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1 Contract Postal Unit Overview

1-1 Introduction

Contract postal units (CPUs) have been an historic part of the provision of postal services in the United States. Publication 156, *Guide to Contract Postal Units for Postal Service Employees*, provides a reference guide for the Postal Service's™ CPU program.

Pub 156 is intended to assist each member of the team responsible for implementing and managing a CPU. Publication 156 addresses the following topics:

- a. CPU opening.
- b. Management of a CPU.
- c. Justification for a CPU.
- d. Package request.
- e. Solicitation.
- f. Contract award.
- g. Construction.
- h. Training, management, and evaluation of CPU suppliers.

Execution of the CPU program requires a funding commitment from the district manager or other authorizing office.

Frequent updates to Publication 156 make it impractical to keep it up to date in hard copy. Therefore, updates to Pub 156 will be made online and posted on Blueshare at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

The documents mentioned in Pub 156 can be also be found on Blueshare in the Pub 156 folder. Pub 156 is also available on the Postal Service PolicyNet Web site; go to <http://blue.usps.gov/cpim> and click on *Pubs*.

Note: This publication does not establish legal rights of CPU suppliers. The legal rights of CPU suppliers and those wishing to become CPU suppliers are provided within the terms of contracts and solicitations for contracts with the Postal Service.

1-2 Definitions

1-2.1 **Contract Postal Unit**

A CPU is a supplier-owned or supplier-leased site operated by the supplier, under contract to the Postal Service, to provide postal services to the public at Postal Service prices. The contract for a CPU must be competed, except when a noncompetitive justification is submitted and approved pursuant to Management Instruction (MI) SP-S2-2007-1, *Noncompetitive Purchases*. The MI is available on the Postal Service PolicyNet Web site; go to <http://blue.usps.gov/cpim> and click on *MIs*.

1-2.2 **Community Post Office**

A Community Post Office™ (CPO) is a contract unit that provides postal services in small communities where an independent Post Office has been discontinued. A CPO usually bears its community's name and ZIP™ Code. The contract for a CPO must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2007-1. Chapter [11](#) provides additional information on CPOs.

1-2.3 **Minimum-Rate Supplier**

A minimum-rate supplier is an individual who provides postal services to the public. A minimum-rate supplier must meet either the criteria in items a, b, and c as follows or the criteria in items a, b, and d as follows:

- a. The offeror is an individual.
- b. The offeror personally operates the CPU more than 50 percent of the time.
- c. The CPU operates in a facility devoted exclusively to CPU service.
- d. If another commercial business operates at the CPU site, the CPU's revenues exceed the other commercial business's revenues.

The minimum rate that the supplier must be paid is the current federal minimum wage rate. A minimum-rate, firm-fixed-price contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2007-1.

1-2.4 **Public Service Contract**

A public service firm-fixed-price contract is based on a supplier's unsolicited proposal to the Postal Service to operate a CPU for a community's convenience or business reasons. Payment under a firm-fixed-price contract may not exceed \$100 per year. Public service CPUs may be considered only when the CPU would serve the best interests of both the customer and the Postal Service. A public service contract does not have to be competed, and a noncompetitive justification is not required.

1-2.5 **Seasonal Contract**

A seasonal firm-fixed-price contract is used in areas where the seasons dictate the need for a CPU. The contract states the hours of operation per the seasons of the year (e.g., open during winter months in a ski resort area or open during winter months in a warm weather area). The supplier is paid an agreed-upon, firm-fixed rate. A seasonal contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2007-1.

1-2.6 **Temporary (Emergency) Contract**

When a previously established CPU contract is terminated on short notice and the lack of a CPU creates a hardship on the community, the host Post Office may request that a temporary (emergency) firm-fixed-price contract be awarded. The supplier is paid an agreed-upon, firm-fixed price, and the contract time period may not exceed 6 months. This contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2007-1.

1-2.7 **Contract Access Retail System**

The Postal Service provides a Contract Access Retail System (CARS) mailing system to the CPU for weighing, metering, and calculating postage on mail pieces. Only CPUs under a performance-based percentage payment contract that do not have Post Office boxes or sell postal money orders qualify for a CARS mailing system.

1-3 **Offices and Personnel**

1-3.1 **Travel, Retail, and Temporary Services Category Management Center**

The contracting officer (CO) for all CPUs is located at the Travel, Retail, and Temporary Services CMC (Denver CMC) in Aurora, Colorado.

1-3.2 **St. Louis Accounting Service Center**

The St. Louis Accounting Service Center is responsible for payment of all CPU contracts.

1-3.3 **Contract Postal Unit Team**

The CPU team is comprised of the following individuals:

- a. CPU Coordinator (usually a retail specialist).
- b. CO at the Denver CMC.
- c. Architect/engineer (A/E). (The A/E may provide limited support through the Facility Service Office if necessary.)
- d. Contracting Officer Representative (COR).

Each member of the CPU team has a role to play. Team members must work together to ensure that the CPU is established correctly and opens on time.

1-4 Components of a Contract Postal Unit Solicitation/Award Package

The components of a CPU solicitation/award package are the following:

- a. Part 1: Contract Postal Unit Schedule.
- b. Part 2: Solicitation Provisions.
- c. Part 3: Contract Clauses.
- d. Part 4: Attachments.
 - (1) Attachment 1: Requirements.
 - (2) Attachment 2: Contract Postal Unit Supplier Business Proposal and Information.
 - (3) Attachment 3: Contract Postal Unit Bond.
 - (4) Attachment 4: Compensation.
 - (5) Attachment 5: CPU Design and Construction Requirements.

The components of the CPU Solicitation/Award package can be found in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

1-5 Contract Types and Terms

The two types of contracts for CPUs are as follows:

- a. Performance-based percentage payment contract.
- b. Firm-fixed-price contract.

Each contract type requires certain components of the solicitation/contract award package.

A CARS Performance-Based Percentage Payment CPU Solicitation/Award document contains the following components:

- a. Part 1: Contract Postal Unit Schedule.
- b. Part 2: Solicitation Provisions.
- c. Part 3: Contract Clauses.
- d. Part 4: Attachments 1, 2, 4, and 5.

A Performance-Based Percentage Payment CPU Solicitation/Award document contains the following components:

- a. Part 1: Contract Postal Unit Schedule.
- b. Part 2: Solicitation Provisions.
- c. Part 3: Contract Clauses.
- d. Part 4: Attachments 1, 2, 3, 4, and 5.

A Firm-Fixed-Price CPU Solicitation/Award document contains the following components:

- a. Part 1: Contract Postal Unit Schedule.
- b. Part 2: Solicitation Provisions.
- c. Part 3: Contract Clauses.
- d. Part 4: Attachments 1, 2, and 3.

1-6 Competition

1-6.1 Overview

Generally, it is recommended to use the competitive purchasing method to obtain CPU contracts in the most desirable locations. However, in some cases, the business and competitive objectives of the Postal Service will best be met by awarding CPU contract(s) using the noncompetitive purchase method. This scenario is especially true under the following conditions:

- a. The Postal Service has established a business relationship with a retailer that has successfully operated a CPU in its other retail locations.
- b. The proposed CPU is the only supplier capable of providing or willing to provide the service needed.

If the CPU purchase team decides to use the noncompetitive purchasing method, the team must document the rationale for the decision in a business case and submit it for approval in accordance with MI SP-S2-2007-1. The approval must be included in the contract file. See Chapter [6](#) for a thorough discussion of competitive and noncompetitive purchasing.

1-6.2 Authority

The vice president of Retail at Headquarters and vice presidents of Area Operations or designee have the authority to approve the establishment of a CPU based on demonstrated need and value to the consumer and the Postal Service.

1-6.3 Retail Service Agreements

Often a national chain or a large regional chain contacts Headquarters directly or is contacted about the CPU program through Headquarters' marketing efforts. If a field person is contacted by a company that has five or more locations, then the field person needs to send that contact information to Retail Partners at Headquarters. Districts are not allowed to pursue relationships with this type of company without approval from Headquarters. In these scenarios, Headquarters provides assistance to the area or district when meeting with the potential supplier, provides a broad overview of the program, and ascertains the interest in becoming a CPU supplier. If interest is indicated and a need exists for CPUs in locations operated by the national or regional chain, then Retail Partners at Headquarters or local Postal Service

authorities begin the solicitation process. Implementation of a CPU is based on need and value to the customer and the Postal Service.

1-6.4 **Requisition Approval**

Only District managers can approve requisitions for CPUs. This authority may not be delegated below the district manager level.

1-6.5 **Contract Award**

Only designated COs who possess a Contracting Officer Certificate of Appointment may award CPU contracts.

1-6.6 **Restrictions and Special Considerations**

1-6.6.1 **Location of Contract Postal Unit**

The CPU must not be located in, or directly connected to, a room where intoxicating beverages are sold for consumption on the premises.

1-6.6.2 **Contracts With Postal Service Employees**

CPU contracts may not be awarded to Postal Service employees or members of their immediate families. Contracts may be awarded to retired or former Postal Service employees or their family members subject to restrictions on post-employment activities of Postal Service employees as imposed by law.

1-6.7 **Post Office Box Service**

Post Office box service may be provided as long as the need for Post Office boxes in the CPU location is justified.

1-6.8 **Non-Postal Services**

CPUs must provide Postal Service products and services, exclusively. The supplier may not, in the CPU or in any part of the supplier's premises in which the CPU is located, offer directly or by subcontract, lease, or sublease or otherwise provide the following:

- a. Commercial mail receiving (private mailbox) services.
- b. Third-party delivery services.
- c. Any products or services that the CO determines are similar to, or competitive with, delivery and parcel services offered by the Postal Service.

Fax service and copy service are examples of products that are not similar to, or competitive with, those of the Postal Service.

1-7 **Access for Persons With Disabilities**

Ensure that all Post Offices, including CPUs, are readily accessible to all unless the facility cannot reasonably be configured. Whenever possible, suppliers under consideration for a CPU contract award should already be in

a location accessible to the disabled or in a location that will be made accessible as a condition of contract award.

If a CPU contract is contemplated with a supplier whose location is not accessible, the CO must document the contract file to describe the attempts made to find suppliers with accessible locations.

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2 Determining Need for a Contract Postal Unit

2-1 Benefits of a Contract Postal Unit

When determining whether a contract postal unit (CPU) is the appropriate method for providing expanded access to postal services, consider the benefits of a CPU.

2-1.1 Benefits for Customers

A CPU provides customers the following benefits:

- a. Expanded access to Postal Service products and services at Postal Service prices.
- b. Convenient location.
- c. Extended hours (weekends and evenings).

2-1.2 Benefits for Suppliers

A CPU provides suppliers the following benefits:

- a. Customer traffic to generate additional sales.
- b. Additional revenue source.
- c. Customer awareness of CPU locations.
- d. Competitive advantage.

2-1.3 Benefits for Postal Service

A CPU provides the Postal Service the following benefits:

- a. Cost-effective process for providing Postal Service products and services.
- b. Reduction in wait time for customers.
- c. Increase in customer satisfaction.
- d. Increase in Postal Service presence in high-growth retail locations.

2-2 Conditions for Requesting a Contract Postal Unit

A CPU contract may be requested when one or more of the following conditions are present:

- a. A newly developed community requires postal retail services but does not yet warrant a Postal Service facility.
- b. Existing retail units are not able to serve customers efficiently because of limited space or high customer demand.
- c. Flexibility in service hours is needed.
- d. An independent Post Office or CPU has discontinued service.
- e. Other low-cost strategies for selling stamps, such as Stamps on Consignment, Stamps By Mail[®], or Stamps Online[™], have been considered and determined not feasible.
- f. There is insufficient parking and retail space with no ability to expand.
- g. Seasonal issues present special situations.
- h. The Postal Service will realize service, scheduling, or other benefits from the CPU.

3 Verifying Need for a Contract Postal Unit

3-1 Introduction

After determining that a contract postal Unit (CPU) will satisfy the need for expanded access, the CPU coordinator documents this fact. The procedures described in this chapter are steps for the CPU coordinator to use to build a case for the establishment of a CPU.

3-2 Contract Postal Unit Needs Analysis

The host Post Office provides the CPU coordinator a completed CPU Needs Analysis (See sample form in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

Consider the following retail conditions at the host Post Office or targeted station or branch:

- a. Insufficient hours.
- b. Insufficient area coverage.
- c. Low customer satisfaction.

Provide information on the following criteria to document the need for a CPU:

- a. Demographic and geographic characteristics of the proposed area.
- b. Projected growth within the proposed area.
- c. Date and results of last window operation survey.
- d. Review of retail operations.
- e. Consumer feedback.
- f. Competition: actual and projected.
- g. Increased benefit to the Postal Service relating to service and cost-effectiveness if a CPU was established.
- h. Impact on existing nearby classified offices including transportation and collection route.
- i. Proposed days and hours of operation (should exceed Post Office hours).

Two other tools for assessing needs are retail mapping and the wait-time-in-line report.

3-3 Retail Mapping and Electronic Facilities Management System

Retail mapping, as completed through the Electronic Facilities Management System (eFMS) helps to ensure that CPUs are located in the most needed and convenient sites to provide retail customers access to postal services. Retail mapping displays all classified facilities and existing expanded retail access by ZIP Code. Demographic projections for 5 years display information on the proposed area's demographics (e.g., population and income). (For sample documents of retail mapping and demographics see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

With the Postal Service's continued focus on reducing cost and improving efficiency, retail mapping is a key tool that supports the following:

- a. Support for Postal Service strategic objectives (e.g., the Retail Optimization Plan) to expand access channels.
- b. Reduced reliance on "brick-and-mortar" (new construction) costs.
- c. Strong partnerships that focus on marketplace growth.
- d. Visual geographic perspective to allocate retail resources.
- e. Integration of facility planning and Retail Operations into the future success of the Postal Service.

3-4 Wait-Time-In-Line Report

The wait-time-in-line report helps determine if there is a need to provide relief to Postal Service facilities with excessive waiting times.

4 Design and Construction Requirements for a Contract Postal Unit

4-1 Introduction

It is important to present to the consumer in a private retail location a “branded image” that is associated with the Postal Service. This chapter discusses the requirements for a “build-out,” the Postal Service term for branded design used in contract postal units (CPUs).

4-2 Purposes of Attachment 5, Contract Postal Unit Design and Construction Requirements

The purposes of Attachment 5, Contract Postal Unit Design and Construction Requirements, which is a component of the solicitation/award package, are as follows:

- a. Ensure that the finished CPU build-out is functional and presents a uniform image to the public.
- b. Define the equipment and supplies needed for the build-out.
- c. Establish responsibilities.
- d. Ensure that the build-out is included in the solicitation.

4-3 Parts of Attachment 5, Contract Postal Unit Design and Construction Requirements

4-3.1 Overview

Attachment 5 contains the following three parts:

- a. Part A — Responsibility Schedule.
- b. Part B — Signage Requirements.
- c. Part C — Build-Out Requirements.

4-3.2 **Part A – Responsibility Schedule**

The important aspects of Part A are the following:

- a. Part A is always a mandatory part of Attachment 5.
- b. Equipment includes office equipment, furniture and casework, interior and exterior signage, connectivity requirements, and miscellaneous items. (To view Part A, Responsibility Schedule, go to the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- c. The schedule identifies responsibilities and establishes quantities.
- d. The schedule requires that a quantity be indicated for each item. If an item is not required, mark the box “N/A.” Responsibilities usually remain the same from CPU to CPU.
- e. The schedule is not an order form.
- f. Items are not ordered until a contract is awarded and a CPU design is approved.

Chapter 8 addresses ordering. Review notes in the Responsibility Schedule. The responsibility schedule is included in the solicitation.

4-3.3 **Part B – Signage Requirements**

The important aspects of Part B are the following:

- a. Part B is mandatory unless a deviation to omit it has been approved by Retail Partners at Headquarters.
- b. CPU signage is critical to maintaining a uniform Postal Service CPU image.
- c. To view a sample of Part B – Signage Requirements, go to the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.
- d. Part B lists the following:
 - (1) Postal Service sign type (interior or exterior, illuminated or not).
 - (2) Sign size.
 - (3) Order number.
 - (4) Quantity.
 - (5) Lamps.
 - (6) Shipping weight and shipping size.
- e. Normally, the Postal Service provides signs and the supplier installs and maintains them.
- f. The supplier is responsible for obtaining building permits/approvals.
- g. The signage requirements sheet lists all available CPU signs.
- h. Complete only the “quantity” column.
- i. The signage requirements sheet is not an order form.
- j. Do not order signage until a contract is awarded and approvals are obtained.

Chapter 8 addresses ordering signage. The signage requirements sheet is included in the solicitation.

4-3.4 **Part C – Build-Out Requirements**

The important aspects of Part C are the following:

- a. Part C is mandatory unless a deviation to omit it has been approved by Retail Partners at Headquarters.
- b. The supplier is always responsible for design and build-out.
- c. Design and construction must comply with Postal Service requirements.

4-4 Reasons for Imposing Design Responsibility on the Supplier

The reasons for imposing design responsibility on the supplier are as follows:

- a. CPUs are constructed in the supplier's space.
- b. Space is occupied by non-Postal Service employees.
- c. Many other high-liability issues can arise.

4-5 Prototype Drawings and Postal Service Branding

The important aspects of prototype drawings and Postal Service branding are the following:

- a. Postal Service-provided prototype drawings are mandatory.
- b. A consistent Postal Service image for the CPU is required.
- c. The objective is to have the completed CPU look like the prototype.
- d. To determine whether a one-counter or two-counter design is needed.
- e. The supplier's space constraints can impact design.
- f. Materials and finishes need to comply with Postal Service standards if this is new construction (see the document, "Standard Finishes and Materials Schedule" in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- g. Typically, the Postal Service provides all of the signage, cabinetry, and workstation(s) to the supplier to attain the desired result.

4-6 Finished Product

The important aspects of the finished product are the following:

- a. Do not get involved with the "means or methods."
- b. The supplier is responsible for attaining the required finished result.

- c. The supplier must accomplish the work in compliance with applicable codes.

4-7 Design Requirements

The important aspects of the design requirements are the following:

- a. There is no mandatory requirement for professional design services.
- b. The supplier is responsible for the following:
 - (1) Determining whether a permit is required.
 - (2) Obtaining all required permits.
 - (3) Retaining professional services if needed to obtain permits.

The Postal Service does not review the design for code compliance. The Postal Service does review the design for layout, finishes, materials, and signage for compliance with the contract (i.e., the Postal Service determines if the result will appear like one of the prototype drawings).

4-8 Design Submittal

The important aspects of the design submittal are the following:

- a. There are three different options for a supplier's design submittal:
 - (1) Case I: Full compliance.
 - (2) Case II: Substantial compliance.
 - (3) Case III: Deviation.
- b. The prototype drawings help simplify the supplier's design.
- c. The drawings also indicate full (or substantial) compliance with the prototype:
 - (1) **Full compliance:** With full compliance, the supplier chooses a prototype drawing and provides a finish schedule.
 - (2) **Substantial compliance:** With substantial compliance, the supplier provides a marked-up prototype drawing and a finish schedule.
 - (3) **Deviation:** With a deviation request, the supplier prepares drawings and a finish schedule for Postal Service approval.

4-9 Postal Service Design Assistance

Listed below are important aspects of Postal Service design assistance:

- a. The supplier is contractually responsible for design (or a sample of the Supplier Pre-Acceptance Inspection Checklist, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- b. The Postal Service accumulates experience over a large number of CPUs.

- c. The Postal Service can assist the supplier by doing the following:
 - (1) Recommending the appropriate prototype.
 - (2) Suggesting locations for the CPU within the store.
 - (3) Giving an orientation of the CPU at the suggested location(s).
 - (4) Assuring the type and location of signage are most effective.
 - (5) Suggesting a path to collect mail from the CPU.
 - (6) Evaluating truck access and handicapped parking.
- If floor, ceiling, or lighting is unacceptable, notify the supplier.

4-10 Design Assistance Versus Design Responsibility

Listed below are important aspects of design assistance versus design responsibility:

- a. Maintain supplier design responsibility.
- b. In practice, the design is usually simple. Most facilities can readily adapt a prototype drawing.
- c. Further clarification on all construction and responsibility issues is provided in Attachment 5, Contract Postal Unit Design and Construction Requirements.

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5 Identifying Prospective Contract Postal Unit Suppliers

5-1 Overview

The techniques in this chapter can be used to create supplier interest in becoming a prospective contract postal unit (CPU) supplier.

5-2 Local Sourcing

5-2.1 Letter of Interest

A letter of interest is a letter from the postmaster delivered to retailers in a targeted area (see a sample letter of interest titled, “A Post Office in Your Store?” in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The letter explains to the retailer the criteria necessary to become a prospective CPU supplier.

5-2.2 Newspaper Advertisements

Another way of creating interest in the business community is by placing an ad in the local paper. The ad should provide information about the CPU and the geographic area being targeted.

5-2.3 Community Interest News Articles

The CPU coordinator can ask the customer relations coordinator or the postmaster for assistance in contacting the local newspaper to write a community interest story (for a sample of a Community Interest News Story, go to the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The reporter could interview the CPU coordinator or the postmaster for background information about the need for expanded retail access. To add interest to the story, photos could be taken of other CPUs (with build-outs). Often these articles generate sufficient interest to enable a CPU supplier presentation to be scheduled.

5-2.4 **Chamber of Commerce**

Many local businesses are members of the chamber of commerce. The chamber is usually aware of community needs and concerns and is a good potential source for interested retailers. The COR (who is sometimes a postmaster) or the CPU coordinator could ask to attend a chamber meeting to give an overview of the CPU program and a performance-based contract.

5-2.5 **Community Associations**

Many residential developments have community associations that meet regularly. If the community is in an area of high growth, the local postmaster probably has received requests from the community for a Postal Service presence. The COR or the CPU coordinator could ask to attend a community meeting to provide an overview of the CPU program and a performance-based contract.

5-2.6 **Cold Calls**

If the efforts noted in [5-2.1](#) to [5-2.5](#) fail to generate interest, it might be necessary to make cold calls (i.e., to talk with prospective CPU suppliers who have not had a previous introduction). This is done by “walking the preferred area” and talking to retailers directly to gain their interest. If the store owner/manager is not available, leave a business card and ask for an appointment. Use a Source List to record information from these calls (For a sample source list, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The COR must be comfortable with the presentation and his or her having knowledge of the performance-based contract is critical.

Be prepared by having copies of Publication 296, *CPU Marketing Brochure*, available and supplier presentation materials. (For availability and ordering information for Publication 296, go to the CPAC Web page at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

5-3 **Reviewing Responses and Scheduling Meetings**

The COR contacts the CPU coordinator after responses have been received to schedule a supplier presentation (for either a competitive or noncompetitive contract). It is recommended that the presentation be held at the local Post Office. Postal Service attendees should include the COR, CPU coordinator, and architect/engineer (A/E), if available. The benefits of bringing all potential suppliers together in one meeting are the following:

- a. All attendees hear consistent information and have the opportunity to ask questions.
- b. All interested parties are in attendance and competition for the contract may be generated.
- c. A single meeting saves time and travel.

5-4 Requirements for Supplier Presentation

Prior to the presentation, the COR has discussed estimated revenue based on the revenue forecast model and the preferred area of interest and has distributed the supplier's estimated cost worksheet. With this knowledge, the presentation can begin.

You must be thoroughly knowledgeable on the performance-based contract requirements, including all attachments.

5-5 Supplier Presentation Handouts

Before the presentation, the COR should become familiar with all of the following materials which are to be used as handouts at the supplier presentation:

- a. Source list to be used as a sign-in sheet.
- b. Publication 296 that defines a CPU, the benefits of a partnership with the Postal Service, and the method of compensation and gives examples of build-out and signage.
- c. Attachment 1, Requirements, of the CPU solicitation/award package (see section [5-7.2.1](#)), which includes the evaluation criteria.
- d. Attachment 2, Supplier Business Proposal and Information of the CPU solicitation/award package, and the worksheet.
- e. Attachment 3, Contract Postal Unit Bond, of the CPU solicitation/award package, (not applicable for CPUs that will have CARS).
- f. Attachment 4, Compensation, of the CPU solicitation/award package.
- g. Attachment 5, CPU Design and Construction Requirements, of the CPU solicitation/award package.
- h. A supplier cost worksheet (for a sample of a CPU Supplier's Estimated Cost Worksheet see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

Copies of all CPU contract formats can be found online in the Pub 156 folder at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>. See Chapter [7](#) for more information.

5-6 Share Lessons Learned

Provide a sample of a blank solicitation so attendees are not overwhelmed at the size of the package.

5-7 How to Conduct the Supplier Presentation

5-7.1 Introduction and Overview

Allow about 1 and 1/2 to 2 hours for the presentation (for either a competitive or noncompetitive contract). Introduce the Postal Service representatives and thank all the potential suppliers for taking the time to attend. Distribute a copy of the source list and ask attendees to complete the requested information and return it to the CPU coordinator. (Source list will be included as part of the CPU request package.) Encourage attendees to ask questions.

5-7.2 Presenting Supplier Materials

The materials described in [5-7.2.1](#) through [5-7.2.5](#) are essential to a successful presentation because the materials cover the critical parts of the contract requirements.

5-7.2.1 Contract Postal Unit Request Package

Use the CPU request package as a training tool to explain the CPU solicitation process to the potential CPU suppliers.

5-7.2.1.1 Page 1 of the CPU Request Package

To complete page 1, do the following

- a. Explain whether the solicitation is competitive or noncompetitive.
- b. Identify the COR and e-mail address, the CPU coordinator, and the A/E if available.
- c. Explain that the COR has administrative oversight of the day-to-day operations of the CPU.
- d. Indicate that the supplier will receive 40 hours of training from the Postal Service. Explain that the training can be conducted off-site, on-site, or a combination of the two.
- e. Discuss that for a competitive contract the evaluation criteria and award factors must be considered.
- f. Explain that supplier-specific factors (past performance and capability) will be evaluated on a pass or fail basis by the evaluation committee.
- g. Explain that the proposal-specific factors are the following:
 - (1) Location.
 - (2) Current business volume.
 - (3) Physical characteristics (handicapped accessible).
 - (4) Parking and public transportation.
 - (5) Staffing.
 - (6) Placement of proposed CPU within the retail facility.

The COR or CPU coordinator indicates whether the evaluation factors, when combined, are considered more important, less important, or as important as the price.

5-7.2.1.2 Source List (Page 2 of the CPU Request Package)

Use the source list as a sign-in sheet at the supplier presentation.

5-7.2.1.3 Evaluation Committee Members (Page 3 of the CPU Request Package)

The CPU coordinator enters the names, addresses, e-mail addresses, and telephone numbers of the three committee members.

5-7.2.1.4 Attachment 1 Requirements (Page 4 of the CPU Request Package)

To complete and discuss page 4, do the following:

- a. Enter the COR information under Number 1, "Description."
- b. Explain Attachment 5, Design and Construction Requirements.
- c. Explain the general boundary and map for the area being considered.
- d. Indicate the days and hours of service (recommend extended hours).
- e. Recommend the services to be provided (both mandatory and optional).

5-7.2.1.5 Part A Responsibility Schedule (Pages 5 through 7 of the CPU Request Package)

Explain what the Postal Service's and the supplier's responsibilities are for meeting the design and construction requirements. Explain who is responsible for providing, installing, and maintaining the requirements.

5-7.2.1.6 Part B Signage Requirements (Page 8 of the CPU Request Package)

Explain what signage is provided by the Postal Service. Explain the sizes and weights, and inform the suppliers that it will be responsible for installing and maintaining the signs.

5-7.2.2 Attachment 2 (of the solicitation package) Contract Postal Unit Supplier Business Proposal, Information, and Worksheet

Attachment 2 is a critical component of the solicitation. Discuss each evaluation factor with the attendees and, if possible, provide an example. Stress that all the requested information must be included. If the requested information is not included, the offeror may be considered nonresponsive or may receive a lower score on its evaluation.

5-7.2.3 Attachment 3 (of the solicitation package) Contract Postal Unit Bond

Prospective suppliers should use the bond instructions and form to contact their insurance agent on the cost of getting a Postal Service surety bond. The approved sureties listing Web site is at: www.fms.treas.gov/c570/index.html. Advise the attendees of the bond amount required.

Note: A bond is not a requirement for a performance-based contract with CARS. CPU operations cannot begin until the bond requirement is met. The bond must cover all stamp stock, accountables, and the value of postage on the meter. A bond waiver will not be approved. In lieu of a

bond, the supplier may provide an irrevocable letter of credit (from a bank or credit union) or a deposit of assets (cash).

5-7.2.4 **Attachment 4 (of the solicitation package) Compensation**

Attachment 4 indicates the performance payment percentages the supplier will request based on the sale of postal products and services. For any stamp sold in excess of current First-Class Mail[®] postage, for example semi-postal issues (i.e., stamps that are sold to generate funds for charitable endeavors), only the amount valid for postage can be considered toward the performance payment. The intent of the performance-based CPU contract is not to allow the CPU supplier to use the CPU as a mailing agency or as a mailing services provider in order to inflate postal revenue. The COR or CPU coordinator will ensure compliance by the CPU supplier.

Individual stamp transactions greater than \$1000.00 are prohibited, and such requests must be referred to the host Post Office or to the COR. CPU suppliers can purchase stamps for their own use and use the CPU to mail their own mail in what is considered to be a reasonable and customary amount. However, the sale of stamps to another retailer or individual whose sole purpose would be the resale of those stamps is prohibited. The CPU supplier cannot use the CPU to function as a mail or letter shop. Bulk mailings are prohibited.

5-7.2.5 **Attachment 5 (of the solicitation package) CPU Design and Construction Requirements**

Discuss design criteria and build-out and the potential suppliers' responsibilities. Explain the equipment and signage provided by the Postal Service. The CPU supplier is responsible for the cost of the build-out including signage installation. Depending on complexity of the build-out, the average cost is \$8,000 to \$10,000 dollars. Exterior signage examples are provided and must meet landlord and local city or county codes and ordinances prior to beginning operations.

5-7.2.6 **Compensation and Supplier Costs**

Advise attendees of estimated first-year revenue from the CPU operation as indicated by the CPU Revenue Forecast model. Potential suppliers need to consider their operational costs (e.g., costs for staffing, equipment, supply, telephone, and bond premium) as well as potential increased retail sales from the additional customer traffic. Provide suppliers with an estimated cost worksheet.

For a noncompetitive contract or conversion to a performance-based contract, the CPU coordinator and the potential supplier may discuss the performance payment rate. However, only the Denver CMC can negotiate and commit funds for the Postal Service. Remind suppliers that there is no franchise fee. Provide examples of CPU success stories.

5-7.2.7 **Conclude Supplier Presentation**

Conclude the meeting by asking if there are any questions and thank the attendees for their interest. Provide contact information (i.e., business cards).

6 Preparing the Contract Postal Unit Request Package

6-1 Introduction

After having justified the need for a contract postal unit (CPU), the contracting officer's representative (COR) and/or CPU coordinator prepares a CPU request package. The request package is the formal package submitted for processing to the Travel, Retail, and Temporary Services Category Management Center (Denver CMC) in Aurora, Colorado.

The cover letter summary (for a sample cover letter summary, (see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>) should include the following information:

- a. Background information.
- b. Current situation.
- c. Existing expanded access channels.
- d. Recommendation.
- e. Noncompetitive business case (if applicable).

The competitive purchase method is the preferred method that satisfies the business objectives of the Postal Service. However, at times when the noncompetitive purchase method better suits the business situation and the needs of the Postal Service, refer to Management Instruction SP-S2-2007-1, *Noncompetitive Purchases*.

6-2 Five General Business Scenarios for a Noncompetitive Purchase

The five general business scenarios that best suit a noncompetitive purchase are the following:

- a. **Sole Source.** This scenario is when only a single supplier is capable of satisfying a requirement.
- b. **Single Source.** This scenario is when a single, strategic source is selected from a number of possible sources to meet Postal Service requirements for a particular class of goods or services. For example, when after conducting market research, the purchase/SCM team

decides that a particular supplier is the best-suited to meet the Postal Service's needs.

- c. **Compelling Business Interests.** This scenario is when a specific supplier or source can meet Postal Service needs quickly and efficiently and the benefits of doing so outweigh those that may be realized through competition, for example when the need is so urgent that competition cannot add value.
- d. **Industry Structure or Practice.** This scenario is when the industry producing or supplying the required goods or services is structured in a manner that renders competition ineffective, for example, purchasing goods or services that are regulated (e.g., some utilities) or purchasing from nonprofit or educational institutions that do not compete in the marketplace.
- e. **Superior Performance.** This scenario is when a supplier's superior performance and its contributions to the Postal Service's business and competitive objectives merit award of a particular purchase (e.g., extending the term or expanding the scope of a contract when a supplier has performed at such a high level that the extension or expansion is well deserved or when a supplier's superior performance has made such performance beneficial to Postal Service operations).

6-3 Eight Areas Documented in a Noncompetitive Business Case

The eight areas that must be documented in a noncompetitive business case are the following:

- a. **Purpose:** the purpose of the purchase.
- b. **Scenarios/basis** (include only those applicable):
 - (1) Sole source.
 - (2) Single source.
 - (3) Compelling business interest.
 - (4) Industry structure or practice.
 - (5) Superior performance.
- c. **Future purchases:** plans for future competition.
- d. **Uniqueness:** the uniqueness of the good, service or source.
- e. **Market research:** other firms or products/services evaluated.
- f. **Company identity and history:** e.g., type of organization and prior customers.
- g. **Estimated cost:** cost estimate.
- h. **Endorsement:** The vice president of the requiring organization must endorse purchases more than \$250,000.

6-4 Approval for Noncompetitive Purchases

The COR must include a noncompetitive business case in the request package given to the district manager. By approving the funding document, the district manager demonstrates that he/she has read and has approved the noncompetitive request. The Denver CMC must review and approve all noncompetitive purchases prior to processing a request for a CPU contract.

6-5 Concerns for Approving Funding Documents

Some concerns for approving funding documents are the following:

- a. Submit the solicitation funding (budget line 3G) to the Denver CMC.
- b. The district manager's approval is mandatory on all funding documents relating to CPUs, as stated in Handbook F-66, *General Investment Policies and Procedures*, 2-6.2, which is reprinted here in its entirety as follows:

"Contract postal units are post offices operated by a contractor under the jurisdiction of [a host] post office, usually in a store or other privately owned and operated place of business. At the Headquarters level, vice presidents and above have the authority to approve funding for contract postal units. They may re-delegate, in writing, portions of this authority. At the field level, the vice president, Area Operations, has the authority to establish contract units [see *Postal Operations Manual (POM)*, Issue 8, July 1998, section 123.2]."

This approval authority may be re-delegated, in writing, to the district manager, but may not be re-delegated by the district manager.

6-6 Contract Postal Unit Deviation Request Process

6-6.1 Approval by Headquarters

All deviation requests must be approved by Retail Partners at Headquarters.

6-6.2 Deviation Requests

The four types of deviation requests are the following:

- a. CPU policy.
- b. CPU design standards.
- c. CPU contract.
- d. CPU compensation.

(For a sample of a CPU Deviation Request, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

6-6.2.1 Contract Postal Unit Policy

Postal Service policy requires a build-out for all new or converted performance-based CPUs. The COR must submit a deviation when the

supplier does not intend to follow Postal Service policy. Adding Post Office boxes to new or existing CPUs also requires a deviation.

6-6.2.2 **Contract Postal Unit Design Standards**

The COR must submit a deviation when the supplier makes significant changes from the prototype drawings. This would include using nonstandard counters (any counter other than Postal Service-provided counters), omitting slat walls, changing color schemes, and omitting standard signage.

6-6.2.3 **Contract Postal Unit Contract**

Deviation is required when a change in the actual contract is requested. Examples are requesting a firm-fixed price contract versus a CARS performance-based contract [except for CPOs, public service, seasonal, and temporary (emergency) contracts] or deviating from using the mandatory services in the contract.

6-6.2.4 **Contract Postal Unit Compensation**

If the proposed compensation for a performance-based contract exceeds the guideline amount of 12 cents per revenue dollar, then an approved deviation is required.

6-6.3 **How to Process a Deviation Form (Departure From Accepted Contract Postal Unit Process)**

The steps for processing a deviation form are the following:

- a. Complete one deviation request form per contract.
- b. Attach adequate justification (including drawings and photographs when necessary).
- c. Be thorough and concise.
- d. Obtain local approval authority from the district.
- e. Electronically transmit the request to the area office for approval, if required. If area approval is not required, please indicate "Not applicable" on the area signature line.
- f. If the area office approves the deviation request, the area will transmit the approved deviation request to Retail Partners at Headquarters for final approval. If the area office does not approve the request, the area returns the deviation request to the district office for correction and resubmittal.
- g. Whether the area approves or rejects the deviation request, Retail Partners at Headquarters returns the deviation form to the originating office (either the area office or the district office, as applicable).
- h. The area office provides the returned request to district retail office (if applicable).
- i. The district retail office will include the approved deviation in the CPU request package.

Note: If the area office requires that it must review and approve the original CPU request package before it is sent to the Denver CMC, follow the local procedures.

6-7 CPU Request Package Checklist

A CPU request package checklist explains the required elements for all types of contracts. Attach all required elements to your approved eBUY and send electronically to the Denver CMC. For a sample of the CPU Request Package Checklist, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

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7 Processing the Contract Postal Unit Request Package

7-1 Introduction

The contract postal unit (CPU) coordinator prepares the CPU request package and submits it to the Denver CMC. This chapter explains how the Denver CMC processes the package. The chapter also discusses responsibilities of the different team members involved in this process.

7-2 Performance-Based Contract Postal Units

7-2.1 Request Package Denver CMC Review Process

If the request package is incomplete, then the Denver CMC returns the package for completion. Some common errors are as follows:

- a. The eBuy is received with no attachments. The requester will receive a call or an e-mail from the Denver CMC stating that the eBuy was received with no attachments and to e-mail the rest of the documents to the Denver office at e-mail address: CMC, Travel, Retail & Temporary Services. Annotate the eBuy requisition number in the e-mail or in the subject line. If Denver cannot match the attachments with the eBuy, this will delay the processing of the request.
- b. The eBuy is received with attachments, but it is still missing something. The request will be assigned to a purchasing specialist for processing. You will receive an e-mail requesting what is missing and who you should submit the missing item to.
- c. The e-mail or mailed package is received with request/attachments, but no eBuy. Either via e-mail or through regular mail, the package will be returned with instructions to send it again with the eBuy through the proper procedures.
- d. Received everything; however, some information is missing or incorrect. The package will be returned to the requester for corrections.

7-2.2 Solicitation Issuance

The Denver CMC generates the solicitation document, which contains all of the requirements for the CPU. (For samples of the full text of a CARS,

performance-based, and firm-fixed solicitations, see in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

Copies of the solicitation are provided to all suppliers on the source list.

The following individuals receive an e-mail from Denver CMC stating the solicitation has been mailed to the sources that were provided and provides a return date of the solicitation:

- a. Contracting officer's representative (COR).
- b. CPU coordinator.
- c. Architect/engineer, if applicable.

7-2.3 Evaluation of Competitive Proposals

The Denver CMC sends the evaluation package to the evaluation committee chairperson. The evaluation package includes the following items:

- a. A copy of each proposal.
- b. A copy of the evaluation and award factors.
- c. A cover letter with instructions on how to evaluate proposals (for sample guidelines for completing the evaluation worksheet, see the Evaluation Master in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- d. A worksheet to be completed for each proposal (for a sample worksheet for performance-based CPU or firm-fixed CPU, see the Evaluation Master in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- e. A Non-Disclosure Agreement that must be signed by each evaluation committee member.
- f. A final rating worksheet completed by the committee chairperson indicating for each proposal whether it was considered acceptable or unacceptable.

The chairperson distributes the evaluation packages to the committee members during their first meeting and discusses the evaluation process. Recommended members of the evaluation committee are the following:

- a. COR.
- b. CPU coordinator.
- c. Manager of Post Office Operations.
- d. Other Postal Service operational personnel (e.g., a neighboring postmaster).

7-2.4 Business Evaluation

7-2.4.1 Overview

The evaluation committee evaluates supplier business proposals in accordance with supplier-specific factors and proposal-specific factors.

7-2.4.2 **Supplier-Specific Factors**

The following supplier-specific factors are a pass or fail assessment; offers that do not pass these evaluation factors are not considered further:

- a. **Past Performance:** Prospective suppliers are to provide references that will demonstrate a history of satisfactory past performance in the areas of quality, timeliness of performance, business relations, financial stability, and cost control.
- b. **Supplier Capability:** Prospective suppliers are to provide information to demonstrate financial stability and ability to perform under the contract. The supplier needs to demonstrate the ability to purchase, in advance, the adequate stamps and meter postage to properly serve the postal customer. Financial information to be provided includes financial reports, profit and loss statements, and balance sheets.

7-2.4.3 **Proposal-Specific Factors**

Offerors that pass supplier-specific factors will be evaluated on proposal-specific factors. The CPU coordinator indicates in the request package submitted to the Denver CMC the maximum point assignment for each proposal-specific factor, except for handicapped accessibility, which is pass or fail.

Offerors that do not propose facilities that are handicapped accessible, or that do not adequately demonstrate how the facility will meet the applicable accessibility standards before service begins, will not be evaluated further.

The offeror should know the value of factors. If the proposed CPU will be in a location provided by the facility, as in the case of a military installation, college campus, or a CPU that will be housed in the exact location as where the previous CPU was located, then factors a and b below do not apply and will not be evaluated:

- a. Characteristics of the supplier's retail facility:
 - (1) Location.
 - (2) Current business volume.
 - (3) Physical characteristics (including accessibility to the handicapped, which is pass or fail).
 - (4) Parking and public transportation.
- b. Characteristics of the proposed CPU within the supplier's retail facility.
- c. Staffing.

The evaluation committee must keep in mind the maximum points assigned to each of the proposal-specific factors and to rate the proposals accordingly. For example, if an offeror has provided minimal staffing information, he/she would not be disqualified but would receive a low score for this factor.

Each committee member completes an independent, individual evaluation for each proposal. The committee then reconvenes to discuss the evaluations, compare proposals, and finalize point assignments. The committee chairman then transfers the numeric average for each evaluated

proposal to the final rating worksheet. Proposals considered unacceptable are also documented on the final rating worksheet.

7-2.5 Price Evaluation

The CPU coordinator indicates in the request package submitted to Denver CMC if price is considered more important, less important, or as important as proposal-specific factors.

Under the competitive process, only the Denver CMC is authorized to negotiate the price of a proposal with the offeror. Under the noncompetitive process, the district may discuss the suggested price of a proposal with the offeror provided they make it clear that the Denver CMC is the only office that is authorized to commit funds for the Postal Service. The District's discussion is ONLY to ascertain if the supplier is interested. The District cannot commit, promise, or finalize any price with the supplier. Remember, if the compensation offer exceeds the recommended guideline of 12 cents per revenue dollar, Retail Partners at Headquarters must approve a deviation request.

If the offer selected for award is higher than the funded amount on the approved funding document, the Denver CMC contacts the CPU coordinator for additional funding and to discuss other options.

7-2.6 Contract Award

After reviewing the evaluation committee's worksheets and evaluating price proposals, the Denver CMC prepares a best-value determination, assigns a contract number, and awards the contract. Prior to or at the time of award, the Denver CMC must receive the 4-digit Unit ID (if an AIC contract) for this CPU and the agreed upon site name for the supplier. If the Postal Service is awarding a CARS CPU, the 4-digit Site ID is generated by Contract Postal Unit Technology (CPUT) system. The Denver CMC establishes payment information in the CPUT system.

The contract number must be used when communicating with the supplier, COR, CPU coordinator, and the Denver CMC. Copies of the contract award, award letter, and COR appointment are distributed to the following people:

- a. Successful supplier.
- b. COR.
- c. CPU coordinator.
- d. Architect/engineer (A/E) (if applicable).

The CPU coordinator should verify CPUT information for accuracy.

Unsuccessful offerors will receive a notification of contract award letter by the Denver CMC. All documents related to the contract award and all future documents about this CPU are kept in an electronic CPU file for the life of the contract.

In addition to the CARS contract award, award letter, and COR appointment, the supplier receives the following items:

- a. **CARS CPU Profile Form.** This form must be completed and returned to the CPU Coordinator.

- b. **Pitney Bowes CARS/CPU Authorization Agreement Form.** This form must be completed and returned to the CPU coordinator with a copy of a voided check. **Note:** CARS will not be ordered until the forms in items a and b are completed and received by the CPU coordinator.
- c. **CPU Stamp Order and CPU Stamp Write-in Forms.** Use these forms to order stamps from Kansas City Stamp Fulfillment Services.
- d. **Postal Service Guidelines for Ordering Stamps from Kansas City via ACH Debit.** These guidelines specify the policy and procedures for ordering stamps, stamped paper products, and postage.
- e. **Supplier and Payee Electronic Funds Transfer (EFT) Enrollment Form.** This form is for direct deposit, electronic funds transfer (EFT) of your payments for operation of the CPU. (For a sample form, see the Supplier and Payee Electronic Funds Transfer (EFT) Enrollment Form in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- f. Instructions to submit drawings to the CPU coordinator within 15 days. The CPU coordinator forwards the drawings to the Facilities Service Office (FSO) for approval (if applicable). Once the drawings are approved, the CPU coordinator notifies the Denver CMC. The Denver CMC issues the supplier a Notice to Proceed letter with copies to the CPU coordinator and A/E (if applicable).
- g. Instructions to work with the COR, CPU coordinator, and A/E (if applicable) to ensure compliance with contract requirements.

The CPU coordinator completes the CPU Information and Certification Form and notifies the Denver CMC, via e-mail, of the following information:

- a. Completion of all site specifications and training.
- b. Operational start date.
- c. Four-digit unit ID (if AIC reporting unit).
- d. Finance number.
- e. Type of business

After receipt of the CPU Information and Certification Form, the Denver CMC enters the operational start date and the type of business in CPUT.

7-2.7 **Appointment of Contracting Officer Representative**

The Denver CMC appoints a COR at time of award (for an example of the "Appointment of Contracting Officer's Representative CARS Performance-based Contract", see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The COR acts as the local contact for the overall operation of the CPU. Copies of the appointment are sent to the following:

- a. Supplier.
- b. COR.
- c. CPU coordinator.
- d. Architect/engineer (if applicable).

The COR meets in person with the supplier to read and discuss the appointment. The COR must take training course 34Q0108, "Contracting Officer's Representative-WBT," which is accessible from the Postal Service Bluepage. Click on the 'My Life' tab, and click on Learning Management System (LMS) under Training.

7-3 Performance-Based and Firm-Fixed Price CPU Contracts

7-3.1 Characteristics

Characteristics of a performance-based and firm-fixed price CPU contract include the following:

- a. Same solicitation and award process.
- b. Build-out is mandatory for performance based.
- c. No mandatory build-out for a firm-fixed CPU.
- d. Signage is mandatory and is provided.
- e. A surety bond or, in lieu of a bond, an irrevocable letter of credit (from a bank or credit union) or a deposit of assets (cash) is required.

7-3.2 COR Expanded Delegation Authority for CPUs

To improve responsiveness and reduce the administrative costs associated with CPU contracting, the CPU COR Appointment was revised in 2003. The revised appointment gives the COR more authority to carry out administrative actions and more control in the operation of their CPUs.

Four changes have been made to the original COR appointment and are summarized as follows:

- a. **Performance Problems (Cure Notice).** If performance problems are not resolved after the COR's initial discussion with the supplier, the COR sends a written notice directly to the supplier citing specific conditions of unsatisfactory performance. This is known as a cure notice. If the problems are not corrected, the COR requests termination of the contract from the Denver CMC. Only the Denver CMC can suspend or terminate a contract.
- b. **Change of Hours.** The COR has the authority to change the hours of the contract by working directly with the supplier and providing written notice. The COR cannot make any hour changes that affect the price of the contract. Contact the Denver CMC to negotiate and make those types of changes.
- c. **Surety Bonds.** The COR is able to increase or decrease the bond amount, in writing, as needed in order to reflect the supplier's accountability.
- d. **Shortages.** When a CPU supplier has a shortage, that shortage is applied to the COR's finance number. Therefore, it is imperative that

the COR has the authority to recover lost monies as quickly as possible.

Instructions and sample letters can be found at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

7-3.3 **Contract Records Responsibility**

7-3.3.1 **Responsibility**

Record keeping is the responsibility of the Denver CMC, the COR, and the CPU coordinator.

7-3.3.2 **Official Contract File – Denver CMC**

The following items are included in the official contract file:

- a. Original request package.
- b. Original contract document.
- c. Original unsuccessful business proposals
- d. Original modifications.
- e. A copy of the surety bond, letter of credit, or record of deposit of assets (see [7-3.3.1d](#)).
- f. A copy of the COR appointment.
- g. A copy of all correspondence relating to the contract.

The Denver CMC retains the CPU file for 6 years after contract termination.

7-3.3.3 **COR's Administrative File**

The following items are included in the COR's administrative file:

- a. A copy of the contract.
- b. Copies of modifications.
- c. The original surety bond, letter of credit, or record of deposit of assets.
- d. The original COR appointment.
- e. A copy of the property/equipment form signed by the supplier and the COR.
- f. A copy of all correspondence to and from the supplier.
- g. The original reviews, audits, and records of phone calls and other meetings or conversations about contract performance.
- h. A copy of the supplier's training record.
- i. The original monthly reports of operations (minimum-rate contracts only).

The COR retains the CPU file for 3 years after contract termination.

7-3.3.4 **Contract Postal Unit Coordinator's Administrative File**

The following items are included in the CPU coordinator's administrative file:

- a. A copy of the request package.
- b. A copy of the contract.
- c. Copies of modifications.

- d. A copy of the surety bond, letter of credit, or record of deposit of assets.
- e. A copy of the COR appointment.
- f. A copy of the property/equipment form.
- g. A copy of all correspondence to and from the supplier.
- h. Copies of reviews, audits, and records of phone calls and other meetings or conversations about contract performance.

The CPU coordinator retains the CPU file for 3 years after contract termination.

8 Construction of the Contract Postal Unit Design

8-1 Introduction

After the contract postal unit (CPU) contract has been approved, construction begins. Chapter [8](#) explains the construction process.

8-2 Review of Attachment 5, CPU Design and Construction Requirements Documents

First, the CPU coordinator receives a copy of the CPU contract award. Then, the CPU coordinator reviews the completed CPU Design and Construction Requirements (D&CR) to determine what casework and signage the Postal Service is to provide.

The CPU coordinator coordinates and schedules an on-site meeting with the following team members:

- a. CPU coordinator.
- b. Postal Service architect/engineer (A/E) (if applicable).
- c. Contracting officer's representative (COR).
- d. CPU supplier.

The CPU supplier prepares and submits the required CPU design layout based on the CPU D&CR. If A/E support has been requested from the Facilities Service Office (FSO), the CPU coordinator provides the A/E a copy of the supplier's design prior to the on-site (post-award) meeting.

8-3 Supplier's Design Submittal

The supplier submits a preliminary design with its proposal. The preliminary layout may be adequate if it is a Case I (full compliance) or Case II (substantial compliance) submittal (see section [4-8](#)). A Case III submittal will require drawings and specifications. If the A/E is involved in the process, drawings are sent to the FSO A/E for consultation and approval. The Postal Service A/E offers suggestions to simplify or improve function. The CPU

supplier and A/E review the site for signage needs. The supplier determines whether professional services are needed.

If included in the design process, the Postal Service A/E approves the design when it complies with specifications given to the supplier and notifies the Denver CMC of the approval. Otherwise, the CPU coordinator, with guidance from the FSO, will approve the design.

The Denver CMC advises the CPU supplier, CPU coordinator, and COR in writing that the drawing/plan is accepted and build-out may commence via a Notice to Proceed letter. The supplier is solely responsible for means and methods and obtaining permits and/or approvals for all signs. The supplier is also responsible for installing and providing electrical power to the Postal Service illuminated signs.

8-4 On-Site Meeting

Although the means and methods that the supplier intends to use to accomplish the build-out is strictly the supplier's responsibility, it is usually helpful to walk through the supplier's plan to help identify any potential problems the Postal Service may have observed on other build-outs.

The CPU coordinator or A/E (if involved in the process) does the following:

- a. Verifies the location of the CPU within the store and agrees with the design.
- b. Verifies that the available space in the store will accommodate the design.
- c. Verifies that the layout, orientation, and space around the CPU are adequate and consistent with the design.
- d. Reviews the supplier's proposed construction schedule and coordinates approximate delivery dates and times for Postal Service equipment.
- e. Discusses the size and weight of the cabinetry delivery items.
- f. Determines whether a dock-high delivery point is present or, if there is no dock, if a lift-gate truck will be needed.
- g. Discusses how the supplier intends on doing the build-out.
- h. Reviews the entrance/exits for pickup of the mail.
- i. Reviews proposed sign types and locations.
- j. Verifies that the supplier has the necessary approvals for exterior signs.
- k. Reminds the supplier that he/she needs to complete the pre-inspection checklist after construction is finished for final inspection.
- l. Places orders after design approval and the on-site meeting.
- m. Verifies that the supplier has permits and approvals to install signage.

The CPU coordinator ensures that orders are placed for furniture, casework, and CPU signage. Both the CPU coordinator and COR ensure that orders are placed for all other equipment needs per the CPU activation checklist. See Chapter [9](#) for a detailed discussion of the checklist.)

Timely placement of orders and follow-through are critical. In the CPU D&CR, Part A - Responsibility Schedule, shows the type and quantity of all items to be ordered except signage, and Part B - Signage Requirements, shows the type and quantity of all signage to be ordered.

Typically, the order consists of the following:

- a. Interior signage (CPU logo, door decals, illuminated window sign, and placards).
- b. Exterior sign.
- c. Workstation(s).
- d. Mail drop slot.
- e. Sack rack cabinets.

Note on Part B if delivery will be at dock height. In some cases, it is necessary to deliver the equipment to the nearest Post Office with the approval of the local postmaster and with the understanding that the CPU supplier must come to the Post Office to pick up the equipment and deliver it to the site.

8-5 Ordering Furniture and Casework

The CPU workstation can be constructed into either a left- or right-hand model. Pre-purchased cabinetry is only for a performance-based contract in which a build-out is being completed. The district must assume the cost of the counters, including shipping. For the ordering process for CPU furniture and casework, see the ordering form and instructions in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

8-6 Ordering Signage

Refer to Part B - Signage Requirements in the CPU D&CR. The Postal Service has a direct vendor through which all signage orders must be placed. A district-level-approved funding document for signage and verification that the supplier has permits and approvals for installing the signage are necessary before ordering signage (for the ordering process for CPU signage, see the signage form and instructions in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

8-7 Finalizing the Design

Communicate consistently and follow the progress of the construction. The supplier gives notice when the build-out is complete. The A/E (if applicable), COR, and CPU coordinator perform a final inspection. Then the CPU coordinator or A/E formally accepts the space.

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9 Activation of the Contract Postal Unit

9-1 Introduction

After the paperwork is completed, a lot of work remains for the project's success. The contracting officer's representative (COR) continues to work with the contract postal unit (CPU) team to ensure that constructing and supplying the CPU go according to plan.

9-2 Contract Postal Unit Activation Checklist

The CPU activation checklist provides a guide to logically activate the CPU (for a CARS, Performance-based, and Firm-fixed CPU Activation Checklist, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The checklist consists of the following phases:

- a. Post-award phase I (after contract award).
- b. Post-award phase II (after receipt of bond and concurrent with build-out) (this does not apply to a CARS contract).
- c. Post-award phase III (build-out complete).
- d. Opening day.
- e. Grand opening.
- f. Follow-up.

9-3 Notification

Announce the opening of a new CPU with a letter stating the pertinent information about the CPU (for a sample of a CPU Opening Announcement Letter, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

9-4 Advertising

9-4.1 Overview

Advertising creates community awareness of the CPU's location and hours of operation. Many forms of advertising should be used prior to the opening of the CPU and continue throughout the life of the contract including grand opening advertising, Message Maker 2, and point-of-purchase (POP) signage.

9-4.2 Grand Opening Advertising

Grand opening advertising consists of the following items:

- a. Grand opening news release (see Press Release, CPU Opening, in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>) with the following information:
 - (1) Name and location of the CPU.
 - (2) Products and services provided.
 - (3) Hours of operation.
 - (4) Phone number.
 - (5) Contact for additional information.
- b. Postcard.
- c. Door sign.
- d. Co-op advertising (supplier and Postal Service partner on advertising).
- e. Sustaining advertising.

9-4.3 Message Maker 2

Message Maker 2 consists of the following CPU elements:

- a. Create awareness postcards, which are sent to local addresses, to advertise CPUs at the following types of business:
 - (1) Retail food store.
 - (2) Pharmacy.
 - (3) Convenience store.
 - (4) Bank.
 - (5) Generic.
- b. Create-awareness door sign.

9-4.4 Point-of-Purchase Signage

Point-of-purchase signage (POP) is signage that communicates product and service information and promotional messages to customers. POP is designed to give the right information at the right place and the right time so customers can make an informed decision as to the products and services that they need.

The two types of POP are as follows:

- a. Continuity menu boards, which are continuously displayed and promote core products and services. [The CPU coordinator can order continuity menu boards from the Topeka Material Distribution Center (MDC.)]
- b. Promotional POP, which is seasonal and provides a specific, solution-oriented product.

CPUs are provided only with continuity menu boards.

9-4.5 **Local Signage**

In some communities, the state's department of transportation (DOT) erects signs directing the public to the CPU location. In most cases, the COR should contact the state's DOT to make this request.

9-5 Training

9-5.1 **Overview**

Two types of training are required: COR training and CPU supplier/employee training.

9-5.2 **COR Training**

COR training explains the COR's responsibilities, must be completed within 2 weeks of the notification of appointment, and is fulfilled by completing training course 34Q0108, "Contracting Officer's Representative (COR)," which is accessible from the Postal Service Bluepage. Click on the 'My Life' tab, and click on Learning Management System (LMS) under Training.

9-5.3 **Contract Postal Unit Supplier Employee Training**

Supplier training focuses on customer service, product knowledge, and equipment training. This is a customized training program based on Publication 116, *Contract Postal Units Operations Guide*, which also has a video to be used for training the CPU supplier's employees. The video and the publication are left with the supplier for future training.

The 40 hours of training, both classroom and on-the-job training, includes but is not limited to the following:

- a. HAZMAT and Aviation Security — Course # 54294-00.
- b. Contract Retail Access System (CARS).
- c. Supply ordering.
- d. Bank secrecy (if applicable).
- e. Daily financial reporting (if applicable).
- f. Registered Mail service.

The Postal Service provides the training schedule to the supplier 15 days prior to opening date. If the Postal Service introduces a new product or service, an additional 8 hours of training per year may be necessary. The

supplier is responsible for paying employees during training. Training must be documented in the supplier's employee training folder on the CPU training attendance record. This training record should be kept in the COR's file in the host Post Office. For a sample of the Contract Postal Unit Training Record, Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

9-5.4 **Finance Training for 1412 Daily Reporting Offices**

After contract award and receipt of an acceptable CPU bond, the COR should provide finance training related to Postal Service accounting policies and procedures and the daily PS Form 1412, *Daily Financial Report*.

Training must include items described in [9-5.4.1](#) through [9-5.4.3](#).

9-5.4.1 **Postage Meter at Contract Postal Unit**

The COR provides an authorization letter to the CPU supplier for access to the Postal Meter Resetting System (PMRS). For a sample Authorization for Remote-Set Postage Meter letter, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>. This authorizes the supplier to use the PMRS. The CPU supplier must provide a signed copy of this letter to the meter manufacturer and retain a copy in the CPU. The guidelines are as follows:

- a. The CPU supplier must lease the meter at the supplier's expense from an approved meter supplier (for a list of Authorized Postage Meter Vendors, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>)
- b. Use the meter exclusively for customer mailings.
- c. Do not use the postage meter for commercial mail services.
- d. The CPU supplier may use the meter for CPU mail in an amount that would be considered reasonable and customary for the type of business that is hosting the CPU.
- e. The combined value of stamp stock and meter postage cannot exceed the CPU bond limit.
- f. The CPU supplier cannot request a meter setting in excess of \$25,000.
- g. Report daily meter revenue on PS Form 3602-PO, *Postage Collected Through Post Office Meter*, and on PS Form 1412, *Daily Financial Report*, in AIC 110.
- h. The CPU supplier must call the meter manufacturer to add postage.
- i. Report additional postage added on PS Form 3602-PO.

9-5.4.2 **CPU Daily Financial Closeout**

The CPU contractor must prepare PS Form 1412 to report daily financial transactions performed and submit to the host Post Office daily with the required supporting documents (e.g., tapes, lists, and receipts). Prepare PS Form 1412 in ink, duplicate with the date, name, and opening accountability balance noted. If an error is made, draw one line through the entry and write the correction above and initial.

Perform daily closeout as follows:

- a. Complete PS Form 3602-PO (if applicable) and enter the calculated amount into AIC 110, Post Office Postage Meter Sales.
- b. Run a calculator tape of money orders sold, enter amount of money orders into AIC 100, Domestic Money Order – Value, and the money order fees into AIC 101, Domestic Money Order Fees.
- c. Organize supporting documentation by type, calculate the amount by products and service, and enter into the appropriate AICs (e.g., PO box fees and lobby service revenues).
- d. Post sales of retail products (if applicable) into the appropriate AICs of the PS Form 1412.
- e. Run a calculator tape of checks accepted.
- f. Count the funds to be deposited and enter amounts to AIC 752, Cash Remitted Final.
- g. Calculate the amount of postage sales and enter into AIC 090, Postage Stock Sales.
- h. Verify that AIC 840, Stamp Accountability Opening Balance, matches the previous day's AIC 853, Stamp Accountability Closing Balance.
- i. Complete the Stamp Accountability section of PS Form 1412 as follows:
 - (1) Enter in AIC 841, Stamp Stock Received, if any stock received from the SDO.
 - (2) Enter AIC 848, Stamp Stock Returned, if any stock returned to the SDO.
 - (3) Enter AIC 852, Total Stamp Accountability Sales, total sales of AIC 090.
 - (4) Calculate the amount of AIC 853, Stamp Accountability Closing Balance.
- j. Ensure PS Form 1412 is in balance, totals of AIC 400, Cash Required, and AIC 800, Cash Accounted For, must match.
- k. Sign, date, and submit the PS Form 1412 to the assigned host Post Office.

9-5.4.3 **Required Documents**

The required documents for 1412 reporting units are the following:

- a. The original PS Form 1412.
- b. The original PS Form 3602-PO. (See notes on last page of form for instructions.)
- c. Duplicate PS Forms 3544, *USPS Receipt for Money or Services*.
- d. Original COD tags (if not paid at the unit).
- e. Original Customs Form 3419A, *Mail Entry – Customs*, and PS Form 2944, *Receipt for Customs Duty Mail*.
- f. Money order vouchers, spoiled money orders, and calculator tapes.
- g. Original PS Form 17, *Stamp Requisition/Stamp Return*, for stock shipped/received/returned.

CPUs should continue to use their green, zippered PS Form 1412 pouches to dispatch their daily financial reports and documents to the assigned host Post Office.

Note: See Handbook F-101, *Field Accounting Procedures*.

9-6 Equipment, Property, and Supplies

9-6.1 Overview

After contract award and receipt of an acceptable CPU bond (used only at “1412 reporting units” (i.e., units that use PS Form 1412, *Daily Financial Report*), the COR should provide any Postal Service-furnished equipment, property, and supplies as required by the contract.

The COR must complete an equipment/property/supplies (EPS) inventory list, have the EPS list signed by the CPU supplier, and retain the list in the contract administration file. (For a sample of the Equipment/Property/Supplies furnished by the U.S. Postal Service list, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>)

9-6.2 Contract Retail Access System

The contract retail access system (CARS) is provided to CPU suppliers that have performance-based contracts, do not have Post Office boxes, and do not sell postal money orders. The CARS device weighs and rates mail and reports transactional data. Using CARS will cause a change in the way that financial and accountable issues are handled in these CPU locations. CARS cannot be used in a 1412 reporting office.

Suppliers are responsible for all supplies for CARS. Stamps are obtained through an Authorized Postal Service supplier. Postage in the Postage Security Device (PSD) is paid for in advance through an ACH debit account withdrawn by the CPU supplier and downloaded through CARS.

Transactional data and financial data are uploaded daily from CARS and then to the Postal Service for tracking and compensation purposes. Headquarters pays for the cost of equipment. No bonding, PS Form 1412, financial audits, or separation of funds are required.

Credit/debit acceptance equipment will not be provided by the Postal Service. The supplier will need to obtain its own equipment. All fees and charges are the responsibility of the CPU supplier.

9-7 Operational Requirements

The COR is responsible for ensuring that all other operational requirements outlined in Publication 116 and the CPU activation checklist are met. These tasks include the following:

- a. Implementing mail collection schedule.
- b. Informing the CPU supplier of the procedure used to order stamp stock through an authorized Postal Service provider for CARS contracts or

- from a stamp distribution office (SDO) for firm-fixed price and performance-based contracts functioning in the Postal accounting system.
- c. Ordering postal supplies for the CPU (for a sample of the CPU Supply Ordering List see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
 - d. Setting up the bank deposit process (not applicable for CARS contracts).
 - e. Notifying the district finance number control master (FNCM) coordinator to have a unit ID added to the FNCM database and activated.

9-8 CPU Financial Requirements (1412 Daily Reporting Offices)

9-8.1 Overview

CPUs must follow all applicable accounting procedures found in Handbook F-101, *Field Accounting Procedures*, which state that the host Post Office Postmaster or designated employee coordinates with the CPU to ensure receipt of a consolidated PS Form 1412 for the unit each day. All CPUs should have an up-to-date copy of Handbook F-101 on hand. (See section [9-5.4](#).)

Note: The current edition of Handbook F-101, with updates published in the *Postal Bulletin*, is available on the Postal Service *PolicyNet* Web site at: <http://blueshare.usps.gov/cpim>; click on “HBKs”. PS Form 1412 and all supporting documents must be dispatched to the host Post Office on the earliest available transportation. If transportation is not available until the next day, it may be necessary for the unit to fax the reports and documents.

9-8.2 Responsibilities

9-8.2.1 Host Post Office Responsibilities

In Handbook F-1, section 2-4.1.7.1, it states “To ensure that all accounting transactions for contract postal units (CPUs) are included in the financial systems, the CPU must provide its daily financial activity to the host Post Office at the close of business on the same day business day. The host Post Office is responsible for transmitting daily financial activities for their CPUs on the day of receipt.”

Faxes are acceptable for data input. However, the original documents must follow and must be verified and filed. Hand delivery should be considered if it is the only way to meet the schedule.

The host Post Office must create a file box for PS Forms 3544 to ensure the receipts are used in sequential order without any being skipped. When the unit has spoiled a receipt, all copies must be marked “Spoiled.” The original and duplicate are submitted to the host Post Office with the daily PS Form 1412.

The data input person must verify all documents against the AICs on each PS Form 1412. When documents do not match the AIC, have been omitted from the report, or are not submitted, the data input person must correct the AIC and create the necessary trust or suspense item to balance PS Form 1412. For more detailed policies and procedures on financial reporting, see Handbook F-101, section 5-7.

Money orders require special verification. The data input person aligns the money order vouchers in serial number order, creates an independent calculator tape to “prove” AIC’s 100 and 101, signs and dates the tape, and attaches it to the CPU tape that was provided.

Submit spoiled money orders by the CPU to the host Post Office. The data entry person verifies that all spoiled orders are submitted, annotates on the verification tape any spoiled money order received, and destroys the money orders (the vouchers can be stamped “spoiled” and kept with the daily vouchers). If a spoiled money order is claimed by the CPU but not submitted, and if the money order is subsequently cashed, the CPU is liable for that amount.

9-8.2.2 **Verifying PS Form 1412**

The daily responsibilities of the host Post Office postmaster or designated employee are as follows:

- a. Coordinate with the contract postal unit (CPU) to ensure receipt of a daily PS Form 1412, *Daily Financial Report*, with supporting documentation. CPUs cannot combine daily reporting amounts from different days on one PS Form 1412.
- b. Review the money order tape as follows:
 - (1) Verify money order serial numbers.
 - (2) Verify that beginning and ending numbers are correct and sold in sequence.
 - (3) Verify amounts, issue ID, and date.
 - (4) Report missing money orders to the U.S. Postal Inspection Service (USPIS) immediately.
 - (5) Verify spoiled and voided money orders (all parts), and submit them to unit manager for destruction.
 - (6) Identify missing vouchers.

Note: If a postmaster is unable to account for the dollar amount of a missing voucher, complete a PS Form 6401, *Money Order Inquiry*, and mail it to the SIC to retrieve a copy of the cashed item. Mail the issue information regarding missing vouchers, identified within the same month as the issue date, to the following address:

GENERAL ACCOUNTING BRANCH – MISSING VOUCHERS
ACCOUNTING SERVICES
PO BOX 82449
ST LOUIS MO 63182-2449

- a. Ensure that employees at the CPU complete the Bank Secrecy Act (BSA) training, have current forms on hand, and complete and mail forms as required.

- b. Verify the following on PS Form 1412:
 - (1) The opening balance of AIC 840 with the previous day's AIC 853 ending balance.
 - (2) AIC 110 with PS Form 3602-PO, *Postage Collected Through Postage Meters*, if CPU has a postage meter.
 - (3) AIC entries match the amounts from the supporting documentation. Supporting documentation must agree with the totals entered in individual AICs.

Note: CPUs must report unused meter labels in AIC 553 on PS Form 1412 and submit PS Form 3533 with attached labels as supporting documentation.

- a. Enter the CPU's PS Form 1412 via eMOVES.
- b. Log AICs 247 and AIC 647 activities. The postmaster or designated employee may choose to use the FPR Net Financial Differences (AIC 247/647)–Line Detail report in the Accounting Data Mart (ADM) for monitoring AIC 247 and AIC 647 expenses.
- c. Examine the CPU's accountability annually for compliance.
- d. Ensure that the CPU's total accountability does not exceed its bonded amount.
- e. For discrepancies of \$100 or more, complete PS Form 571, *Discrepancies of \$100 or More in Financial Responsibility*, and submit to the appropriate Office of Inspector General (OIG).

9-8.2.3 Printing Missing Money Order Report

To print the missing order report, do the following:

- a. In the eMOVES program, select "REPORTS."
- b. Select "MISSING MONEY ORDER REPORT."
- c. Select "VIEW BY ALL USERS."
- d. Select "PRINT."

All blank money orders shipped to a CPU must also be tracked in eMOVES.

The host Post Office should enter new blocks in the unit money order files in MOVES. From each of its CPUs, the host Post Office should obtain a copy of all PS Forms 17, whether for stock or money orders.

Once all units are input for the day, do the following:

- a. File accountable documents.
- b. Attach any other documentation to PS Forms 1412 and file by date.
- c. Maintain envelopes specifically for CPU business by the week.
- d. Annotate the unit numbers, dates, month/FY, and week of the enclosed reports on the outside of the envelope.
- e. Store in date order.

These may be requested for random verification separately from the classified unit documents. Host Post Offices must input all CPU PS Forms 1412 into MOVES no later than 9:00 a.m. the next morning.

The host Post Office should receive all reports and documents the morning of the next business day, if possible. If the original reports do not reach the host Post Office the next morning, faxes are acceptable for data input. However, the original documents must follow and must be verified and filed. Hand delivery should be considered if it is the only way to meet the schedule. The host Post Office must create a file box for PS Forms 3544 to ensure the receipts are used in sequential order without any being skipped. When the unit has spoiled a receipt, all copies must be marked "Spoiled." The original and duplicate are submitted to the host Post Office with the daily PS Form 1412.

The data input person must verify all documents against the AICs on each PS Form 1412. When documents do not match the AIC, have been omitted from the report, or are not submitted, the data input person must correct the AIC and create the necessary trust or suspense item to balance PS Form 1412.

10 Managing the Contract Postal Unit

10-1 Introduction

The contract postal unit (CPU) staff has celebrated its grand opening, and the customers and suppliers are happy. However, the contracting officer representative's (COR's) responsibility does not end here. One of the main reasons that the Postal Service experiences problems with CPUs is a lack of consistent management and follow-through. The COR needs to ensure that the supplier is fulfilling its obligations under the contract and that the customers are receiving prompt, efficient, accurate, and courteous service.

10-2 Contracting Officer Representative Appointment

A COR is appointed at the time of contract award. The COR plays a major role in contract administration, providing training to the CPU operator and their employees, monitoring the CPU operation, and ensuring contract compliance.

10-3 Reviews and Examinations

10-3.1 **Contract Postal Unit Performance Reviews**

The COR conducts CPU performance reviews on a quarterly basis to promote continuous quality performance and improve the business relationship (for a sample of the Quarterly Performance Review form see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

During these reviews, the following aspects of CPU performance are evaluated and discussed:

- a. Operational efficiency.
- b. Aviation security.
- c. HAZMAT acceptance.
- d. Bank secrecy act if applicable.
- e. Sales skills and product knowledge.
- f. Retail products and services.
- g. Facility image.

h. Revenue performance.

The COR must bring the CPU file, including previous review sheets, to the performance review. Check to see if previously noted problems have been resolved. Analyze the situation to determine an action plan to improve performance or remedy a problem. The results of this review will help determine if the CPU is performing according to contractual requirements. If problems are not resolved, the COR must issue to the supplier a letter (i.e., CURE notice) citing specific conditions of unsatisfactory performance. If the supplier does not correct the problems, then contact the Denver CMC and request termination of the contract.

10-3.2 **Contract Postal Unit Financial Examinations (if applicable)**

Financial examinations are conducted once a year (except for CPUs that are CARS units). Follow directions stated in Handbook F-1, *Post Office Accounting Procedures*, Part 429.

Use PS Form 3294, *Cash and Stamp Stock Count and Summary*, and do the following:

- a. Review the bond amount.
- b. Ensure that the bond has been paid and is current (ask for receipt or cancelled check if the expiration date is not on the bond itself).
- c. Ensure that the bond amount reflects current accountability.
- d. Ensure that the bond will not lapse before the next review.

There is no tolerance for a CPU. If the audit results in an overage and there is no claim pending at the host Post Office, then the money goes to the supplier. If the audit results in a shortage, then the CPU supplier pays the shortage on the day of the audit, preferably by check. If the amount of the shortage is \$100 or more, the COR must prepare PS Form 571, *Discrepancy of \$100 or More in Financial Responsibility*.

10-3.3 **Post Office Box Reviews**

Post Office box service may be provided as long as the need for Post Office boxes in the CPU location is justified. In the event that a CPU does have Post Office boxes, the following procedures must be maintained:

- a. Ensure that the CPU supplier is aware of procedures governing Post Office box usage.
- b. Charge the correct fees.
- c. Retain PS Forms 1093, *Application for Post Office Box or Caller Service*, in an alphabetical file.
- d. Follow proper payment notification procedure.
- e. Boxes must be locked out and closed if payment is not made according to established procedure.
- f. The COR must review the CPU for compliance with the above-listed procedures when the financial audit is conducted.

10-3.4 **Service Hours Reviews**

10-3.4.1 **Minimum-Rate-Based Contract**

A minimum-rate supplier is an individual who provides postal services to the public. A minimum-rate supplier must meet the following criteria:

- a. The offeror is an individual.
- b. The offeror will personally operate the CPU more than 50 percent of the time.
- c. The CPU will operate in a facility devoted exclusively to CPU service.
- d. If there is another business operated at the CPU site, the CPU's revenues will exceed the other commercial activity's revenues.

(If questions a, b, and c are all "Yes" or questions a, b, and d are "Yes", this is a minimum-rate CPU.)

The minimum rate that the supplier must be paid is the current federal minimum wage rate. A minimum-rate firm-fixed price contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2007-1.

The supplier must maintain a detailed record of its operating hours using the Monthly Report of Operations form (for a sample of the U.S. Postal Service Monthly Report of Operations, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The supplier must submit the original of this form to the COR no later than 2 working days after the close of the calendar month for review.

The COR reviews the form for contract compliance and retains the form in the CPU administrative file. If the supplier has exceeded the hours allowed, the COR must discuss the need to maintain this requirement with the supplier. If violations persist for 2 consecutive months, notify the contracting officer for assistance.

10-3.4.2 **All Other CPU Contracts**

The COR must ensure that the CPU supplier is providing service to the public as specified in the contract. The supplier must provide service on the days and hours stipulated in the contract. If the supplier is not in compliance, then the COR must notify the district retail office. The COR and/or district retail office notifies the supplier that it is in violation of the contract by issuing a "cure notice," which is a letter citing specific conditions of unsatisfactory performance and stating a period of time allowed for correction. If not corrected, the Denver CMC, at the request of the CPU coordinator and COR, can terminate the contract.

10-3.5 **Contract Postal Unit Revenue Performance**

10-3.5.1 **Overview**

All CPUs should be evaluated on an annual basis to ensure that their revenue performance is cost effective for the Postal Service.

10-3.5.2 Reason for CPU Evaluation

The reasons for performing a CPU evaluation include the following:

- a. Identifying nonproductive CPUs.
- b. Identifying changing market conditions to optimize the network.
- c. Increasing return on investment.
- d. Identifying existing categories (types of business).

10-3.5.3 Evaluation of Contract Postal Units

To determine which CPUs to evaluate, consider the following items:

- a. Total CPU revenue is less than \$100,000 per year.
- b. Cost per revenue dollar exceeds the guideline of 12 cents per revenue dollar (unless an approved compensation rate deviation is on file).
- c. The percentage of stamp sales to meter sales is greater than 80/20. Do not include the following:
 - (1) CPUs with Post Office boxes.
 - (2) Public service CPUs.
 - (3) Seasonal CPUs.
 - (4) Temporary (emergency) CPUs.

For proper evaluation methods, see the Management Analysis for a CPU Rate Increase Form in the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

10-4 Request for Rate Increase

10-4.1 Firm-Fixed-Price Contracts

10-4.1.1 Request

10-4.1.1.1 Contract Postal Unit Supplier

A firm-fixed-price contract CPU supplier may request a rate increase after being in operation for at least 2 years. When the supplier requests a rate increase, the district retail office will send the supplier a rate increase package (for a sample of a Rate Increase Package, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>). The rate increase package includes a rate increase request form and a letter explaining the process to be followed in submitting a request.

10-4.1.1.2 Contracting Officer's Representative

The supplier submits a completed rate increase request to the COR. Supporting documentation should include a justification for direct cost increases or increased benefits to the Postal Service. The COR documents how the CPU impacts the local Post Office and notifies the CPU coordinator.

10-4.1.2 Review and Recommendation by COR and CPU coordinator**10-4.1.2.1 Contracting Officer's Representative Review**

The COR does the following to determine if a need for a particular CPU still exists:

- a. Identify if any other lower-cost service alternatives are available to the community.
- b. Determine if this CPU generates sufficient revenue to be considered for conversion to a performance-based contract.
- c. Review the request for completeness, proper documentation, and justification.
- d. Complete the Management Analysis for a CPU Rate Increase Form (for as a sample, see Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- e. Submit the COR's recommendation and the supplier's rate increase request to the CPU coordinator.

10-4.1.2.2 CPU Coordinator

The CPU coordinator completes the retail mapping and a revenue-trend projection and provides this information to the COR. The COR then prepares a recommendation and sends it to the CPU coordinator, who reviews it and prepares a recommendation for review by the district manager. If the CPU coordinator recommends a rate increase, the CPU coordinator prepares and submits a funding document and justification for the district manager's signature (for a sample of a Rate Increase Request Recommendation Letter, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

The funding document should reflect the amount of the increase only (for a sample of an eBuy Requisition for a Rate Increase for a Firm-Fixed Price CPU, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

If the CPU coordinator does not recommend a rate increase, the CPU coordinator prepares a justification and submits the entire package to the Denver CMC.

10-4.1.3 Review and Processing by Denver CMC**10-4.1.3.1 Rate Increase Recommended**

When an agreement on a rate increase is reached, the Denver CMC issues a modification showing the increase in compensation. A copy of this modification is sent to the following recipients:

- a. Supplier.
- b. COR.
- c. CPU coordinator.

In accordance with the contract terms, the supplier must do the following:

- a. Continue with the modified contract for a minimum of 1 year.
- b. Wait 2 years before requesting another increase.

The effective start date of the contract or last increase is the date used to compute the 1- and 2-year periods before termination of the contract or a request for another rate increase.

10-4.1.3.2 **Rate Increase Not Recommended**

When an agreement cannot be reached between the Postal Service and the supplier, or a rate increase is not processed by the Denver CMC, the contract continues at the existing payment rate unless terminated by either party in accordance with the Termination on Notice clause. A rate denial letter must be issued by the Denver CMC.

Disapproval of the request for a rate increase does not preclude the supplier from making additional requests at a later time (2 years after the previous approved rate increase).

10-4.1.4 **Timeline for Request**

The entire process — from when the supplier makes the initial request to when the Denver CMC completes its review and processing — should be completed in 30 business days.

10-4.2 **Performance-Based Contract**

A CPU supplier with a performance-based contract can request a rate increase after being in operation for 1 year. The supplier must submit the request in writing following the same procedures used for a firm-fixed-price contract stated in [10-4.1](#). When reviewing the request, the COR and the CPU coordinator follow the same procedures used for a firm-fixed-price contract stated in [10-4.1](#).

Note: For a sample of a funding document for a performance-based CPU contract (similar to the funding document for a firm-fixed-price CPU contract mentioned in [10-4.1.2.2](#)) or a sample of an eBuy Requisition for a Rate Increase for a Performance-Based CPU, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

After the initial rate increase, the CPU supplier may request an additional rate increase after 2 years from the first rate increase based on the following conditions:

- a. Change in market conditions.
- b. Change in overhead expenses.
- c. Increase in customer traffic.

The CPU coordinator should make the CPU supplier aware of these conditions when establishing the contract.

10-5 Award of a Temporary Contract

10-5.1 **Request**

When a contract is terminated on short notice, or if, through unforeseen circumstances, the lack of a CPU creates a hardship on the community, the

host Post Office, with the assistance of the CPU coordinator, may request that a short-term temporary (emergency) contract be awarded.

This option should be an option of last resort because it is a very expensive option. The basic term of a temporary (emergency) contract is up to 6 months, and no extensions are allowed. Bond can be waived for the first 30 days of a temporary (emergency) contract only. The COR is responsible for ensuring that the CPU supplier has a bond in place on the 31st day of operation. The buyer at the Denver CMC must annotate the contract file to follow up with the COR on bond placement.

10-5.2 **Solicitation for a Permanent Contract Postal Unit**

A request package for a permanent performance-based CPU must be sent to Denver CMC within 30 days after the award of a temporary (emergency) contract.

10-6 Contract Modification

Only the Denver CMC is authorized to modify any term or condition, including pricing, of a CPU contract. Changes are processed through a modification. The CPU coordinator must provide justification and documentation to the Denver CMC to support the modification request. Copies of the modification are issued to the following:

- a. Supplier.
- b. COR.
- c. CPU coordinator.

The following actions can be handled by the COR, after discussion with the district retail office, without having to refer to the Denver CMC for a modification:

- a. **Performance problems:** The COR, in conjunction with the CPU coordinator, sends a written notice to the supplier if performance problems are not resolved after a discussion with the supplier. The COR is specific about the problem and the time period allowed to correct the problem. If the supplier does not correct the problem within the allowed time period, then the COR may request termination of the contract.
- b. **Change of hours:** The COR has the authority to change the hours of the contract by working directly with the supplier and providing written notice.
- c. **Surety bonds:** The COR may increase or decrease the bond amount, working with the bonding company and the supplier to ensure that the bond amount covers the total accountability (stamps and meter postage). (This is not applicable for CARS contracts.)
- d. **Shortages:** If a supplier refuses to pay a shortage, the COR sends a notice to the bonding company requesting remuneration of the shortage as stated in the provisions of the surety bond.

10-7 Disputes

Disputes between the supplier and the COR are referred to the Denver CMC for resolution.

10-8 Transfer of Contract Postal Unit Contracts (Novation Agreement)

Under no circumstances is a CPU supplier allowed to transfer or sell its interest in a CPU contract to a third party without going through the novation process, in which the Denver CMC, in consultation with counsel, can recognize and approve a third-party successor in interest. This approval is known as a novation agreement. The policy for processing, approving, and executing a novation agreement is provided in the *Supplying Principles and Practices* for an example of a Novation Agreement package, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

A CPU supplier who wants to transfer or sell its interest must contact the COR or the CPU coordinator to start the novation process. The COR or the CPU should carefully consider if the CPU is still needed before considering a novation.

The contracting officer (CO) at the Denver CMC, in cooperation with the COR and the CPU coordinator, must determine the capability of the buyer to continue the CPU operation before approving the transfer of ownership.

Novation agreements must be signed by all of the following:

- a. CPU supplier (seller).
- b. Successor in interest (buyer).
- c. CO at the Denver CMC.

The supplier must provide a document of sale or transfer of assets. If the transfer is not approved, the original supplier is still liable for performance under the contract. If the original supplier fails to perform sufficiently, the contract will be terminated.

10-9 Termination of Performance-Based and Firm-Fixed-Price Contracts

Contracts can be terminated by the use of either of the following:

- a. Termination on notice (usually 120-day notice).
- b. A time-specific notice (1-day) if in the best interest of the Postal Service.

All terminations must be processed by the Denver CMC.

Note: Some contracts have a 60-day termination clause. Refer to the individual contract to determine the time period for termination.

10-10 Termination Procedures

For documents that explain the CPU Termination Close-Out Procedures for a CARS location, see the Pub 156 folder online at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

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11 Compensating the Contract Postal Unit

11-1 Introduction

The last part of the contract postal unit (CPU) process, and the most important part to the supplier, is the compensation. It is very important to maintain a strong partnership with CPU suppliers and to ensure that their payment is correct and timely. A CPU, like any other business, depends on its cash flow to meet its expenses. Failure to provide the correct finance number, unit ID or site ID, and supplier information for input into either Contract Postal Unit Technology (CPUT) or APEX could result in delays in payment and dissatisfaction from the supplier.

11-2 Types of Compensation

11-2.1 Performance-Based CPU Contract

11-2.1.1 Overview

A performance-based contract pays the supplier for the revenue generated from the sale of Postal Service products and services. This compensation can consist of the following:

- a. A percentage of all the revenue.
- b. A split percentage of all the revenue.
- c. A fixed flat monthly fee and a percentage of stipulated revenue.

The rate of compensation should be fair both to the supplier and the Postal Service and should reflect current market conditions and need. If the CPU provides Post Office box service, the supplier is compensated at the rate of 33 percent for the Post Office box revenue that is generated through the CPU. This rate is nonnegotiable.

11-2.1.2 Payment Schedule

Payments will be made in arrears, by the St. Louis Accounting Service Center (ASC), 30 days after the end of each month.

11-2.1.3 **CPU Payment**

In accordance with the CPU contract, payment for all new CPUs will be made via electronic funds transfer (EFT). However, the first payment will be by paper check to allow sufficient time for the EFT to be established. Before the CPU can start operations or receive payment, the Denver CMC must have received the CPU bond (if required) and the supplier's direct deposit form.

The A/E or CPU coordinator must have approved the build-out and accepted the facility for the Postal Service.

Written notification from the CPU coordinator, verifying that all training and site specification requirements have been complied with and accepted by the Postal Service must have been received. Included in this notification will be the effective start date for the contract and the unit or site ID assigned to the CPU.

11-2.1.4 **Contract Postal Unit Technology**

Contract Postal Unit Technology (CPUT) is a Web-based application that contains the system that calculates the correct supplier payment each month. The payment reflects the applicable payment agreed upon in the supplier's CPU contract.

CPUT access is allowed to the following personnel:

- a. Purchasing specialists who are tasked with issuing CPU contracts have read-and-update capability in this system.
- b. Headquarters personnel who are tasked with administering the CPU program have read and write capabilities.
- c. Area retail personnel who are tasked with monitoring CPU performance have read capability.
- d. District retail personnel who are tasked with monitoring CPU performance have read-only capability.
- e. COR who are tasked with monitoring CPU performance have read-only capability.

11-2.2 **Firm-Fixed-Price Contract Postal Unit Contract**

11-2.2.1 **Overview**

A firm-fixed-price contract pays the supplier a fixed annual amount over a 12-month period. This amount of compensation is not dependent on the amount of revenue that is generated by the CPU.

The St. Louis ASC makes payment automatically, in arrears, in 12 equal monthly installments. Seasonal contracts are paid, in arrears, at the end of each month of service. Public service contracts are paid once annually, in arrears, after the contract anniversary date or on the contract termination date. Payment is made for all firm-fixed-price contracts within 30 days after the end of the performance period.

11-2.2.2 **Temporary (Emergency) CPU Contracts and Seasonal CPU Contracts Payments**

Temporary (emergency) and seasonal CPU contracts are paid a fixed annual rate, automatically, in arrears, by the St. Louis ASC, in equal monthly installments.

11-3 Logon ID

To obtain access to the CPUT system, you will need to complete an application in e-Access.

11-4 Training

Training is provided by the San Mateo Integrated Business Systems Solutions Center (IBSSC) team and also by the CPUT user's manual, which is accessible on the CPUT website at: <https://cput.usps.gov/Cput/Welcome.jsp>. Click on "User Guide" at the top of the screen. Refer any questions or concerns about this system to the San Mateo IBSSC. The CPUT support number is located in the user's manual.

12 Community Post Offices

12-1 Introduction

A Community Post Office (CPO) is a contract postal unit that is usually located in a small, rural community and provides a full line of Postal Service products and services to local Postal Service customers. A CPO bears its community's name and ZIP Code as part of a recognized mailing address. CPOs provide Post Office box service and may also offer general delivery and left-notice article services. CPOs are authorized by the award of a firm-fixed price contract.

12-2 Establishment of a Community Post Office

When the need for a CPO is established, the COR and the CPU coordinator work together to prepare a CPU request package for a firm-fixed price CPU contract. Once completed, the CPU request package will be submitted to the Denver CMC for the solicitation and award of the CPU contract. Under the terms of the contract, the supplier is paid automatically, in arrears, by the St. Louis ASC, in 12 equal monthly installments, 30 days after the end of the period of performance.

12-3 Activation of a Community Post Office

Once the CPO contract has been awarded, the COR must meet with the supplier to establish a partnership, answer any questions, and conduct the initial training as defined in the contract. The COR and the CPU coordinator work together to obtain and forward to the CPO supplier all of the required Postal Service-supplied property, equipment, and supplies necessary to operate the CPO.

12-4 Management of a Community Post Office

The COR is normally a postmaster of a classified office (Administrative Office) located near the CPO. The COR is responsible for supporting the CPO supplier with information updates, ongoing training on Postal Service procedures, financial auditing, bond verification, aviation security, HAZMAT,

and any other support activities that would normally be provided by a COR to a contract unit. CPOs may accept insurance claims but cannot process them. Send claim forms to the nearest Post Office for processing.

12-5 Request for Rate Increase

All requests for a rate increase must follow the procedures outlined in chapter [10](#).

12-6 Transfer of a Community Post Office Contract (Novation Agreement)

In the event of the sale of a business that is operated in conjunction with the CPO, follow the procedures outlined in chapter [10](#).

12-7 Termination of a Community Post Office Contract

Guidelines for terminating a CPO contract are in chapter [10](#). When terminating a CPO, the district has the following two options:

- a. Solicit for another CPO.
- b. Turn the file over to a district Post Office discontinuance coordinator.