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1 Contract Postal Unit Overview

1-1 Introduction

Contract postal units (CPUs) have been a 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. Publication 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. Publication 156 is available on the Postal Service PolicyNet website; go to <http://blue.usps.gov/cpim> and click on *Pubs*.

Note: Publication 156 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 facility 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-S2-2011-1,

Noncompetitive Purchases, available on the Postal Service PolicyNet website; 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. A CPO contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2011-1 available on the Postal Service PolicyNet website; go to <http://blue.usps.gov/cpim> and click on *MIs*.

Chapter [12](#) provides additional information on CPOs.

1-2.3 **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 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.

1-2.4 **Seasonal Contract**

A seasonal 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 (i.e., open during winter months in a ski resort area or open during winter months in a warm weather area). A seasonal contract must be competed unless a noncompetitive justification is submitted and approved pursuant to MI SP-S2-2011-1 available on the Postal Service PolicyNet website; go to <http://blue.usps.gov/cpim> and click on *MIs*.

1-2.5 **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 Administrative Office (HAO) may request that a temporary (emergency) contract be awarded. The contract time period may not exceed 6 months.

1-2.6 **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.

1-2.7 **Expanded Access Channels**

Other expanded access channels are the following:

- a. Village Post Office™ (VPO) — A supplier-owned or leased facility, similar to a CPU, but offering fewer services (i.e., stamp sales, pre-paid packaging, and possibly PO Boxes).
- b. Approved Shipper — A licensed agreement with a supplier and USPS™ to accept packages for shipping.
- c. Stamps To Go® (STG) — A licensed agreement with USPS through American Bank Note (ABN) and the supplier to sell stamps at the supplier's retail establishments.

Expanded access channels are alternate access provided to the community to meet their postal needs. Market research is required first to ensure which alternate access channel is needed to fulfill the exact needs of the community. A CPU is included as an alternate access channel.

1-3 Offices and Personnel

1-3.1 **Customer Products and Fulfillment Category Management Center**

The contracting officer (CO) for all CPUs is located at the Customer Products and Fulfillment 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 and/or buyer at the Denver CMC.
- c. HAO.
- 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.

(See Components of a PB CPU Solicitation-Award Package on the CPAC blueshare website 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 contracts (CARS and Non-CARS).
- b. Firm-Fixed-Price contract.
- c. Each contract type requires certain components of the solicitation/contract award package.

1-5.1 Performance-Based Percentage Payment Contracts

- a. A CARS Performance-Based Percentage Payment CPU Solicitation/Award document contains the following components:
- b. Part 1: Contract Postal Unit Schedule.
- c. Part 2: Solicitation Provisions.
- d. Part 3: Contract Clauses.
- e. Part 4: Attachments 1, 2, 4, and 5.

A Non-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, 3, 4, and 5.

1-5.2 Firm-Fixed-Price Contract

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 the MI SP-S2-2011-1 available on the Postal Service PolicyNet website; go to <http://blue.usps.gov/cpim> and click on *MIs*. 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 Channel Access 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 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 Partner Integrations 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 Partner Integrations 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.

1-6.6.3 **Post Office Box Service**

A CPU must not provide Post Office box service. Providing this service at a CPU location makes a commitment to the customer as to the availability of a delivery service. This commitment can have an adverse effect on the flexibility of relocating or closing the CPU if there is a change in market conditions.

1-6.6.4 **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.

Note: Some older contracts have these services "grandfathered" in to their contracts. This exception is on a case-by-case basis and determined by the CO.

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 must 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 in the contract file the attempts made to find suppliers with accessible locations.

The components of the CPU Solicitation-Award Package can be found in the Publication folder online on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

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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.
- b. Generate additional sales.
- 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 alternate access channels for selling USPS products, such as Stamps to Go, Stamps By Mail[®], Stamps Online[™], Approved Shipper, or Village Post Office 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 Administrative Office (HAO) or the CPU coordinator completes a CPU Needs Analysis Form (See a sample Contract Postal Unit Needs Analysis Form in the Publication 156 folder online on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

Consider the following retail conditions at the HAO 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).

Three other tools for assessing needs are retail mapping; the revenue forecast model and the wait-time-in-line report.

3-3 Retail Mapping and Electronic Facilities Management System (eFMS)

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 (i.e., population and income). (See Sample Retail Mapping and Sample Demographic and Income Profile in the Publication 156 folder on the CPAC blueshare website 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 (i.e., 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. (See a sample Wait-Time-In-Line Report in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

3-5 Revenue Forecast Model

The CPU Revenue Forecast Model is used to forecast revenue for a new CPU location. The model analyses input on the proposed CPU location and the nearby Post Office and calculates the potential revenue. The potential revenue is displayed as conservative, moderate, and optimistic. Always use the conservative estimate for funding purposes. (See a sample Revenue Forecast Model in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

3-6 Retail Partner Integration Approval

All new CPU requests must have Retail Partner Integration Approval. Send an electronic (email) to the CPU Review mailbox found in Outlook with the Needs Analysis, Retail Mapping, Wait Time in Line Report and Revenue Forecast Model. Once approval is received, attach all documents to the eBuy2, including the email approval.

See the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. Sample Contract Postal Unit Needs Analysis Form.
- b. Sample Retail Mapping.
- c. Sample Demographic and Income Profile.
- d. Sample Wait-Time-In-Line Report.
- e. Sample Revenue Forecast Model.

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4 Design and Construction Requirements for a Contract Postal Unit

4-1 Overview

It is important to present to the consumer in a private retail location a “branded image” 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 (D&CR)*, 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

The D&CR 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 the D&CR Attachment 5.
- b. Equipment includes office equipment, furniture and casework, interior and exterior
- c. signage, connectivity requirements, and miscellaneous items. (See Part A - Responsibility Schedule – CARS CPU and Part A - Responsibility Schedule – Performance-Based CPU in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).
- d. The schedule identifies responsibilities and establishes quantities of equipment, furniture, and signage.
- e. 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.
- f. The schedule is not an order form.
- g. Items are not ordered until a contract is awarded and a CPU design is approved.
- h. This schedule is used as an inventory sheet for all CPU supplies and equipment.

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 Partner Integration at Headquarters.
- b. CPU signage is critical to maintaining a uniform Postal Service CPU image.
- c. 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.
- d. (See Part B - Signage Requirements and Direct Vendor CPU Signage Catalog in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- 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. (See Signage Order Form – General Information in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- k. This schedule is used as an inventory sheet for all CPU signage. 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 Partner Integration at Headquarters.
- b. The supplier is always responsible for design and build-out.
- c. Design and construction must comply with Postal Service requirements. (See CPU Workstation Options and CPU Design and Construction Requirements, Attachment 5, Part C – CPU Build-out Requirements, in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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 (e.g., safety, security, and damages).

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 new construction. (See Standard Finishes and Materials Schedule in

the Publication 156 folder on the CPAC blueshare website 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 proposed Finishes and Materials Schedule.
 - (2) Substantial compliance: With substantial compliance, the supplier provides a marked-up prototype drawing and a proposed Finishes and Materials Schedule.

- (3) Deviation: With a deviation request, the supplier prepares and submits drawings and complete specifications for all finishes and materials 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 (See Supplier Pre-Acceptance Inspection Checklist in the Publication 156 folder on the CPAC blueshare website 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.

See the Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. Part A – Responsibility Schedule – CARS CPU.
- b. Part A – Responsibility Schedule – Performance-Based CPU.
- c. Part B – Signage Requirements.
- d. Direct Vendor CPU Signage Catalog.
- e. Signage Order Form – General Information.
- f. CPU Workstation Options.
- g. CPU Design and Construction Requirements, Attachment 5 Part C – CPU Build-Out Requirements.

- h. Standard Finishes and Materials Schedule.
- i. Supplier Pre-Acceptance Inspection Checklist.

5 Identifying Prospective Contract Postal Unit Suppliers

5-1 Overview

Use the techniques in this chapter 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. The letter explains to the retailer the criteria necessary to become a prospective CPU supplier (See Letter of Interest: A Post Office in Your Store in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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 must 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 (See Community Interest News Stories in the Publication 156 folder on the CPAC blueshare website 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 Host Administrative Office (HAO) (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 HAO 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 the Source List, to record information from these calls. (See Source List in the Publication 156 folder on the CPAC blueshare at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

The HAO must be comfortable with the presentation and have knowledge of the Performance-Based contract.

Be prepared by having copies of Publication 296, *CPU Marketing Brochure*, and supplier presentation materials available. (See Ordering Instructions for Pub 296, *CPU Marketing Brochure* in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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

The HAO contacts the CPU coordinator after responses have been received to schedule a supplier presentation. It is recommended that the presentation be held at the local Post Office. Postal Service attendees must include the HAO representative. 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 to potential suppliers, the HAO should have discussed the estimated revenue based on the revenue forecast model, outlined the preferred area of interest, and distributed the supplier's estimated cost worksheet. With prior knowledge of this information, the presentation can begin. The HAO must also be thoroughly knowledgeable on the Performance-Based contract requirements, including all attachments.

5-5 Supplier Presentation Handouts

Before the presentation, the HAO must become familiar with all of the following materials that are to be handed out 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.
- d. Attachment 2, Supplier Business Proposal and Information, of the CPU solicitation/award package and the CPU Supplier's Estimated Cost Worksheet (See CPU Supplier's Estimated Cost Worksheets in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- e. Attachment 3, CPU 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. See Section 5-G.2 and Chapter 7 for more information on the three solicitation/award package contract types.

5-6 Share Lessons Learned

Provide a sample of a blank solicitation so attendees can familiarize themselves with the contents.

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. 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. (The source listing 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-G.2.1 through 5-G.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. Identify the HAO and provide e-mail address and introduce the CPU coordinator.
- b. Explain that the HAO has administrative oversight of the day-to-day operations of the CPU.
- c. 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.
- d. Discuss that for a competitive contract the evaluation criteria and award factors must be considered.
- e. Explain that an evaluation team will be established who will perform an on-site visit. The evaluation factors used in the evaluation of offers 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.
 - (7) Past Performance.
 - (8) Supplier Capability.
- f. Explain that the solicitation will indicate the role of price in the evaluation of the offer.

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)**

Explain that a committee of three will individually perform an on-site evaluation before any contract will be awarded. The CPU coordinator will then enter the names, addresses, e-mail addresses, and telephone numbers

of the three committee members prior to submitting the request package to the Denver CMC.

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 HAO 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 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 the signage that the Postal Service provides. Explain the sizes and weights, and inform the suppliers that they 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 Surety Bond**

Prospective suppliers must 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 website is at: www.fms.treas.gov/c570/index.html. Inform the attendees of the bond amount required and that operation of the CPU 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).

Note: There is no bond requirement for a CARS CPU.

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 (i.e., semi-postal issues, which are stamps 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 HAO or CPU coordinator must ensure compliance by the CPU supplier.

Individual stamp transactions greater than \$1000.00 are prohibited and such requests must be referred to the HAO. 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. 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 (i.e., 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). See the Publication 156 folder on CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.) for the following items:

- a. Letter of Interest: A Post Office in Your Store.
- b. Community Interest News Stories.

- c. Source List.
- d. Ordering Instructions for Pub 296 - CPU Marketing Brochure.
- e. CPU Supplier's Estimated Cost Worksheets.

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6 Preparing the Contract Postal Unit Request Package

6-1 Introduction

After having justified the need for a contract postal unit (CPU), the CPU coordinator prepares a CPU request package. The request package is the formal package submitted for processing to the Customer Products and Fulfillment Category Management Center (Denver CMC) in Aurora, Colorado.

The cover letter summary must include the following information:

- a. Background information.
- b. Current conditions that support the need.
- c. Existing expanded access channels.
- d. Recommendation.
- e. Noncompetitive business case (if applicable).
- f. (See Sample Cover Letter Summary in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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 the Management Instruction SP-S2-2011-1, *Noncompetitive Purchases*, on the Postal Service PolicyNet website; go to: <http://blue.usps.gov/cpim> and click on MIs.

6-2 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 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, vice presidents, Area Operations, or their designees have the authority to establish contract units. (Refer to the *Postal Operations Manual* (POM), section 123.24 on the Postal Service PolicyNet website. Go to <http://blue.usps.gov/cpim> and click on *Manuals*.) This approval authority may be re-delegated, in writing, to the District Manager, but may not be re-delegated by the District Manager.”

6-3 Contract Postal Unit Deviation Request Process

6-3.1 Approval by Headquarters

All deviation requests must be approved by Retail Partner Integration at Headquarters.

6-3.2 Deviation Requests

The four types of deviation requests are the following:

- a. CPU policy (See [6-3.2.1](#)).
- b. CPU design standards (See [6-3.2.2](#)).
- c. CPU contract type (See [6-3.2.3](#)).
- d. CPU compensation (See [6-3.2.4](#)).

(See CPU Deviation Request Form in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

6-3.2.1 Contract Postal Unit Policy

Postal Service policy requires a build-out for all new or converted Performance-Based CPUs. The CPU coordinator must submit a deviation when the supplier does not intend to follow Postal Service policy. Adding Post Office boxes to new or existing CPUs or deviating from using the mandatory services in the contract also requires a deviation.

6-3.2.2 Contract Postal Unit Design Standards

The CPU coordinator 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.

6-3.2.3 Contract Postal Unit Contract Type

A deviation is usually required when the contract type is anything other than a CARS Performance-Based contract. Refer to the CPU Request Package Checklist for exceptions (see [6-4](#)).

6-3.2.4 **Contract Postal Unit Compensation**

If the proposed compensation for a contract exceeds the guideline amount of 12 cents per revenue dollar, then an approved deviation is required. The contracting officer is responsible for ensuring the recommended price is fair and reasonable for the immediate area where the CPU is located.

6-3.3 **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 Partner Integration 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 Partner Integration 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 the 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.

6-4 **Contract Postal Unit Request Package Checklist**

A CPU request package checklist explains the required elements for all types of contracts. Attach all required elements to your approved eBUY2 and send electronically to the Denver CMC. (See CPU Request Package Checklist in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

See the Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. Sample Cover Letter Summary.

- b. CPU Deviation Request Form.
- c. CPU Request Package Checklist.

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 CARS 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 eBuy2 is received with no attachments. The requester will receive a call or an e-mail from the Denver CMC stating that the eBuy2 was received with no attachments and to e-mail the rest of the documents to the CPAC team at email address *cpac.team@usps.gov*. Annotate the eBuy2 requisition number in the e-mail or in the subject line. If Denver cannot match the attachments with the eBuy2, this will delay the processing of the request.
- b. The eBuy2 is received with attachments, but it is still missing required documents. 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 there is no eBuy2. The package will be returned either via e-mail or through regular mail with instructions to send it again with the eBuy2 according to 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. (See Sample Solicitation for CARS Contract in

the Publication 156 folder on the CPAC blueshare website 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. Host Administrative Office (HAO).
- b. CPU coordinator.

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. (See Guidelines for Completing the Evaluation Worksheet in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- d. A worksheet to be completed for each proposal (See Evaluation Worksheet in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- e. A Conflict of Interest and Non-Disclosure Agreement that must be signed by each evaluation committee member. The contracting officer is responsible for safeguarding against or mitigate any conflicts of interest when non-USPS employees are members of the evaluation committee.
- 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. HAO.
- b. CPU coordinator.
- c. Manager of Post Office Operations.
- d. Other Postal Service operational personnel (i.e., 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 **Past Performance and Supplier Capability**

The following evaluation factors are reviewed and assessed by the contracting officer. If deemed unacceptable, the proposal will not be considered further:

- a. **Past Performance:** Prospective suppliers must 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. The Evaluation Committee surveys the references and provides their findings to the contracting officer, who then determines if the offer will be evaluated further.
- b. **Supplier Capability:** Prospective suppliers must 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. Upon an in-depth review of the financials, the contracting officer determines if the offer will be evaluated further.

7-2.4.3 **Other Proposal Factors**

Offerors that are deemed acceptable on the Past Performance and Supplier Capability factors will then be evaluated on all other proposal factors. Except for handicapped accessibility, the CPU coordinator indicates in the request package submitted to the Denver CMC the maximum point assignment for each of the other proposal factors.

Handicapped accessibility is not assigned a maximum point value. 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.

Each of the following other proposal factors are listed in the solicitation package in order of importance:

- a. Characteristics of the supplier's retail facility:
 - (1) Location.
 - (2) Current business volume.
 - (3) Physical characteristics (including accessibility to the handicapped, which must be compliant with applicable accessibility standards before service begins).
 - (4) Parking and public transportation.
- b. Characteristics of the proposed CPU within the supplier's retail facility.
- c. Staffing.

Note: 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 where the previous CPU was located, then factors a. and b. do not apply and will not be evaluated.

The evaluation committee must keep in mind the maximum points assigned to each of the other proposal 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 the evaluation 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 Partner Integration 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 10-digit Unit Finance Number (UFN) specific to the 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, HAO, CPU coordinator, and the Denver CMC. Copies of the contract award, award letter, and COR appointment and the HAO Operating Instructions are distributed to the following people:

- a. Successful supplier.
- b. HAO.
- c. CPU coordinator.
- d. IGI (if CARS).

The CPU coordinator must verify CPUT information for accuracy. The HAO must enter all information into the Facilities database.

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 contract award, award letter, COR appointment, and the HAO Operating Instructions, 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, EFT of your payments for operation of the CPU.
- f. Instructions to submit drawings to the CPU coordinator within 15 days. The CPU coordinator approves the drawings or, if necessary, forwards the drawings to the Facilities Service Office (FSO) for approval. 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.
- g. Instructions to work with the HAO, CPU coordinator 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 and Host Administrative Office**

The Denver CMC appoints a COR and an HAO at time of award. (See Sample COR Appointment and HAO Operating Instructions in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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

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

The HAO meets in person with the supplier to read and discuss the appointment.

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

7-3.1 Characteristics

Characteristics of a Non-CARS Performance-Based and Firm-Fixed-Price CPU contract include the following:

- a. Same solicitation and award process.
- b. Build-out is mandatory for Non-CARS Performance-Based.
- c. No mandatory build-out for a Firm-Fixed-Price 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.

(See Sample Solicitation for Non-CARS Performance-Based Contract and Sample Solicitation for Firm-Fixed-Price Contract in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

7-3.2 HAO Expanded Delegation Authority for CPUs

To improve responsiveness and reduce the administrative costs associated with CPU contracting, the CPU HAO appointment was revised in 2003 and again in 2012. The revised appointment gives the HAO more authority to carry out administrative actions and more control in the operation of their CPUs.

Four changes have been made to the original HAO appointment, and they are summarized as follows:

- a. Performance Problems (Letter of Warning). If performance problems are not resolved after the HAO's initial discussion with the supplier, the HAO sends a written notice directly to the supplier citing specific conditions of unsatisfactory performance. This is known as a letter of warning. If the problems are not corrected, the HAO requests a Cure Notice from the Denver CMC contracting officer (CO). The CO in Denver will issue a Cure Notice giving the supplier 10 days to "cure" the problem. The HAO will notify the CO after 10 days if the problem has been cured or not. If not, the CO will issue a termination of the contract. Only the CO at the Denver CMC can suspend or terminate a contract.

- b. **Change of Hours.** The HAO has the authority to change the hours of the contract by working directly with the supplier and providing written notice. The HAO 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 HAO is able to increase or decrease the bond amount, in writing, as needed in order to reflect the supplier's accountability. The HAO can rescind the bond requirement with notification to CMC who will issue a modification.
- d. **Shortages.** When a CPU supplier has a shortage, that shortage is applied to the HAO's finance number. Therefore, it is imperative that the HAO has the authority to recover lost monies as quickly as possible. A Letter of Demand must be issued to the supplier immediately demanding the money to be paid. If the money is not paid, the HAO must notify the CO in Denver to issue a Cure Notice, and if the contract is Performance-Based or Firm-Fixed-Price, the HAO must begin notifying the bond company to retrieve the funds from the bond. Copies of all correspondence must be sent to the Denver CMC for the file.

(See HAO Expanded Delegation Authority for CPUs in the Publication 156 folder on the CPAC blueshare website 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 HAO, 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 property/equipment form signed by the supplier
- f. and the HAO.
- g. A copy of the surety bond, letter of credit, or record of deposit of assets.
- h. A copy of the COR appointment and HAO Operating Instructions.
- i. A copy of all correspondence relating to the contract (including copies of correspondence sent to the supplier by the HAO).
- j. Copies of reviews, audits, and records of phone calls and other meetings or conversations about contract performance.

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

7-3.3.3 HAO and CPU Coordinator's Administrative File

The following items are included in the HAO and CPU coordinator'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 HAO Operating Instructions and COR appointment.
- e. A copy of the property/equipment form signed by the supplier and the HAO.
- 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. Copies of reviews, audits, and records of phone calls and other meetings or conversations about contract performance.

The HAO retains the CPU file for 3 years after contract termination and then turns it over to the CPU coordinator, who maintains the file for 6 years.

See the Publication 156 folder on CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. Sample Solicitation for CARS Performance-Based Contract.
- b. Guidelines for Completing the Evaluation Worksheet.
- c. Evaluation Worksheet.
- d. Sample COR Appointment and HAO Operating Instructions.
- e. Sample Solicitation for Non-CARS Performance-Based Contract.
- f. Sample Solicitation for Firm-Fixed-Price Contract.
- g. HAO Expanded Delegation Authority for CPUs.

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. Host Administrative Office (HAO).
- c. CPU supplier.

The CPU supplier prepares and submits the required CPU design layout based on the CPU D&CR.

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 [4-8](#)). A Case III submittal will require drawings and specifications. The supplier determines whether professional services are needed. The CPU coordinator reviews and approves the drawings.

The CPU coordinator, with guidance from the Facilities Service Office (FSO) (if needed), will approve the design. The CPU coordinator sends an email to the Denver CMC that the drawings have been approved.

The Denver CMC advises the CPU supplier, CPU coordinator, and HAO 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 does the following:

- a. Verifies the location of the CPU within the store and approves 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. Determines whether entrance/exits dedicated for mail pick-up locations are suitable.
- 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.
- n. If CARS, verifies LAN line installation.

The CPU coordinator ensures that orders are placed for furniture, casework, and CPU signage. Both the CPU coordinator and HAO ensure that orders are placed for all other equipment needs per the CPU activation checklist.

Timely placement of orders and follow-through are critical. The CPU D&CR, Part A - Responsibility Schedule, shows the type and quantity of all items (except signage) to be ordered. Part B — Signage Requirements, shows the type and quantity of all signage to be ordered. (See Sample Part A — CARS, Sample Part A — PB, and Sample Part B in the Publication 156 folder on the

CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

Typically, the order consists of the following:

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

Note in eBuy2 and on the Signage Order Form if the 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's contractor must come to the Post Office to pick up the equipment and deliver it to the site.

8-5 Ordering Furniture and Casework

Refer to Part A — Responsibility Schedule in the CPU D&CR (see Part A of Attachment 5).

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. During eBuy2 entry, be sure you do not route the request to the Denver CMC.

(See Ordering Process for CPU Casework and CPU Casework Order Form in the Publication 156 folder on the CPAC blueshare website 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 (see Part B of Attachment 5).

The Postal Service has a direct vendor through which all signage orders must be placed. Verify the supplier has all permits and approvals for installing the signage and an approved funding document at the District level has been approved prior to ordering signage. During eBuy2 entry, be sure you do not route the request to the Denver CMC.

(See Signage Order Form-CPU Signs in the Publication 156 folder on the CPAC blueshare website 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 HAO and CPU coordinator perform a final inspection. Then the CPU coordinator formally accepts the space.

See Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. Sample – Part A – CARS.
- b. Sample – Part A – PB.
- c. Sample – Part B.
- d. Ordering Process for CPU Casework.
- e. CPU Casework Order Form.
- f. Signage Order Form-CPU Signs.

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 Host Administrative Office (HAO) and contract postal unit (CPU) coordinator continue to work with the 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. 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.

(See CARS CPU Activation Checklist and FF and PB CPU Activation Checklist in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

9-3 Notification

Announce the opening of a new CPU with a letter stating the pertinent information about the CPU.

(See CARS CPU Opening Announcement Letter and FNCM Request and Non-CARS CPU Opening Announcement Letter in the Publication 156 folder on the CPAC blueshare website 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 4, and local signage.

9-4.2 Grand Opening Advertising

Grand opening advertising consists of the following items:

- a. Grand opening news release 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.

(See Press Release for CPU Opening in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

9-4.3 Message Maker 4

Message Maker 4 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.

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 HAO should contact the state's DOT to make this request.

9-5 Training

9-5.1 **Overview**

Three types of training are required: COR training, HAO training, and CPU supplier/employee training.

9-5.2 **Contracting Officer's Representative Training**

The Contracting Officer's Representative (COR) for all Contract Postal Units is a designee from Retail Partners Integration at Headquarters and must have the proper training and certifications required. Training and certifications are available through the training course accessible through the Learning Management System (LMS) at <https://blue.usps.gov/wps/myportal/LMS>. The COR must abide by the Standards of Ethical Conduct for Employees of the Ethical Branch, 5 CFR Part 2635, and the Supplemental Standards of Ethical Conduct for Employees of the United States Postal Service, 5 CFR Part 7001.

9-5.3 **Host Administrative Office Training**

HAO training explains the HAO's responsibilities and must be completed within 2 weeks of the notification of appointment and is fulfilled by visiting the CPAC Blueshare website; go to: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>. Click on the Host Admin Office (HAO) – Support Station on the left and review all documents under that tab. For further training, contact the COR.

9-5.4 **Contract Postal Unit Supplier Employee Training**

Supplier training focuses on customer service, product knowledge, and equipment training. A customized video training program, developed by the Retail Partner Integration (HQ Program Office), is provided to the supplier to train both current and future employees.

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 Access Retail 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 the 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 must be kept in the HAO and CPU coordinator's file.

(See Contract Postal Unit Training Record in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

9-5.5 Finance Training for 1412 Daily Reporting Offices

After contract award and receipt of an acceptable CPU bond, the HAO must 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 below in [9-5.5.1](#) through [9-5.5.3](#).

9-5.5.1 Postage Meter at Contract Postal Unit

The HAO provides an authorization letter to the CPU supplier for access to the Postal Meter Resetting System (PMRS). 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 for the CPU supplier are as follows:

- a. Lease the meter at the supplier's expense from an approved meter supplier.
- b. Use the meter exclusively for customer mailings.
- c. Do not use the postage meter for commercial mail services.
- d. 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. Do not allow the combined value of stamp stock and meter postage to exceed the CPU bond limit.
- f. Do not 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. Call the meter manufacturer to add postage.
- i. Report additional postage added on PS Form 3602-PO, *Postage Collected Through Post Office Meter*.

- j. (See Meter Activation Letter and Authorized Postage Evidencing (Postage Meter) Systems Vendors in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

9-5.5.2 CPU Daily Financial Closeout

The CPU contractor must prepare PS Form 1412 to report daily financial transactions performed and submit to the HAO daily with the required supporting documents (i.e., 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 (i.e., 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 Administrative Office.

9-5.5.3 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 must continue to use their green, zippered PS Form 1412 pouches to dispatch their daily financial reports and documents to the assigned HAO.

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

9-6 Equipment, Property, and Supplies

9-6.1 Firm-Fixed-Price or Performance-Based CPU

Firm-Fixed-Price and Performance-Based CPUs are PS Form 1412, *Daily Financial Report*, reporting units. After contract award and receipt of an acceptable CPU bond, the HAO must provide any Postal Service-furnished equipment, property, and supplies as required by the contract as follows:

- a. The HAO must complete an equipment/property/supplies (EPS) inventory list for Firm-Fixed-Price CPUs. Have the EPS list signed by the CPU supplier, and retain the list in the contract administration file. (See EPS Inventory List in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
- b. The Part A — Responsibility Schedule and Part B — Signage Requirements provide the inventory listing for a Performance-Based CPU. The HAO must complete an EPS Inventory List if any additional equipment is provided.

9-6.2 Contract Access Retail System (CARS) CPU

The Part A — Responsibility Schedule and Part B — Signage Requirements provide the inventory listing for a CARS CPU.

The 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 PS Form 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 is 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.

The Postal Service will not provide credit/debit acceptance equipment to any CPU. 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 HAO is responsible for ensuring that all other operational requirements outlined in Publication 116, *Contract Postal Unit Operations Guide*, August 2002 (as applicable), the *Mailing Standards of the United States Postal Service*, Domestic Mail Mail, the International Mail Manual, the HAO Operating Instructions, the HAO Expanded Delegation Authority, and the applicable CPU Activation Checklist are followed. Refer to the HAO Support Station on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>. 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, such as labels, envelopes, Priority Mail supplies, Express Mail supplies, and Global Mail supplies. (See Sample CPU Supply Order Form in the Publication 156 folder on the CPAC blueshare website 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 **Host Administrative Office Responsibilities**

Handbook F-1, section 2-4.1.7.1, 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 Administrative Office at the close of business on the same day business day. The Host Administrative 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. Consider hand delivery if it is the only way to meet the schedule.

The HOA 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 Administrative 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 person who entered the data 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 5-7 of Handbook F-101, *Field Accounting Procedures*.

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 HAO. 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 **Verifying PS Form 1412**

The daily responsibilities of the HAO Postmaster or designated employee are as follows:

- a. Coordinate with the CPU to ensure receipt of a daily PS Form 1412 with supporting documentation. CPUs cannot combine daily reporting mounts from different days on one PS Form 1412.
- b. If applicable, 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

- c. If a CPU issues money orders, 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.
- d. 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.

- e. Enter the CPU's PS Form 1412 via eMOVES.
- f. 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.
- g. Examine the CPU's accountability annually for compliance.
- h. Ensure that the CPU's total accountability does not exceed its bonded amount.
- i. 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.

9-8.3 **Printing Missing Money Order Report**

To print the Missing Money Order Report, access eMOVES and do the following:

- a. 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 HAO must enter new blocks in the unit money order files in MOVES. From each of its CPUs, the HAO must 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. HAOs must input all CPU PS Forms 1412 into MOVES no later than 9:00 A.M. the next morning.

The HAO must receive all reports and documents the morning of the next business day, if possible. If the original reports do not reach the HAO the next morning, faxes are acceptable for data input. However, the original documents must follow and must be verified and filed. Consider hand delivery if it is the only way to meet the schedule. The HAO 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." Submit the original and duplicate to the HAO 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.

See the Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. CARS CPU Activation Checklist.
- b. FF and PB CPU Activation Checklist.
- c. CARS CPU Opening Announcement Letter and FNCM Request.
- d. Non-CARS CPU Opening Announcement Letter.
- e. Press Release for CPU Opening.
- f. Contract Postal Unit Training Record.
- g. Meter Activation Letter.
- h. Authorized Postage Evidencing (Postage Meter) Systems Vendors.
- i. EPS Inventory List.
- j. Sample CPU Supply Order Form.

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 Host Administrative Office's (HAO'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 HAO 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 and Host Administrative Office Appointment

A contracting officer's representative (COR) (Program Office Manager in HQ) and an HAO are appointed at the time of contract award. The HAO 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 HAO conducts CPU performance reviews quarterly to promote continuous quality performance and improve the business relationship. These reviews are called Quarterly Performance Reviews. 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 HAO 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 HAO must issue to the supplier a letter (i.e., Letter of Warning) citing specific conditions of unsatisfactory performance. If the supplier does not correct the problems, then contact the Denver CMC and request a Cure Notice and possible termination of the contract.

- i. (See CPU Quarterly Performance Review Instructions, Contract Postal Unit Quarterly Performance Review, and CPU Quarterly Performance Review Certification in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

10-3.2 **Contract Postal Unit Financial Examinations**

Financial examinations are conducted once a year for Firm-Fixed-Price and Performance-Based CPUs. CPUs with a CARS unit do not require a financial examination. 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 a 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 HAO, 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**

Placement of Post Office box service at a CPU is discouraged and requires an approved deviation from Retail Partners at Headquarters. 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 HAO must review the CPU for compliance with the above-listed procedures when the financial audit is conducted.

10-3.4 **Service Hours Reviews**

The HAO 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 HAO must notify the District Retail office. The HAO and/or District Retail office notifies the supplier that it is in violation of the contract by issuing a "Letter of Warning," 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 HAO, will issue a Cure notice and can terminate the contract.

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

10-3.5.1 **Overview**

All CPUs must 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 CPU Rate Increase Form included in the Rate Increase Package.

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 two years and then every two years thereafter. When the supplier requests a rate increase, the district retail office will send the supplier a rate increase request package. The rate increase request package includes a rate increase request form and a letter explaining the process to be followed in submitting a request. The rate increase package may be downloaded from the applicable folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

(See Rate Increase Request Package in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

10-4.1.1.2 Host Administrative Office

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

10-4.1.2 Review and Recommendation by HAO and CPU Coordinator

10-4.1.2.1 Host Administrative Office's Review

The HAO 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 CPU Rate Increase Form.
- e. Submit the HAO'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 HAO. The HAO 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 (eBuy2 requisition) and a Rate Increase Request Recommendation for the District Manager's approval. (See Sample Rate Increase Request Recommendation in the Publication 156 folder on the

CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

The funding document for a Rate Increase for a Firm-Fixed-Price CPU must reflect the amount of the increase only.

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. Send a copy of this modification to the following recipients:

- a. Supplier.
- b. HAO.
- 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 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. The rate increase package must be submitted to the Denver CMC with the proper box checked for “not approved.”

Disapproval of the request for a rate increase does not preclude the supplier from making additional requests at a later time as long as it is at least 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 — must 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 one 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 HAO and the CPU coordinator follow the same procedures used for a Firm-Fixed-Price contract stated in [10-4.1](#).

(See Sample eBuy2 – Performance-Based Rate Increase and Sample eBuy2 – CARS Performance-Based Rate Increase for funding documents similar to the funding documents for a Firm-Fixed-Price Rate Increase mentioned in [10-4.1.2.2](#) in the Publication 156 folder on the CPAC blueshare website 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 must make the CPU supplier aware of these conditions when establishing the contract.

10-5 Award of a Temporary (Emergency) 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 HAO, 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 generally allowed. Bond can be waived for the first 30 days of a temporary (emergency) contract only. The HAO 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 and the CPU coordinator must annotate the contract file to follow up with the HAO on bond placement. The HAO should notify the Denver CMC buyer when the bond has been received.

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. HAO.
- c. CPU coordinator.

The following actions can be handled by the HAO, after discussion with the District Retail office, without having to refer to the Denver CMC for a modification:

- a. Performance problems: The HAO, 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 HAO 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, the HAO may request a Cure Notice and possible termination of the contract from the CO in the Denver CMC.
- b. Change of hours: The HAO has the authority to change the hours of the contract by working directly with the supplier and providing written notice.
- c. Surety bonds: The HAO 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 HAO sends a notice to the bonding company requesting remuneration of the shortage as stated in the provisions of the surety bond as well as a Letter of Demand for the money.

In all of these cases, the CO in the Denver CMC must be notified and provided copies of all correspondence. For samples and further details on HAO responsibilities, see the Host Admin Office — HAO — Support Station on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

10-7 Disputes

Disputes between the supplier and the HAO are referred to the CO in 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 legal 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 Process Step #5: Measure & Manage Supply in the *USPS Supplying Principles and Practices* and in a Contract Transference document (See Contract Transference Document in

the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

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

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

Novation agreements must be signed by all of the following:

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

The CPU 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.

All documents are reviewed by the HQ Legal Dept. before being signed by the CO in Denver.

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.
- b. A time-specific notice (usually 120 days) 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

Field step processes for terminations can be found in the applicable folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

10-10.1 CPU Close-Out

1. Handbook F-101, *Field Accounting Procedures*, provides instructions for closing out Firm-Fixed Price and Performance-Based CPUs (See Closing a Contract Postal Unit on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>).

2. Because a CARS CPU has no accountability, Handbook F-101 is not applicable. Instead, the CARS unit is shut down and returned (See CARS CPU Shut Down Instructions on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)
3. All equipment, furniture, and signage provided by the USPS must be removed:
 - a. For a Firm Fixed Price CPU refer to Attachment 1 — Requirements.
 - b. For a Performance-Based CPU refer to Part A — Responsibility Schedule and Part B — Signage Requirements.
4. The CPU coordinator must announce the termination to various offices (See CPU Closing Announcement Letter in the Publication 156 folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

See Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the following items:

- a. CPU Quarterly Performance Review Instructions.
- b. Contract Postal Unit Quarterly Performance Review.
- c. CPU Quarterly Performance Review Certification.
- d. Rate Increase Request Package.
- e. Sample Rate Increase Request Recommendation.
- f. Sample eBuy2 — Performance-Based Rate Increase.
- g. Sample eBuy2 — CARS Performance-Based Rate Increase.
- h. Contract Transference Document.
- i. Closing a Contract Postal Unit.
- j. CARS CPU Shut Down Instructions.
- k. CPU Closing Announcement Letter.

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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.

11-1.1 **CPUT**

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 capability.
- c. Area retail personnel who are tasked with monitoring CPU performance have read-only capability.
- d. District retail personnel who are tasked with monitoring CPU performance have read-only capability.
- e. HAO representatives who are tasked with monitoring CPU performance have read-only capability.

11-1.1.1 **Logon ID**

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

11-1.1.2 **Training**

Training is provided by the CPUT user's manual accessible on the CPUT website at: <https://cput.usps.gov/Cput/Welcome.jsp>. Click on "User Guides" at the top of the screen. The CPUT support number is located in the user's manual.

11-1.2 **CPU Payment**

In accordance with the CPU contract, payment for all new CPUs is made via electronic funds transfer (EFT). However, the first payment may 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 supplier's direct deposit form and the HAO must have received the CPU bond (if required).

The CPU coordinator must have approved the build-out (if required) 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.

11-1.3 **Payment Schedule**

Payments will be made automatically, in arrears, by the St. Louis Accounting Service Center (ASC) within 30 days after the end of the performance period.

11-2 Types of Compensation

11-2.1 **Performance-Based CPU Contract**

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 non-negotiable.

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

A Firm-Fixed-Price contract pays the supplier a fixed amount over the annual term of the contract. This amount of compensation is not dependent on the amount of revenue that is generated by the CPU. Except for Public Service contracts, the fixed amount is divided by the annual term, and payment is made in equal monthly installments within 30 days after the end of the performance month. Seasonal and temporary (emergency) contracts are paid, in arrears, only after the months in operation. Public service contracts are paid once annually, in arrears, after the contract anniversary date or on the contract termination date.

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. A CPO usually provides Post Office box service and may also offer general delivery and left-notice article services. A CPO is authorized by the award of either a Firm-Fixed-Price or Performance-Based (usually Non-CARS) contract.

12-2 Establishment of a Community Post Office

When the need for a CPO is established, the Host Administrative Office (HAO) and the CPU coordinator work together to prepare a CPU request package. An approved deviation is required to either open a new or replace an existing CPO. 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, within 30 days after the end of the performance period.

12-3 Activation of a Community Post Office

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

12-4 Management of a Community Post Office

The HAO representative is normally a Postmaster of a classified office (Administrative Office) located near the CPO. The HAO representative 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 HAO 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

Field step processes for CPO terminations can be found in the applicable folder on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.

Before terminating a CPO, the Guidelines for Closing a CPO questionnaire must be completed in its entirety, signed, and dated by the HAO and District Marketing Manager (or designee) and approved by the HQ Program Manager (See Guidelines for Closing a CPO on the CPAC blueshare website at: <http://supply.blueshare.usps.gov/sites/cpac/default.aspx>.)

The Denver CMC CO will provide final review and approval. If deemed necessary, the CO and CPU coordinator will address the possibility of any political ramifications, community issues, etc. with closing the CPO. Refer to the Guidelines for Closing a CPO questionnaire for more information.

12-8 Reporting Requirements for Community Post Office Discontinuance

CPOs are not subject to discontinuance procedures as detailed in Handbook PO-101, *Post Office Discontinuance Guide*. However, there are reporting requirements to meet when a CPO is closed. Refer to the *Postal Operations Manual*, section 123.6 on the Postal Service PolicyNet website at: <http://blue.usps.gov/cpim>.

See Publication 156 folder on CPAC blueshare website at <http://supply.blueshare.usps.gov/sites/cpac/default.aspx> for the Guidelines for Closing a CPO Questionnaire.

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