

Cost Proposal Narrative

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*The Respondent should provide a brief narrative (not longer than two pages) in support of each Cost Proposal item. The narrative should be focused on clarifying how the proposed prices correspond directly to the Respondent's Technical Proposal. For example, evaluators will expect detailed explanation of Maintenance and Support to correspond to Maintenance and Support items if described in the Technical Proposal. **Please compose and return this document in a PDF format, labeled as "Cost Proposal Narrative".***

Cost Proposal Narrative - License Plate Production and Distribution

The Irwin Hodson Group Indiana (IHG) license plate pricing is all inclusive. Pricing for passenger-size and motorcycle plates includes all costs associated with the detailed Technical Proposal. All of the products and services, as outlined in the Technical Proposal, are provided to the State as part of the individual plate pricing with no additional charges. IHG's all inclusive pricing includes all production costs, labor costs, materials, packaging, overhead, equipment, maintenance, pre-sorting costs, and the cost of delivering the finished license plates to the United States Postal Service (USPS). Please note, as per the request of the State, in answering Question #40, USPS postage is not included in the cost proposal.

The pricing that has been submitted to the State in RFP 21-873, for Indiana license plates, is the same pricing that IHG has been charging for the last five years for the State of Indiana license plate manufacturing. The reason that IHG's RFP 21-873 pricing to the State offers such a significant drop in pricing from the State's current pricing, is that with this RFP response, IHG is able to offer plate pricing direct to the State of Indiana without going through a third party. This direct-to-jurisdiction sale is the proven model that IHG uses with all of its North American jurisdictional customer base. For the passenger plate line item, IHG's good-faith estimate is that the savings provided under this IHG RFP 21-873 offer, over the total volumes indicated in the contract, represent savings to the State of approximately \$10,000,000-\$13,000,000. For the motorcycle plate line item, IHG's good-faith estimate is that the savings provided under this IHG RFP 21-873 offer, over the total volumes indicated in the contract, represent savings to the State of approximately \$250,000-\$400,000. IHG believes that it is in the State's absolute best interest to procure license plates directly from an experienced license plate manufacturer.

IHG has provided fully compliant license plate pricing for both the passenger size license plate and the motorcycle size license plate based on the Attachment I requirement to use enclosed lens (beaded) reflective sheeting. IHG takes no exceptions with any of the RFP specifications. IHG has been manufacturing 100% of Indiana's license plate requirements since 2015, and as a result, IHG is fully aware, and experienced, with all costing components of Indiana's license plate requirements.



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Cost Proposal Narrative – Registrations

IHG has provided fully compliant pricing for all of the registration line items. IHG takes no exception with any of the specifications and will provide the State with registration forms that meet or exceed the current specifications. IHG fully understands the registration costing requirements.

For the **“Automobile/Trailer/Motorcycle – with plate year decal”**, IHG is offering a price of \$0.35 per registration form.

Please note: IHG believes that the volumes indicated in the RFP for “Automobile/Trailer/Motorcycle – without plate year decal” may be understated, and possibly in error, for the Calendar Year 2024. The volumes indicated for this year in the RFP, are shown as “1.4 million”, but based on volumes for all other years for this particular line item, IHG believes that the volume for 2024 might be closer to 5.9 million. IHG reached out to the State in order to have this reviewed, and possibly corrected, but at the time of our RFP submission, this had not yet been addressed. This does not impact IHG pricing to the State but IHG is respectively bringing this to the attention of the State.

For the **“Automobile/Trailer/Motorcycle – without plate year decal”**, IHG is offering a price of \$0.50 per form. The form itself, because it does not have a decal on it, is actually less expensive from an initial cost perspective than the registration form with the decal. However, this is the registration form that is matched to the license plate, and as such, the cost of the labor for printing, matching, verifying, scanning, and inserting the registration form with the license plate is also included in this line item. IHG would be happy to break out this pricing for the State of Indiana, if that is desirable.

For the **Off-Road/Snowmobile and the Watercraft** line items, IHG will provide forms that exactly match the specifications desired by the State of Indiana. These forms with decals are considerably more expensive than other registration forms, mostly due to the lower volume for these forms and the custom configuration/uniqueness of the forms. For cost saving reasons, the State may find it preferable to switch to a more standard form. IHG would be happy to discuss this further.

IHG will provide sign-off samples for all lines and these signed off samples will become gold standards for production. All samples will be discussed with the State and fine-tuned to the exact State specifications. IHG will ensure that the products provided will meet or exceed BMV requirements.

Further to the above, IHG does understand after seeing the State-provided samples, that the registration-only form will not require the instructions to be pre-printed on the back side of the form. In prior experience with other jurisdictions, the instructions were usually required to be pre-printed on the back of the form. Therefore, IHG has provided the instructions pre-printed for decal placement on the registration only form. This can easily be eliminated if desired by the State.

As part of the IHG RFP Response, IHG has provided a basic example for the snowmobile and ATV without the security features based on the details provided in the RFP. This form is a facsimile for RFP Response purposes and does not have the security features that are on the IHG registration with decal. All actual production forms will have the same security features as the registration example.

The watercraft registration and decal were not explained in enough detail in the RFP to obtain a watercraft registration mock-up for RFP Response purposes. Samples will be obtained if required.



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With regards to the householding of 20%, on the RFP 873 Attachment "D" Cost Proposal Template, the formula in column "G" is reducing the total of each line item by 20%. IHG believes that this may be an error that was not updated when the State of Indiana removed the USPS cost requirement from the proposal. The number of pieces in each physical mailing would remain the same, for householded items, it's just that there would be fewer mail pieces being mailed out as a result of the collation of registrations, which would reduce the USPS mailing costs. For example, if there were three registration forms that were being householded to one address, it would still be 3 registrations x 0.35 = \$1.05 for registrations, however, these three registrations would be put into the same mailing piece/envelope which would result in one single mailing, hence the savings for householding.

IHG Optional Considerations Follow:

Cost Proposal Narrative - License Plate Production and Distribution – Alternative (HD Sheeting)

For IHG's alternative cost proposal, IHG is proposing to use High Definition Prismatic reflective sheeting. This is the reflective sheeting that IHG currently uses to manufacture all of Indiana's license plates. This is a premium product that meets and greatly exceeds the reflectivity specifications in the Indiana RFP. During the Question and Answer process, Question #1, IHG tried to clarify that the specifications in the RFP were for enclosed lens (beaded) reflective sheeting and not the High Definition sheeting currently being used, and therefore reflected a lower standard sheeting than what is currently being used to manufacture Indiana license plates. As such, in order to have an "apples-to-apples" main RFP Response with potential competitors who would also be bidding the required enclosed lens license plate sheeting (Attachment I), IHG's main proposal is based on the use of the required enclosed lens sheeting. IHG felt that the RFP Response to RFP 21-873 therefore should include a High Definition Prismatic alternative so as to provide the State of Indiana with the flexibility to continue having its plates produced on this highly reflective product. IHG would be pleased to further discuss this with the State

Cost Proposal Narrative – Temporary License Plates (Optional)

IHG has provided fully compliant pricing for all of the temporary license plate line items. IHG takes no exceptions with any of the specifications and will provide the State with temporary license plates that meet or exceed the current specifications. IHG fully understands the temporary license plate requirements. IHG has also answered the temporary license plate questions directly on Attachment D.

IHG has supplied pricing for the current 12" x 6" temporary plate registration paper. For this component of the project, IHG has also included an alternative option which includes a more common form size for the temporary license plates. There are considerable savings for utilizing a more standard industry temporary tag for this option that would fully meet the State's requirements. Transition to a standard 8.5" x 11" paper format from the 12" x 6" paper currently in use could cut temporary tag costs in half and improve quality.

This alternative involves use of 10 mil durable synthetic paper that is weather-resistant. Its laser imaging top coating allows production of temporary operation plates from any laser printer and would provide greater flexibility to the State of Indiana and its offices. This paper includes screw hole cuts at each corner for easy placement on a vehicle and its thickness ensures it will not flap in the wind when attached. It is packed 100 sheets per clear poly bag with brown chip board. An embedded perforation reduces waste by allowing print of the temporary plate at the top and registration at the bottom.



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To further reduce costs, the 8.5" x 11" temporary plate paper size makes the best use of space by printing the temporary registration at the bottom of the form. In other jurisdictions the temporary tag and temporary registration are printed on the same sheet with barcodes that are scannable by law enforcement. The combined cost savings, durability and reduced waste and multi-purposing of the same form, make this alternative worth considering.

Should Indiana choose to remain with the current format, IHG will gladly provide forms that fully meet the States specifications.

Other:

During pre-award final contract negotiations, IHG would propose to further cooperatively discuss with the State several ways that IHG can offer the State either additional cost savings and/or additional service metrics for Indiana motorists. These additional areas include, but are not limited to the following:

IHG would propose implementing an aluminum adjustment clause to the contract so as to eliminate the need for the aluminum risk hedge/premium that is built into the current pricing. This would further reduce the cost of the States license plates. Aluminum is a commodity item, and an aluminum adjustment formula is standard with all IHG license plate contracts as it provides for the straight flow of increases/decreases to the customer without the need for building in unnecessary risk premiums.

IHG also respectfully proposes, based on the strength of its financial statements, the desire to discuss eliminating the \$8 million performance bond and pass those savings directly through to the State of Indiana. IHG respectfully submits that this performance bond can also be considered unnecessary with IHG, with decades of experience, and having quoted fully warranted, and proven, license plate materials and production methodologies. IHG has built in appropriate pricing for the performance bond but wanted to mention that in case it was an option for the State.

