proposal, Proposers shall list any disaster recovery, enhanced support, or annual hosting server upgrade or other costs as optional.

- d. **Ongoing Software Subscription Cost (If SaaS Deployment):** Ongoing software subscription costs include the annual payments for access to the software, hosting costs, backup costs, and potentially disaster recovery provisions. **MCHD expects annual subscription costs will not increase in the first five (5) years upon go-live operation, and will increase by no more than 3% annually thereafter.**

II. PART II: TRAVEL AND EXPENSE EXHIBIT

Proposer to submit a travel and expense policy that will apply for the duration of the Project up to final payment and for the future as it relates to any renewal terms.

Confirm Exhibit attached in Price Proposal

III. PART III: PAYMENT AND RETAINAGE TERMS

MCHD requests that the following Payment and Retainage Terms be utilized for MCHD's Project:

- a. **Software Licensing:** Use of an acceptance-based payment schedule for software licensing.
- i. Potential milestones including system deployment, Phase Kickoff, Initial Module/System Configuration, Approval of Phase Go-Live, and Acceptance of System. MCHD expects that licensing for any software will not be payable until the project begins.
 - ii. *Proposer shall fully describe their proposed milestone-based payment schedule for software licensing as part of their Price Proposal.*
- b. **Implementation Services Cost:** Implementation service costs typically include all costs related to implementation, configuration, customization, and training.
- i. MCHD prefers that implementation service costs be proposed as “not-to-exceed” amounts and that MCHD will be charged for Services as incurred up to the not-to-exceed amounts. Establishment of a not-to-exceed amount does not obligate MCHD to expend the full amount.
 - ii. MCHD prefers that services be invoiced on a deliverable, phased, or milestone basis.

- iii. MCHD prefers that twenty percent (20%) of each invoice for the implementation service costs will be retained (as a “holdback”) until successful completion, and MCHD’s written acceptance, of the Project.
- c. **Annual Maintenance Cost:** MCHD’s expectation is that it will not pay maintenance fees on software being implemented until formal MCHD acceptance has been provided to approve live processing for the associated Project phase. *For example, the annual maintenance fees associated with XX will be paid upon MCHD acceptance of the Project phase.*
- d. **Ongoing Software Subscription Cost (If SaaS Deployment):** Ongoing software subscription costs include the annual payments for access to the software, hosting costs, backup costs, and potentially disaster recovery provisions. MCHD expects that subscription costs for the software will not be payable until the project begins. MCHD expects to pre-negotiate any rates of increase in these costs in the first 10 years.

Proposer to submit a brief statement of agreement with the payment and retainage terms identified herein for each Cost Worksheet submitted. If a Proposer does not agree with all items, a description should be provided for those items for which an exception is taken.

Proposer confirms that the RFP proposal is submitted in compliance with the payment and retainage terms provided above in Part III, Payment and Retainage Terms.

Brief Statement:

OR

Proposer takes exceptions to the payment and retainage terms provided in Part III Payment and Retainage Terms as itemized below.

Description of each exception and proposed alternative:

IV. NARRATIVE DESCRIPTION OF PRICE PROPOSAL

Proposers are encouraged to include a narrative description of the proposed costs, including, at a minimum the following;

- a. Any optional services/offerings for professional services

Brief Statement:

- b. Any discounts that have been offered

Brief Statement:

- c. Any additional service offerings that may be out of scope, but may be available on an optional basis to serve to shift some of the implementation work effort from MCHD to

the vendor during implementation.

Statement:

- d. Any projected or anticipated cost savings or cost avoidance considerations related to the proposed software and services (savings in MCHD staff time, savings in ongoing hardware acquisition/maintenance costs, etc.)

Statement:

- e. A description of any future upgrade costs, including upgrades to hardware, software, and related professional services costs (such as training, configuration, and other anticipated services costs related to upgrades in the future)

Statement:

- f. A description of the estimated travel costs, including the number of trips, average duration of trips and number of staff included per trip, average cost per trip, and whether seasonality in pricing has been considered in the travel estimate.

Statement:

- g. Other topics or statements related to the price proposal that the Proposer feels will help MCHD better understand the pricing structure or key differentiators for the proposed products and services.

Statement: