

**UNITED STATES POSTAL SERVICE
CONTRACT DELIVERY SERVICE (CDS) AND
CDS/TRANSPORTATION COMBINATION CONTRACT**

Terms and Conditions

Date of Issue: September 1, 2018

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PART 1- STATEMENT OF WORK

PART 2 – PROVISIONS

Provision 1-1: Supplier Clearance Requirements (March 2006) (MODIFIED)

The contract resulting from this solicitation will require the contractor or its employees (including subcontractors and their employees) to have access to occupied postal facilities, and/or to postal information and resources, including postal computer systems. Clearance in accordance with MI PO-530-2009-4, Screening Highway Transportation Contractor Personnel, will be required before that access will be permitted. It is the contractor's obligation to obtain and supply to the Postal Service the forms and information required by that regulation.

Offerors must familiarize themselves with the requirements of that section, taking into account in their offices the time and paperwork associated with the screening.

Provision 1-4: Prohibition Against Contracting with Former Postal Service Officers or PCES Executives (March 2006)

The offeror represents that former Postal Service officers or Postal Career Executive Service (PCES) executives will not be employed as key personnel, experts or consultants in the performance of the contract if such individuals, within 1 year of their retirement from the Postal Service, will be performing substantially the same duties as they performed during their career with the Postal Service. In addition, no contract resulting from this solicitation may be awarded to such individuals or entities in which they have a substantial interest, for 1 year after their retirement from the Postal Service, if the work called for in the solicitation requires such individuals to perform substantially the same duties as they performed during their career with the Postal Service.

Provision 1-5: Proposed Use of Former Postal Service Employees (March 2006)

In its proposal, the supplier must identify any former Postal Service employee it proposes to engage, directly or indirectly, in the performance of the contract. The Postal Service reserves the right to require the supplier to replace the proposed individual with an equally qualified individual.

Provision 3-1: Notice of Small, Minority, and Woman-owned Business Subcontracting Requirements (March 2006)

All offerors, except small businesses, must submit with their proposals the contract-specific subcontracting plan required by Clause 3-1: *Small, Minority, and Woman-owned Business Subcontracting Requirements*. Generally, this plan must be agreed to by both the offeror and the Postal Service before award of the contract.

Provision 4-1: Standard Solicitation Provisions (November 2007) (MODIFIED)

- a. Submission of Offers. The Postal Service will provide a Postal Service (PS) Form 7405, *Order / Solicitation / Offer / Award*, to offerors for signature and inclusion with the proposal package.

The proposal(s) submitted by the offeror will require, at a minimum:

- i. Solicitation number.
- ii. The name, address and telephone number of the offeror.
- iii. Price and any discount terms
- iv. "Remit to" address, if different than mailing address.
- v. A completed copy of the representations and certifications (Provision 4-3).
- vi. Acknowledgment of Solicitation Amendments.
- vii. PS Form 7405, *Order / Solicitation / Offer / Award*.

- viii. In addition to the items listed in this provision, offerors must address the items shown in Provision 4-1: *Addendum: Required Information*.
- b. Business Disagreements. Business disagreements may be lodged with the Supplier Disagreement Resolution Official (SDRO) if the offeror and the Contracting Officer have failed to resolve the disagreement as described in 39 CFR Section 601 (available for review at www.gpoaccess.gov/ecfr). The SDRO will consider the disagreement only if it is lodged in accordance with the time limits and procedures described in 39 CFR Section 601. The SDRO's decisions are available for review at www.usps.com.
- c. Late Proposals. Proposals or modifications of proposals received at the address specified for the receipt of proposals after the exact time specified for receipt of proposals will not be considered unless determined to be in the best interest of the Postal Service.
- d. Type of Contract. Fixed Price with Economic Price Adjustment. Adjustments will be made in accordance with the contract and Management Instruction PM-4.4.1-2005-1 which can be found at <http://about.usps.com/management-instructions/p441051.pdf>. Any reference to the Purchasing Manual within the Management Instruction is hereby replaced with the Supplying Principles and Practices.
- e. Contract Award. The Postal Service may evaluate proposals and award contracts without discussions with offerors. Therefore, the offeror's initial proposal should contain the offeror's best terms from a price and technical standpoint. Discussions may be conducted if the Postal Service determines they are necessary. The Postal Service may reject any or all proposals if such action is in the best interest of the Postal Service; accept other than the lowest price proposal, and waive informalities and minor irregularities in proposals received.
- f. Multiple Awards. The Postal Service intends to award one or more contracts under this solicitation.
- g. Incorporation by Reference. Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it in the Postal Service's Supplying Principles and Practices, and its date. The text of incorporated terms may be found in Section 9 (for Provisions) or Section 10 (for Clauses) of the Supplying Principles and Practices, accessible online at <http://about.usps.com/manuals/spp/spp.pdf>.

Provision 4-2: Evaluation (March 2006) (MODIFIED)

- a. General. The Postal Service will award a contract resulting from this solicitation to the offeror whose offer conforming to the solicitation is deemed to offer the Postal Service the best value, price and other factors as specified considered. The Technical Evaluation will be based on the Evaluation Factors listed below, whereas the Price Evaluation will be based on data provided on PS Form 7405. Supplier Eligibility will be graded on a pass/fail basis. Offerors who do not "pass" the Supplier Eligibility criteria will be deemed "not eligible" and will not be further evaluated for award. Evaluation factors will be weighted as designated below.

Evaluation Factors

Supplier Eligibility (Pass / Fail):

The offerors' ability to meet all the required criteria that are necessary to perform operations, to include the following:

- a. Persons ineligible to become suppliers.

1. Employees of the U.S. Postal Service. Members of a Postal Service employee's immediate family or household may be eligible, subject to an internal ethics review.
 2. Business organizations substantially owned or controlled by Postal Service employees. Business organizations substantially owned or controlled by a member of a Postal Service employee's immediate family or household may be eligible, subject to an internal ethics review.
 3. Suppliers suspended, debarred, ineligible, or proposed for suspension, debarment, or ineligibility are also excluded from conducting business with the Postal Service as agents, subcontractors, or representatives of other suppliers.
- b. Persons eligible to become suppliers. Subject to the foregoing exceptions, the following are eligible to hold mail transportation contracts:
1. An individual (if at least 21 years of age).
 2. A partnership, if any partner meets the foregoing age qualification of an individual.
 3. A corporation.

Past Performance (Less important than Operations plan, same as Supplier Capability)

Using the information provided in the offeror's proposal and with its own information and data, the Postal Service will evaluate the following, which are not subfactors but will be considered in reaching an overall rating for this evaluation factor:

- a. Quality & Timeliness: Listing of current or recent Postal contracts, as well as any non-postal employment or contracts that are comparable to Contract Delivery Service. For each contract listed, the offeror should provide a record of adherence to contract requirements, and in the case of non-postal employment or contracts, an additional record of on-time performance.
- b. Business Relations: Established productive business relations (a history of being reasonable and cooperative with customers; commitment to customer satisfaction; integrity, and ethics).

Supplier Capability (Less important than Operations plan, same as Past Performance)

The extent to which the offeror has the resources (e.g., financial, technical, equipment, etc.) adequate to perform the work will be evaluated. The offeror should address the following in the supplier capability section of the proposal. These are not subfactors but will be considered in coming up with an overall rating for this evaluation factor:

- a. The ability to meet the required delivery schedule (e.g., able to begin operations on effective date of start-up of contract performance), considering all existing commitments, including pending awards.
- b. The ability to provide the necessary equipment.
- c. Acceptable financial condition that will allow the Contracting Officer to determine that operations are likely to remain ongoing. Documentation should include a recent credit report. The offeror may also consider submitting additional documentation as applicable to the service. Such documentation might include a current financial statement (income statement, balance sheet, and statement of cash flows) and/or funding documentation from a financial institution.

Operations Plan (More important than both Past Performance and Supplier Capability)

The offeror must include a detailed operations plan in its proposal. The Operations Plan, at a minimum, must address the offeror's plan for all situations listed below. These are not subfactors but will be considered in coming up with an overall rating for this evaluation factor.

- a. Ability to conduct normal operations to include all bulleted items below
 - Operating as a sole proprietor or using hired driver labor
 - Compliance with Department of Labor (DOL) regulations (if applicable)
 - Ability to monitor service performance
 - Ability to secure the mail
- b. Ability to handle contingency operations to include
 - Extra trips
 - Schedule changes
 - Equipment breakdowns
 - Inclement weather during operations
 - Supplier or hired driver absence (substitute driver plan)

Price Proposal Evaluation

Box 2 on PS Form 7405 (Rate of Compensation) will be used to analyze each of the offeror’s proposal(s). The offered price must include all elements of cost the offeror expects to incur in performing service. The rates may be carried out to a maximum of four decimal places.

- b. Best Value Decision. Award will be made to the offeror who proposes the best value to the Postal Service. Technical Factors are more important than price. In determining potential tradeoffs to arrive at the best value selection, the Postal Service will assess the strengths, weaknesses, and deficiencies between or among competing technical proposals from the standpoint of 1) what the difference might mean in terms of anticipated performance; and 2) what the evaluated cost would be for the Postal Service to take advantage of that difference.

Award will not necessarily be made to the offeror who provides the highest-rated technical proposal or to the offeror who offers the lowest price. Price is more important in selecting between or among closely ranked technical proposals. In making any price-technical tradeoff, the Postal Service also does not intend to pay a premium price unless there is a significant technical advantage justifying a higher price.

The Postal Service reserves the right to not award a contract based on this solicitation should it deem that a non-award is in its best interest. Awards will not be made to offerors whose proposals are not competitively priced or to offerors with poor technical proposals.

- c. Notice of Award. A written notice of award or acceptance of proposal mailed or otherwise furnished to the successful offeror within the time for acceptance specified in the proposal, will result in a binding contract without further action by either party. Before the proposal’s specified expiration time, the Postal Service may accept a proposal (or part of a proposal), whether or not there are negotiations after its receipt, unless a written notice of withdrawal is received before award.

Provision 4-3: Representations and Certifications (November 2012)

A. *Type of Business Organization.* The offeror, by checking the applicable blocks, represents that it:

- 1. Operates as:
 - ___ a corporation incorporated under the laws of the state of _____; or country of _____ if incorporated in a country other than the United States of America.
 - ___ an individual;

- a partnership;
- a joint venture;
- a limited liability company;
- a nonprofit organization; or
- an educational institution; and

2. Is (check all that apply)

- a small business concern;
- a minority business (indicate minority below):
- Black American
- Hispanic American
- Native American
- Asian American:
- a woman-owned business; or
- none of the above entities.

a. A small business concern for the purposes of Postal Service purchasing means a business, including an affiliate, that is independently owned and operated, is not dominant in producing or performing the supplies or services being purchased, and has no more than 500 employees, unless a different size standard has been established by the Small Business Administration (see 13 CFR 121, particularly for different size standards for airline, railroad, and construction companies). For subcontracts of \$50,000 or less, a subcontractor having no more than 500 employees qualifies as a small business without regard to other factors.

b. *Minority Business.* A minority business is a concern that is at least 51 percent owned by, and whose management and daily business operations are controlled by, one or more members of a socially and economically disadvantaged minority group, namely U.S. citizens who are Black Americans, Hispanic Americans, Native Americans, or Asian Americans. (Native Americans are American Indians, Eskimos, Aleuts, and Native Hawaiians. Asian Americans are U.S. citizens whose origins are Japanese, Chinese, Filipino, Vietnamese, Korean, Samoan, Laotian, Kampuchean (Cambodian), Taiwanese, in the U.S. Trust Territories of the Pacific Islands or in the Indian subcontinent.)

c. *Woman-owned Business.* A woman-owned business is a concern at least 51 percent of which is owned by a woman (or women) who is a U.S. citizen, controls the firm by exercising the power to make policy decisions, and operates the business by being actively involved in day-to-day management.

d. *Educational or Other Nonprofit Organization.* Any corporation, foundation, trust, or other institution operated for scientific or educational purposes, not organized for profit, no part of the net earnings of which inures to the profits of any private shareholder or individual.

3. Is (check all that apply)

- a Postal Service employee or a business organization substantially owned or controlled by such an individual
- a spouse of a Postal Service employee or a business organization substantially owned or controlled by such an individual
- another family member of a Postal Service employee or a business organization substantially owned or controlled by such an individual

- ___ an individual residing in the same household as a Postal Service employee or a business organization substantially owned or controlled by such an individual.

(Note: Offers from any of the sources listed in subparagraph A.3, may not be considered for an award pending review and recommendation by the Postal Service Ethics Office.)

B. Parent Company and Taxpayer Identification Number

1. A parent company is one that owns or controls the basic business policies of an offeror. To own means to own more than 50 percent of the voting rights in the offeror. To control means to be able to formulate, determine, or veto basic business policy decisions of the offeror. A parent company need not own the offeror to control it; it may exercise control through the use of dominant minority voting rights, proxy voting, contractual arrangements, or otherwise.
2. Enter the offeror's U.S. Taxpayer Identification Number (TIN) in the space provided. The TIN is the offeror's Social Security number or other Employee Identification Number (EIN) used on the offeror's Quarterly Federal Tax Return, U.S. Treasury Form 941, or as required by Internal Revenue Service (IRS) regulations. Offeror's TIN:

3. IRS Form W-9, Request for Taxpayer Identification Number and Certification. You must complete a copy of IRS Form W-9 and attach it to this certification.
4. Check this block if the offeror is owned or controlled by a parent company:

5. If the block above is checked, provide the following information about the parent company:
 - Parent Company's Name: _____
 - Parent Company's Main Office: _____
 - Address: _____
 - No. and Street: _____
 - City: _____ State: _____ ZIP Code: _____
 - Parent Company's TIN: _____
6. If the offeror is a member of an affiliated group that files its federal income tax return on a consolidated basis (whether or not the offeror is owned or controlled by a parent company, as provided above) provide the name and TIN of the common parent of the affiliated group
Name of Common Parent: _____
Common Parent's TIN: _____

C. Certificate of Independent Price Determination

1. By submitting this proposal, the offeror certifies, and in the case of a joint proposal each party to it certifies as to its own organization, that in connection with this solicitation:
 - a. The prices proposed have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to the prices with any other offeror or with any competitor;
 - b. Unless otherwise required by law, the prices proposed have not been and will not be knowingly disclosed by the offeror before award of a contract, directly or indirectly to any other offeror or to any competitor; and
 - c. No attempt has been made or will be made by the offeror to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

2. Each person signing this proposal certifies that:
 - a. He or she is the person in the offeror's organization responsible for the decision as to the prices being offered herein and that he or she has not participated, and will not participate, in any action contrary to paragraph a above; or
 - b. He or she is not the person in the offeror's organization responsible for the decision as to the prices being offered but that he or she has been authorized in writing to act as agent for the persons responsible in certifying that they have not participated, and will not participate, in any action contrary to paragraph a above, and as their agent does hereby so certify; and he or she has not participated, and will not participate, in any action contrary to paragraph a above.
3. Modification or deletion of any provision in this certificate may result in the disregarding of the proposal as unacceptable. Any modification or deletion should be accompanied by a signed statement explaining the reasons and describing in detail any disclosure or communication.

D. Certification of Nonsegregated Facilities

1. By submitting this proposal, the offeror certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform services at any location under its control where segregated facilities are maintained. The offeror agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract.
2. As used in this certification, segregated facilities means any waiting rooms, work areas, rest rooms or wash rooms, restaurants or other eating areas, time clocks, locker rooms or other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment area, transportation, or housing facilities provided for employees that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise.
3. The offeror further agrees that (unless it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors before awarding subcontracts exceeding \$10,000 that are not exempt from the provisions of the Equal Opportunity clause; that it will retain these certifications in its files; and that it will forward the following notice to these proposed subcontractors (except when they have submitted identical certifications for specific time periods):
Notice: A certification of nonsegregated facilities must be submitted before the award of a subcontract exceeding \$10,000 that is not exempt from the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (quarterly, semiannually, or annually).

E. Certification Regarding Debarment, Proposed Debarment, and Other Matters (This certification must be completed with respect to any offer with a value of \$100,000 or more.)

1. The offeror certifies, to the best of its knowledge and belief, that it or any of its principals:
 - a. Are ___ are not ___ presently debarred or proposed for debarment, or declared ineligible for the award of contracts by any Federal, state, or local agency;
 - b. Have ___ have not ___, within the three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery,

- falsification or destruction of records, making false statements, tax evasion, or receiving stolen property;
- c. Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (b) above;
 - d. Have ___ have not ___ within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in conjunction with obtaining, attempting to obtain, or performing a public (Federal, state or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion or receiving stolen property; and
 - e. Are ___ are not ___ presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in subparagraph (d) above.
2. The offeror has ___ has not ___, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal, state, or local agency.
 3. "Principals," for the purposes of this certification, means officers, directors, owners, partners, and other persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of a subsidiary, division, or business segment, and similar positions).
 4. The offeror must provide immediate written notice to the contracting officer if, at any time prior to contract award, the offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
 5. A certification that any of the items in E.1 and E.2 of this provision exists will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered as part of the evaluation of the offeror's capability (see the Conduct Supplier Capability Analysis topic of the Evaluate Proposals task of Process Step 2: Evaluate Sources, in the Postal Service's *Supplying Practices*). The offeror's failure to furnish a certification or provide additional information requested by the contracting officer will affect the capability evaluation.
 6. Nothing contained in the foregoing may be construed to require establishment of a system of records in order to render, in good faith, the certification required by E.1 and E.2 of this provision. The knowledge and information of an offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
 7. This certification concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under section 1001, Title 18, United States Code.
 8. The certification in E.1 and E.2 of this provision is a material representation of fact upon which reliance was placed when making the award. If it is later determined that the offeror knowingly rendered an erroneous certification, in addition to other remedies available to the Postal Service, the contracting officer may terminate the contract resulting from this solicitation for default.

Provision 9-2: Preaward Equal Opportunity Compliance Review

If the contract award will be \$10 million or more, the prospective supplier and its known first-tier subcontractors with subcontracts of \$10 million or more will be subject to a preaward compliance review. In order to qualify for award, the prospective supplier and first-tier subcontractors must be found in compliance pursuant to 41 CFR 60-1.20.

Instructions to Offerors Provision:

In order for the Postal Service to evaluate proposals in accordance with the criteria stated in Provision 4-2, the following information must be provided. In general, the offeror should be concerned with providing specific facts in lieu of broad generalizations and flowery descriptions. The offeror must also complete and return the Representations and Certifications (Provision 4-3). Instructions for proposal submittal are contained in the table below.

All proposal submissions must be submitted electronically by the time and date indicated on Form 7435.

Failure to submit the required information as outlined below may result in a proposal being deemed unacceptable. Unacceptable proposals may not be considered for evaluation or award.

Section	Criteria
1	Supplier Eligibility
2	Past Performance
3	Supplier Capability
4	Operations Plan
5	Representations and Certifications (Provision 4-3)
6	Subcontracting Plan (If Applicable)
7	Completed and Signed PS Form 7405
8	Completed Price Worksheet

Evaluation Factors

- **Section 1- Supplier Eligibility**
The offeror must provide sufficient information for the evaluation team to determine that the offeror is eligible to perform all the services required for the full term of the resultant contract. Information submitted must allow the evaluators to determine the offeror’s eligibility relating to the factors set forth in “Supplier Eligibility” in Provision 4-2, *Evaluation*.
- **Section 2- Past Performance**
The offeror must provide sufficient information for the evaluation team to determine its performance level on contracts and other business arrangements of similar size and scope. Information submitted should allow the evaluators to determine the offeror’s past performance relating to the factors set forth in “Past Performance,” in Provision 4-2, *Evaluation*.
- **Section 3- Supplier Capability**
The offeror must provide sufficient information for the evaluation team to determine the offeror is able to perform all the services required for the full term of the resultant contract. Information submitted must allow the evaluators to determine the offeror’s capability relating to the factors set forth in “Supplier Capability” in Provision 4-2, *Evaluation*. This solicitation should be addressed as though this is the first time an offeror is doing business with the Postal Service.

- **Section 4- Operations Plan**

Offerors must provide an Operations Plan for dealing with normal daily operations, as well as unscheduled and unexpected events. The offeror must provide sufficient information for the evaluation team to determine the offeror's ability to implement and execute the proposed Operations Plan, as it responds to the factors set forth below in Provision 4-2, *Evaluation*, "Operations Plan."

- **Section 5- Representations and Certifications**

The Representations and Certifications pursuant to Provision 4-3 must be executed and returned with the proposal.

- **Section 6- Subcontracting Plan (If applicable)**

A subcontracting plan is required if the proposal for the term of the contract is equal to or exceeds \$1,000,000 **or** if the supplier plans to use subcontractors to operate a part or all of the transportation service. For example, if a supplier proposes an annual rate of \$250,000 and the period of performance is four (4) years then a Subcontracting Plan would be required ($\$250,000 \times 4 = \$1,000,000$). If required, the offeror is required to develop and submit a detailed subcontracting plan that meets the requirements of Clause 3-1 with its proposal. Lack of an approved plan may make the offeror ineligible for award.

A subcontract is defined as any agreement (other than one involving an employer-employee relationship) entered into between a Postal Service supplier and subcontractor calling for supplies or services required for performance of the contract or subcontract (reference Clause 3-1).

- **Section 7- PS Form 7405**

The offeror must provide a completed and signed PS Form 7405.

The following instructions should be closely followed in completing this form:

Item 1. Fill in the solicitation number, date of the solicitation, and the terminal points of the route exactly as they appear on the solicitation.

Item 2. In the first space, write out the exact amount of the offered price as calculated on the Price Worksheet Attachment. In the second space, insert the numerical amount. Make certain that the amounts set forth in both spaces are exactly the same.

Item 3. In blocks a, b, and c, enter the complete name, address and phone number of the offeror. Enter the offeror's DOT number in block d. Enter the Employer Identification Number (Social Security Number if the offeror is an individual) in block e. Complete blocks f and g only if proposals are being submitted for box delivery routes.

Complete the remainder of the form, including the appropriate certificate, and other items on the reverse, and sign the form as offeror.

- **Section 8- Completed Price Worksheet**

The offeror must provide its price proposal in accordance with the unit type(s) identified on PS Form 7405 using box 2 (Rate of Compensation). PS Form 7405 will be used to analyze each of the offeror's proposal(s). The offered price must include all elements of cost the offeror expects to incur in performing service. The rates may be carried out to a maximum of four decimal places.

The estimated per trip miles shown on the schedule or special notes are given only as information. Prior to submitting a proposal for a route, the offeror should determine the actual miles that must be covered. The contract price will neither be increased nor decreased if the actual distance is greater or less than advertised. Suppliers are expected to state all mileage necessary to accomplish the service to include any portal, fueling or other mileage necessary including any miles in excess of the stated schedule mileage.

The hours shown on the schedule are the Postal Service's estimates of the minimum hours necessary to operate the required trips and are believed to be substantially correct; they do not include wash-up time, vehicle inspections, etc. However, Suppliers are expected to state all hours necessary to accomplish the service in their cost proposal to include wash-up, vehicle inspection, and portal time even if it is in excess of the estimated schedule hours.

PART 3 – CLAUSES

Clause B1 Definitions (March 2006)

As used in this contract, the following terms have the following meanings:

- a. Contracting Officer – The person executing this contract on behalf of the Postal Service, and any other officer or employee who is a properly designated contracting officer; the term includes, except as otherwise provided in the contract, the authorized representative of a Contracting Officer acting within the limits of the authority conferred upon that person.
- b. Administrative Official – See the Administrative Official Clause below
- c. Mail – U.S. and foreign materials, equipment and supplies sent or carried in the postal system.
- d. Route – The course of travel as described in this contract, as the same may be extended, curtailed, or otherwise altered in accordance with the terms of this contract.
- e. Supplier – The person or persons, partnership or corporation that will be providing the service advertised in this solicitation.

Clause B-3: Contract Type (March 2006) (Modified)

This is a Fixed Price contract with Economic Price Adjustment. Adjustments will be made in accordance with the contract and Postal Service Management Instruction PM-4.4.1-2005-1 which can be found <http://about.usps.com/management-instructions/p441051.pdf>. Any reference to the Purchasing Manual within the Management Instruction is hereby replaced with the Supplying Principles and Practices.

Clause B-9 Claims and Disputes (March 2006)

- a. This contract is subject to the Contract Disputes Act of 1978 (41 U.S.C. 7101-7109) ("the Act" or "CDA").
- b. Except as provided in the Act, all disputes arising under or relating to this contract must be resolved under this clause.
- c. "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract.

However, a written demand or written assertion by the supplier seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph d.2 below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount is not acted upon in a reasonable time.

- d.
 - (1) A claim by the supplier must be made in writing and submitted to the contracting officer for a written decision. A claim by the Postal Service against the supplier is subject to a written decision by the contracting officer.

- (2) For supplier claims exceeding \$100,000, the supplier must submit with the claim the following certification: "I certify that the claim is made in good faith, that the supporting data are accurate and complete to the best of my knowledge and belief, that the amount requested accurately reflects the contract adjustment for which the supplier believes the Postal Service is liable, and that I am duly authorized to certify the claim on behalf of the supplier."
 - (3) The certification may be executed by any person duly authorized to bind the supplier with respect to the claim.
- e. For supplier claims of \$100,000 or less, the contracting officer must, if requested in writing by the supplier, render a decision within 60 days of the request. For supplier-certified claims over \$100,000, the contracting officer must, within 60 days, decide the claim or notify the supplier of the date by which the decision will be made.
 - f. The contracting officer's decision is final unless the supplier appeals or files a suit as provided in the Act.
 - g. When a CDA claim is submitted by or against a supplier, the parties by mutual consent may agree to use an alternative dispute resolution (ADR) process to assist in resolving the claim. A certification as described in d(2) of this clause must be provided for any claim, regardless of dollar amount, before ADR is used.
 - h. The Postal Service will pay interest in the amount found due and unpaid from:
 - (1) The date the contracting officer receives the claim (properly certified, if required); or
 - (2) The date payment otherwise would be due, if that date is later, until the date of payment.
 - i. Simple interest on claims will be paid at a rate determined in accordance with the Interest clause.
 - j. The supplier must proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the contracting officer.

Clause B-15: Notice of Delay (March 2006)

Immediately upon becoming aware of any difficulties that might delay deliveries under this contract, the supplier will notify the contracting officer in writing of them. The notification must identify the difficulties, the reasons for them, and the estimated period of delay anticipated. Failure to give notice may preclude later consideration of any request for an extension of contract time.

Clause B-16: Suspensions and Delays (March 2006)

- a. If the performance of all or any part of the work of this contract is suspended, delayed, or interrupted by:
 - (1) An order or act of the contracting officer in administering this contract; or
 - (2) By a failure of the contracting officer to act within the time specified in this contract - or within a reasonable time if not specified - an adjustment will be made for any increase in the cost of performance of this contract caused by the delay or interruption (including the costs incurred during any suspension or interruption). An adjustment will also be made in the delivery or performance dates and any other contractual term or condition affected by the suspension, delay, or interruption. However, no adjustment may be made under this clause for any delay or interruption to the extent that performance would have been delayed or interrupted by any

other cause, including the fault or negligence of the supplier, or for which an adjustment is provided or excluded under any other term or condition of this contract.

b. A claim under this clause will not be allowed:

- (1) For any costs incurred more than 20 days before the supplier has notified the contracting officer in writing of the act or failure to act involved; and
- (2) Unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the delay or interruption, but not later than the day of final payment under the contract.

Clause B-19 Excusable Delays (March 2006)

- a. Except with respect to defaults of subcontractors, the supplier will not be in default by reason of any failure in performing this contract in accordance with its terms (including any failure by the supplier to make progress in the prosecution of the work that endangers performance) if the failure arises out of causes beyond the control and without the fault or negligence of the supplier. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the government in its sovereign capacity or of the Postal Service in its contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the supplier.
- b. If failure to perform is caused by the failure of a subcontractor to perform or make progress and arises out of causes beyond the control of both the supplier and subcontractor, and without the fault or negligence of either of them, the supplier will not be deemed to be in default, unless:
 - (1) The supplies or services to be furnished by the subcontractor are obtainable from other sources;
 - (2) The contracting officer orders the supplier in writing to procure the supplies or services from other sources; and
 - (3) The supplier fails to comply reasonably with the order.
- c. Upon request of the supplier, the contracting officer will ascertain the facts and extent of failure, and if the contracting officer determines that any failure to perform was occasioned by any of the said causes, the delivery schedule will be revised accordingly, subject to the rights of the Postal Service under any termination clause included in this contract.
- d. As used in this clause, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

Clause B-22 Interest (March 2006)

The Postal Service will pay interest on late payments and unearned prompt payment discounts in accordance with the Prompt Payment Act, 31 U.S.C. 3901 et seq., as amended by the Prompt Payment Act Amendments of 1988, P.L. 100-496.

Clause B-26: Protection of Postal Service Buildings, Equipment, and Vegetation (March 2006)

The supplier must use reasonable care to avoid damaging buildings, equipment, and vegetation (such as trees, shrubs, and grass) on the Postal Service installation. If the supplier fails to do so and damages any

buildings, equipment, or vegetation, the supplier must replace or repair the damage at no expense to the Postal Service, as directed by the contracting officer. If the supplier fails or refuses to make repair or replacement, the supplier will be liable for the cost of repair or replacement, which may be deducted from the contract price.

Clause B-30 Permits and Responsibilities (March 2006)

The supplier is responsible, without additional expense to the Postal Service, for obtaining any necessary licenses and permits, and for complying with any applicable federal, state, and municipal laws, codes, and regulations in connection with the performance of the contract. The supplier is responsible for all damage to persons or property, including environmental damage that occurs as a result of its omission(s) or negligence. The supplier must take proper safety and health precautions to protect the work, the workers, the public, the environment, and the property of others.

Clause B-39: Indemnification (March 2006)

The supplier must save harmless and indemnify the Postal Service and its officers, agents, representatives, and employees from all claims, losses, damage, actions, causes of action, expenses, and/or liability resulting from, brought for, or on account of any personal injury or property damage received or sustained by any person, persons or property growing out of, occurring, or attributable to any work performed under or related to this contract, resulting in whole or in part from negligent acts or omissions of the supplier, any subcontractor, or any employee, agent, or representative of the supplier or any subcontractor.

Clause B-64 Accountability of the Supplier (Highway) (March 2006)

- a. The supplier must supervise its operations and the operations of its subcontractors which provide services under this contract personally or through representatives. The supplier or its supervising representatives must be easily accessible in the event of emergencies or interruptions in service.
- b. In all cases, the supplier will be strictly liable to the Postal Service for the Postal Service's actual damages if mail is subject to loss, rifling, damage, wrong delivery, depredation, and other mistreatment while in the custody and control of the supplier or its subcontractors. The supplier will also be accountable and answerable in damages for the faithful performance of all other obligations assumed under this contract, whether or not it has entrusted part or all of its performance to another, except
 - (1) The supplier is not liable for its failure to perform if the failure arises out of circumstances beyond its control, and without its fault or negligence, and
 - (2) The supplier is not liable for a failure of its subcontractors to perform if the subcontractor's failure arises out of circumstances beyond the supplier or the subcontractor's control, and without the fault or negligence of either.
- c. The supplier must faithfully account for and deliver to the Postal Service all
 - (1) Mail,
 - (2) Moneys, and
 - (3) Other property of any kind belonging to or entrusted to the care of the Postal Service, that come into its possession during the term of this contract.

- d. The supplier must, promptly upon discovery, refund (i) any overpayment made by the Postal Service for service performed, or (ii) any payment for service not rendered.

Clause B-65: Adjustments to Compensation (March 2006) (Modified)

Contract compensation may be adjusted, from time to time, by mutual agreement of the supplier and the contracting officer.

- a. Any such adjustments must be made in accordance with the provisions of this clause and any U.S. Postal Service Management Instruction governing adjustments in effect on the date of adjustment.
- b. In connection with an adjustment, the contracting officer may examine such records and books of account maintained by the supplier as the contracting officer may deem necessary.
- c. Adjustments in compensation pursuant to this clause will be memorialized by formal amendment to the contract.
- d. Should the Postal Service introduce procedures which affect the supplier's obligations with respect to the costs of taxes, the contract price will be adjusted with respect to those costs, pro rata, without entitlement to other compensation for those adjustments, subject to the resolution of any dispute about the adjustments under the Claims and Disputes clause.

Clause B-67 Changes (Transportation) (March 2006) (Modified)

a. Service Changes

- (1) Minor Service Changes. The contracting officer may, at any time, without consulting the supplier, issue orders directing an extension, curtailment, change in line of travel, revisions of route, or increase or decrease in frequency of service or number of trips and fixing an adjustment in the supplier's compensation which increases or decreases the supplier's rate of pay by no more than \$5,000 for Transportation Contracts and no more than \$2,500 for Contract Delivery Service Contracts. If the supplier believes the increase or decrease in contract price ordered by the Contracting Officer is not accurate, it may request an adjustment in compensation. The supplier will proceed diligently in accordance with minor service changes ordered unilaterally by the contracting officer. Disputes concerning such orders will be resolved pursuant to the Claims and Disputes clause.
- (3) Other Service Changes. Service changes other than minor service changes, including increases or decreases in compensation, may be made by mutual agreement of the contracting officer and the supplier. Such changes will be memorialized by formal amendment to the contract. Upon execution of the bilateral amendment to the contract, the supplier waives all rights to further claims relating to the facts and events that gave rise to the service change.

b. Extra Trips

- (1) An extra trip is an additional trip of service operated on an infrequent time basis from the contract point of origin. Extra trips can be negotiated in advance of the performance when the contracting officer deems it appropriate. However, the contracting officer may order the supplier to perform such extra service at the pro rata contract rate. If no rate of pay for extra trips has been negotiated in advance, the supplier will nonetheless perform such extra trips as are ordered by the contracting officer and may, on an after-the-fact basis, request a lump sum reimbursement for the difference between costs incurred as a direct result of performing such extra trips and pro rata payment for such trips, provided that such claims costs are adequately supported by documentary evidence furnished to the contracting officer. Claims

for compensation above pro rata pay for extra trips must be filed in writing with the contracting officer, accompanied by full supporting documentation of costs, no later than 90 days after the performance of such extra trips. When the contracting officer has ordered several extra trips under a single order, the 90-day period begins on the date of performance of the last trip performed under such order. Failure to agree to such compensation above pro rata pay will be resolved under the Claims and Disputes clause.

- c. Detours – When the regular line of travel of a contract route is impassable and the supplier performs full service over another and longer line of travel, the supplier's compensation will be equitably increased for such service; provided, however, that such increase;
 - (1) Comprises at least \$1.00 (one dollar) in an Postal Accounting Period, and
 - (2) Does not exceed an amount determined by multiplying the additional miles actually traveled by the rate per mile that applies to the trip on which the detour was made, determined by dividing the regular compensation for the trip by the regular number of miles.

Note: No payments will be made with respect to any detour not reported to the contracting officer or the contracting officer's designee within 90 days after the detoured service is performed.

Clause B-68: Changes in Corporate Ownership or Officers (March 2006)

- a. This clause applies only if the supplier is a corporation and it holds no other regular highway transportation contracts or the aggregate annual rate dollar value of any regular highway transportation contracts it holds is less than \$150,000.
- b. A principal owner is any individual, partnership, corporation, or other entity which holds 25 percent or more of the supplier's stock. Corporate officers are the President, Vice President, and Secretary.
- c. The supplier will furnish the contracting officer, in writing, the names of its principal owners and its corporate officers before contract award, renewal or novation.
- d. Except in the case of death or incapacity of one or more of the principal owners or corporate officers, the supplier must notify the contracting officer in writing not less than 30 days prior to any planned change in the principal owners or corporate officers.
- e. In the event of death or incapacity of one or more of the principal owners or corporate officers, the supplier must notify the contracting officer in writing within 30 days.

Clause B-69 Events of Default (March 2006) (MODIFIED)

The supplier's right to perform this contract is subject to termination under the clause entitled Termination for Default. The following constitute events of default, and this contract may be terminated pursuant to that Clause.

- a. The supplier's failure to perform service according to the terms of the contract;
- b. If the supplier has been administratively determined to have violated Postal laws and regulations and other laws related to the performance of the service;
- c. Failure to follow the instructions of the contracting officer;

- d. If the supplier transfers or assigns his contract, except as authorized herein, or sublets the whole or a portion of this contract contrary to the applicable provisions of the U.S. Postal Service Supplying Principles and Practices or without any required approval of the contracting officer;
- e. If the supplier combines to prevent others from proposing for the performance of Postal Service contracts;
- f. The supplier's failure to properly account, deliver and pay over moneys, mail and other property pursuant to this contract;
- g. If the supplier or a partner, if the supplier is a partnership, or a principal owner or corporate officer, if the supplier is a corporation,
 - (1) has been or is, during the term of the contract, convicted of a crime of moral turpitude affecting his or her reliability or trustworthiness as a mail transportation supplier, such as any form of theft, fraud, embezzlement or assault, or
 - (2) associates with known criminals, or
 - (3) otherwise is not reliable, trustworthy or of good character
- h. Any breach by the supplier or subcontractor of any warranty contained in PS Form 7465, Transportation Services Subcontract;
- i. If the supplier allows any employed individual to operate a vehicle in connection with this contract who has a record indicating that it would be hazardous for that individual to do so;
- j. If the supplier's transportation equipment is insufficient, inadequate, or otherwise inappropriate for the service;
- k. If the supplier employs any individual in connection with the contract contrary to the instructions of the contracting officer;
- l. If at any time the supplier, its principal owners, corporate officers or personnel are disqualified by law or regulation from performing services under this contract, and upon notice thereof, the supplier fails to remove any such disqualification;
- m. If the supplier fails to establish and maintain continuously in effect insurance as required by this contract, or fails to provide proof of insurance prior to commencement of service and thereafter as required by the contracting officer;
- n. If the supplier fails to provide any notification of a change in principal owners or corporate officers which this contract may require; or
- o. If the supplier materially breaches any other requirement or clause of this contract;
- p. When a supplier has multiple contracts with the Postal Service, a material breach under one contract may be grounds for termination of the supplier's remaining contracts, if the contracting officer determines that termination is in the best interests of the Postal Service.

Clause B-74: Payment (Highway) (March 2006) (Modified)

- a. Scheduled Payments – The Accounting Service Center (ASC) will pay the supplier automatically at the conclusion of each month for which payment is due. Since the fixed price should be expressed as an annual rate, payment will be computed by dividing the annual rate stated in this contract by 365

(or 366 for a leap year), and multiplying that result by the number of days in that month. If this contract ends before the end of a month, payment will be based on the number of days within that period during which the contract was in force. The leap year calculation begins on July 1 of the year before the leap year.

- b. Payment for Extra Service – Compensation will be based upon the unit rate, multiplied by the actual number of units performed.

Clause B-77 Protection of the Mail (March 2006)

The supplier must protect and safeguard the mail from loss, theft, or damage while it is in the supplier's custody or control and prevent unauthorized persons from having access to the mail.

Clause B-78 Renewal (March 2006) (Surface Transportation) (Modified)

In accordance with 39 U.S.C. § 5005, this contract may be renewed by mutual agreement of the parties. If the Postal Service desires to renew a surface transportation contract, the Postal Service will notify the supplier prior to the expiration of the current contract and request a renewal proposal, which will be subject to negotiation. A renewal contract is considered a new contract award, not an extension of the current contract. The Postal Service reserves the right to decide not to enter into a renewed contract with the supplier.

Clause B-79 Forfeiture of Compensation (March 2006)

If the supplier fails to perform a trip for any reason, the supplier will forfeit the compensation otherwise due for that trip. If the supplier fails to perform a trip, and such failure is due to the fault or negligence of the supplier or of its subcontractors, the supplier will be liable for all damages actually suffered by the Postal Service by reason of such failure.

Clause B-80 Laws and Regulations Applicable (March 2006)

This contract and the services performed under it are subject to all applicable federal, state and local laws and regulations. The supplier will faithfully discharge all duties and obligations imposed by such laws and regulations, and will obtain and pay for all permits, licenses, and other authorities required to perform this contract.

Clause B-81: Information or Access by Third Parties (May 2006)

The Postal Service retains exclusive authority to release any or all information about mail matter in the custody of the supplier and to permit access to that mail in the custody of the supplier. All requests by non-postal individuals (including employees of the supplier) for information about mail matter in the custody of the supplier or for access to mail in the custody of the supplier must be referred to the contracting officer or his or her designee.

Clause B-82: Access by Officials (March 2006)

The supplier will deny access to the cargo compartment of a vehicle containing mail therein to Federal, state or local officials except at a postal facility and in the presence of a postal employee, unless to prevent damage to the vehicle or its contents.

Clause 1-1: Privacy Protection (October 2014)

In addition to other provisions of this contract, the supplier agrees to the following:

- a. *Privacy Act* — If the supplier operates a system of records on behalf of the Postal Service, the Privacy Act (5 U.S.C. 522a), the Postal Service regulations at 39 CFR Parts 266–267, and Handbook AS-353, *Guide to Privacy, the Freedom of Information Act*, and Records Management and Appendix, apply to those records. The supplier is considered to operate a system of records if it maintains records (including collecting, using, revising, deleting, or disseminating records) from which information is retrieved by the name of an individual or by some number, symbol, or other identifier assigned to the individual. The supplier must comply with the Act and the Postal Service regulations and Handbook AS-353 in designing, developing, managing, and operating the system of records, including ensuring that records are current and accurate for their intended use, and incorporating adequate safeguards to prevent misuse or improper disclosure of personal information. Violations of the Act may subject the violator to criminal penalties.
- b. Information Pertaining to Individuals (“Personal Information”) — If the supplier has access to Postal Service information pertaining to individuals (e.g. customer or employee information), including address information, whether collected online or offline by the Postal Service or by a supplier acting on its behalf, the supplier must comply with the following:
 - (1) General — With regard to the Postal Service customer information to which it has access pursuant to this contract, the supplier has that access as an agent of the Postal Service and must adhere to its official Privacy Policy at <http://usps.com/privacypolicy>.
 - (2) Use, Ownership, and Nondisclosure — The supplier may use Postal Service Personal Information solely for the purposes of this contract, and may not collect or use such information for non-Postal Service marketing, promotion, or any other purpose without the prior written approval of the contracting officer. The supplier may not maintain, access, or store (including archival back-ups) any Personal Information data outside the United States. The supplier must restrict access to such information to those employees who need the information to perform work under this contract, and must ensure that each such employee (including subcontractors’ employees) sign a nondisclosure agreement, in a form suitable to the contracting officer, prior to being granted access to the information. The Postal Service retains sole ownership and rights to its Personal Information. Unless the contract states otherwise, upon completion of the contract the supplier must turn over all Postal Service Personal Information and any copies of the information, in any form the Personal Information or copies may exist, in its possession to the Postal Service. In addition, the supplier must certify that no Postal Service Personal Information and, if applicable, copies, have been retained unless otherwise authorized in writing by the contracting officer. If so required elsewhere in this contract, the information or copies must be destroyed by the supplier and the supplier must certify to the contracting officer that such destruction has taken place.
 - (3) Security Plan — When applicable, and unless waived in writing by the contracting officer, the supplier must work with the Postal Service to develop and implement a security plan that addresses the protection of Personal Information. The plan will be incorporated into the contract and followed by the supplier, and must, at a minimum, address notification to the Postal Service of any security breach. If the contract does not include a security plan at the time of contract award, it must be added within 60 days after contract award.
 - (4) Breach Notification — If there is any actual or suspected breach of any nature in the security of Postal Service data, including Personal Information, the supplier must notify the contracting officer and the Postal Service’s Chief Privacy Officer as soon as practicable but no later than 24 hours following the detection of a suspected or confirmed breach. The supplier will be required to follow Postal Service policies regarding breach notification to customers and/or employees.

Legal Demands for Information — If a legal demand is made for Postal Service Personal Information (such as by subpoena), the supplier must immediately notify the contracting officer and follow the applicable requirements in 39 CFR, sections 265.11 and 265.12. After notification, the Postal Service will determine whether and to what extent to comply with the legal demand. Should the Postal Service agree to or unsuccessfully resist a legal demand, the supplier may, with the written permission of the contracting officer, release the information specifically demanded.

- c. *Online Assistance* — If the supplier assists in the design, development, or operation of a Postal Service customer Web site, or if it designs or places an ad banner, button, or link on a Postal Service Web site or any Web site on the Postal Service's behalf, the supplier must comply with the limitations set forth in the Official Postal Service Privacy Policy (see b.1, above). Exceptions to these limitations require the prior written approval of the contracting officer and the Postal Service's Chief Privacy Officer.
- d. *Marketing E-Mail* — If the supplier assists the Postal Service in conducting a marketing e-mail campaign, the supplier does so as an agent of the Postal Service and must adhere to the Postal Service policies set out in Postal Service Management Instruction AS-350-2004-4, *Marketing E-mail*. Suppliers wishing to conduct marketing email campaigns to postal employees must first obtain the prior written approval of the contracting officer.
- e. *Audits* — The Postal Service may audit the supplier's compliance with the requirements of this clause, including through the use of online compliance software.
- f. *Indemnification* — The supplier will indemnify the Postal Service against all liability (including costs and fees) for damages arising out of violations of this clause.
- g. *Flow-down* — The supplier will flow this clause down to any and all subcontractors.

Clause 1-7 Organizational Conflicts of Interest (March 2006)

- a. **Warranty Against Existing Conflicts of Interest.** The supplier warrants and represents that, to the best of its knowledge and belief, it does not presently have organizational conflicts of interest that would diminish its capacity to provide impartial, technically sound, objective research assistance or advice, or would result in a biased work product, or might result in an unfair competitive advantage, except for advantages flowing from the normal benefits of performing this agreement.
- b. **Restrictions on Contracting.** The supplier agrees that during the term of this agreement, any extensions thereto, and for a period of 2 years thereafter, neither the supplier nor its affiliates will perform any of the following:
 - (1) Compete for any Postal Service contract for production of any product for which the supplier prepared any work statement or specifications or conducted any studies or performed any task under this agreement.
 - (2) Contract (as the provider of a component or the provider of research or consulting services) with any offeror competing for any Postal Service contract for production of any product for which the supplier prepared any work statements or specifications or conducted any studies or performed any task under this agreement.
 - (3) Contract (as the provider of a component or the provider of research or consulting services) with the offeror which wins award of a Postal Service contract for production of any product for which the supplier prepared any work statement or specifications or conducted any studies or performed any task under this agreement.

- c. Possible Future Conflicts of Interest. The supplier agrees that, if after award of this agreement, it discovers any organizational conflict of interest that would diminish its capacity to provide impartial, technically sound, objective research assistance or advice, or would result in a biased work product, or might result in an unfair competitive advantage, except advantages flowing from the normal benefits of performing this agreement, the supplier will make an immediate and full disclosure in writing to the contracting officer, including a description of the action the supplier has taken or proposes to take to avoid, eliminate, or neutralize this conflict of interest.
- d. Nondisclosure of Confidential Material
 - (1) The supplier recognizes that, in performing this agreement, it may receive confidential information. To the extent that and for as long as the information is confidential, the supplier agrees to take the steps necessary to prevent its disclosure to any third party without the prior written consent of the contracting officer.
 - (2) The supplier agrees to indoctrinate its personnel who will have access to confidential information as to the confidential nature of the information, and the relationship under which the supplier has possession of this information.
 - (3) The supplier agrees to limit access to the confidential information obtained, generated, or derived, and to limit participation in the performance of orders under this agreement to those employees whose services are necessary for performing them.
- e. Postal Service Remedy. If the supplier breaches or violates any of the warranties, covenants, restrictions, disclosures or nondisclosures set forth under this clause, the Postal Service may terminate this agreement, in addition to any other remedy it may have for damages or injunctive relief.

Clause 1-11 Prohibition Against Contracting with Former Officers or PCES Executives (March 2006)

During the performance of this contract, former Postal officers or Postal Career Executive Service (PCES) executives are prohibited from employment by the contractor as key personnel, experts or consultants, if such individuals, within 1 year after their retirement from the Postal Service, would be performing substantially the same duties as they performed during their career with the Postal Service.

Clause 1-12 Use of Former Postal Service Employees (March 2006)

During the term of this contract, the supplier must identify any former Postal Service employees it proposes to be engaged, directly or indirectly, in contract performance. Such individuals may not commence performance without the contracting officer's prior approval. If the contracting officer does not provide such approval, the supplier must replace the proposed individual former employee with another individual equally qualified to provide the services called for in the contract.

Clause 2-19 Option to Extend (Services Contract) (March 2006)

The Postal Service may require the supplier to continue to perform any or all items of services under this contract within the limits stated in the Schedule. The contracting officer may exercise this option, at any time within the contract period of performance, by giving written notice to the supplier. The rates set forth in the Schedule will apply to any extension made under this option clause.

For purposes of continuity of service, the contracting officer may unilaterally extend the contract up to a period of ninety (90) days at any time prior to the end of the contract's current period of performance in order to allow for the support of any phase-in/phase-out transition activities.

Clause 3-1 Small, Minority, and Woman-Owned Business Subcontracting Requirements (February 2018)

- a. All suppliers, except small businesses, must have an approved subcontracting plan for contracts estimated or valued at \$1 million or more at time of award. A subcontracting plan is also required when contracts awarded at less than \$1 million reach or exceed the \$1 million threshold during contract performance. The plan must be specific to this contract, and separately address subcontracting with small-, minority-, and woman-owned businesses. A plan approved by the Postal Service must be included in and made a part of the contract. A subcontract is defined as any agreement (other than one involving an employer-employee relationship) entered into by a Postal Service supplier or subcontractor calling for goods or services required for performance of the contract or subcontract.
- b. The supplier's subcontracting plan must include the following:
 - (1) Goals, in terms of percentages of the total amount of this contract that the supplier will endeavor to subcontract to small-, minority-, and woman-owned businesses. The supplier must include all subcontracts that contribute to contract performance, and may include a proportionate share of goods and services that are normally allocated as indirect costs.
 - (2) A statement of the:
 - a. Total dollars planned to be subcontracted under this contract. For indefinite-delivery contracts, this amount would be based upon the minimum and maximum and stated as a total dollar range; and
 - b. Total of that amount planned to be subcontracted to small-, minority-, and woman-owned businesses. For indefinite-delivery contracts, this amount would be based upon the minimum and maximum and stated as a total dollar range.
 - (3) A description of the principal types of goods and services to be subcontracted under this contract, identifying the types planned for subcontracting to small-, minority-, and woman-owned businesses.
 - (4) A description of the method used to develop the subcontracting goals for this contract.
 - (5) A description of the method used to identify potential sources for solicitation purposes and a description of efforts the supplier will make to ensure that small-, minority-, and woman-owned businesses have an equitable opportunity to compete for subcontracts.
 - (6) A statement as to whether the offer included indirect costs in establishing subcontracting goals for this contract and a description of the method used to determine the proportionate share of indirect costs to be incurred with small-, minority-, and woman-owned businesses.
 - (7) The name of the individual employed by the supplier who will administer the subcontracting program and a description of the individual's duties.
 - (8) Assurances that the supplier will require all subcontractors receiving subcontracts in excess of \$1 million to adopt a plan similar to the plan agreed to by the supplier.
 - (9) A description of the types of records the supplier will maintain to demonstrate compliance with the requirements and goals in the plan for this contract. The records must include at least the following:
 - a. Source lists, guides, and other data identifying small-, minority-, and woman-owned businesses;
 - b. Organizations contacted in an attempt to locate sources that are small-, minority-, and woman-owned businesses;

- c. Records on each subcontract solicitation resulting in an award of more than \$100,000, indicating whether small-, minority-, or woman-owned businesses were solicited and if not, why not; and
 - d. Records to support subcontract award data, including the name, address, and business size of each subcontractor.
- c. *Reports.* The supplier must provide reports on subcontracting activity under this contract on a semi-annual basis. Should a contract be awarded and completed within the semi-annual reporting period, a report of subcontracting activity is still required. The report must be one of the types described in Clause 3-2: Participation of Small-, Minority-, and Woman-Owned Businesses.

Clause 3-2 Participation of Small, Minority, and Woman-Owned Businesses (February 2018)

- a. The policy of the Postal Service is to encourage the participation of small-, minority-, and woman-owned business in its purchases of goods and services to the maximum extent practicable consistent with efficient contract performance. The supplier agrees to follow the same policy in performing this contract, and also agrees that any awarded subcontract will follow the same policy by including this clause within contracts with subcontractors.
- b. When a contract is estimated or valued at \$500,000 or more, or when a contract reaches or exceeds the \$500,000 threshold during contract performance, the supplier must submit semi-annual reports on its subcontracting activity under this contract via a reporting method as specified by the Postal Service. Subject to the agreement of the supplier and the Postal Service, the supplier will report subcontracting activity on one of the following bases:
 - (1) Showing the dollar amount of payments made to subcontractors during the reporting period;
 - (2) Showing subcontracting activity that is allocable to this contract using generally accepted accounting principles; or
 - (3) A combination of the methods listed above.
- c. The supplier will submit a report in accordance with the Postal Service's reporting method to the contracting officer within 15 calendar days after the end of each semi-annual period, describing all subcontract awards to small-, minority-, or woman-owned businesses. The report will include, but is not limited to, Postal Service contract number, subcontractor information (supplier name, address, contact name, contact email address), business classification, North American Industry Classification System (NAICS) code, and contract specific payments (direct, allocated, and total direct and allocated dollars). The contracting officer may require more frequent reports.

Clause 4-1 General Terms and Conditions (July 2007) (Modified)

- a. *Inspection and Acceptance.* The supplier will only tender for acceptance those items or services that conform to the requirements of this contract. The Postal Service reserves the right to inspect or test supplies or services that have been tendered for acceptance. The Postal Service may require repair or replacement of nonconforming supplies or re-performance of nonconforming services at no increase in contract price. The Postal Service must exercise its post acceptance rights (1) within a reasonable period of time after the defect was discovered or should have been discovered and (2) before any substantial change occurs in the condition of the items, unless the change is due to the defect in the item.
- b. *Assignment.* If this contract provides for payments aggregating \$10,000 or more, claims for monies due or to become due from the Postal Service under it may be assigned to a bank, trust company, or other financing institution, including any federal lending agency, and may thereafter be further

assigned and reassigned to any such institution. Any assignment or reassignment must cover all amounts payable and must not be made to more than one party, except that assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in financing this contract. No assignment or reassignment will be recognized as valid and binding upon the Postal Service unless a written notice of the assignment or reassignment, together with a true copy of the instrument of assignment, is filed with:

- (1) The contracting officer;
- (2) The surety or sureties upon any bond; and
- (3) The office, if any, designated to make payment, and the contracting officer has acknowledged the assignment in writing.

Assignment of this contract or any interest in this contract other than in accordance with the provisions of this clause will be grounds for termination of the contract for default at the option of the Postal Service.

- c. Changes (see Clause B-67)
- d. Reserved
- e. Reserved
- f. Reserved
- g. Reserved
- h. Patent Indemnity. The supplier will indemnify the Postal Service and its officers, employees and agents against liability, including costs for actual or alleged direct or contributory infringement of, or inducement to infringe, any United States or foreign patent, trademark, or copyright, arising out of the performance of this contract, provided the supplier is reasonably notified of such claims and proceedings.
- i. Payment – See Clause B-74
- j. Risk of Loss. Unless the contract specifically provides otherwise, risk of loss or damage to the supplies provided under this contract will remain with the supplier until, and will pass to the Postal Service upon:
 - (1) Delivery of the supplies to a carrier, if transportation is f.o.b. origin, or;
 - (2) Delivery of the supplies to the Postal Service at the destination specified in the contract, if transportation is f.o.b. destination.
- k. Taxes. The contract price includes all applicable federal, state, and local taxes and duties.
- l. Termination with Notice. The contracting officer or the supplier, on 90 days written notice, may terminate this contract or the right to perform under it, in whole or in part, without cost to either party. This contract does not contain a termination for convenience provision.
- m. Termination for Default. The Postal Service may terminate this contract, or any part hereof, for default by the supplier, or if the supplier fails to provide the Postal Service, upon request, with adequate assurances of future performance. In the event of termination for default, the Postal Service will not be liable to the supplier for any amount for supplies or services not accepted, and the supplier will be liable to the Postal Service for any and all rights and remedies provided by law. The debarment, suspension, or ineligibility of the supplier, its partners, officers, or principal owners under the Postal

Service's procedures may constitute an act of default under this contract, and such act will not be subject to notice and cure pursuant to any termination of default provision of this contract. If it is determined that the Postal Service improperly terminated this contract for default, such termination will be deemed a termination on notice.

- n. Title. Unless specified elsewhere in this contract, title to items furnished under this contract will pass to the Postal Service upon acceptance, regardless of when or where the Postal Service takes physical possession.
- o. Warranty. The supplier warrants and implies that the items delivered under this contract are merchantable and fit for the use for the particular purpose described in this contract.
- p. Limitation of Liability. Except as otherwise provided by an express or implied warranty, the supplier will not be liable to the Postal Service for unforeseeable consequential damages resulting from any defect or deficiencies in accepted items.
- q. Other Compliance Requirements. The supplier will comply with all applicable Federal, State, and local laws, executive orders, rules and regulations applicable to its performance under this contract. If there are any changes to a federal, state or local law, statute or regulation, executive order or other rule applicable to contract performance during the term of this contract that result in additional contract costs, these costs will be borne by the supplier.
- r. Order of Precedence. Any inconsistencies in the provisions of a solicitation, a contract awarded under a solicitation, or a contract awarded without the issuance of a written solicitation will be resolved by giving precedence in the following order:
 - (1) The Statement of Work
 - (2) The Provisions
 - (3) The Clauses
 - (4) Attachments to this Contract
 - (5) Documents incorporated by reference.

Clause 4-2 Contract Terms and Conditions Required to Implement Policies, Statutes or Executive Orders (July 2014)

a. Incorporation by Reference:

- (1) Wherever in this solicitation or contract a standard provision or clause is incorporated by reference, the incorporated term is identified by its title, the provision or clause number assigned to it, in the Postal Service Supplying Practices, and its date. The text of incorporated terms may be found at <http://about.usps.com/manuals/spp/spp.pdf>. The following clauses are incorporated in this contract by reference:

- Clause B-25, Advertising of Contract Awards
- Clause 1-1, Privacy Protection
- Clause 1-5, Gratuities or Gifts
- Clause 1-6, Contingent Fees
- Clause 1-9, Preference for Domestic Supplies
- Clause 1-10, Preference for Domestic Construction Materials
- Clause 3-1, Small, Minority, and Woman-owned Business Subcontracting Requirements
- Clause 3-2, Participation of Small, Minority, and Woman-owned Businesses
- Clause 9-1, Convict Labor
- Clause 9-2, Contract Work Hours and Safety Standards Act - Overtime Compensation
- Clause 9-3, Davis-Bacon Act
- Clause 9-5, Contract Work Hours and Safety Standards Act- Safety Standards

- Clause 9-6, Walsh-Healey Public Contracts Act
- Clause 9-7, Equal Opportunity
- Clause 9-10, Service Contract Act
- Clause 9-11, Service Contract Act - Short Form
- Clause 9-12, Fair Labor Standards Acts and Service Contract Act - Price Adjustments
- Clause 9-13, Affirmative Action for Handicapped Workers
- Clause 9-14, Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era

b. Examination of Records:

- (1) Records - "Records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- (2) Examination of Costs - If this is a cost-type contract, the supplier must maintain, and the Postal Service will have the right to examine and audit all records and other evidence sufficient to reflect properly all costs claimed to have been incurred or anticipated to be incurred directly or indirectly in performance of this contract. This right of examination includes inspection at all reasonable times of the supplier's plants, or parts of them, engaged in the performance of this contract.
- (3) Cost or Pricing Data - If the supplier is required to submit cost or pricing data in connection with any pricing action relating to this contract, the Postal Service, in order to evaluate the accuracy, completeness, and currency of the cost or pricing data, will have the right to examine and audit all of the supplier's records, including computations and projections, related to:
 - a. The proposal for the contract, subcontract, or modification;
 - b. The discussions conducted on the proposal(s), including those related to negotiating;
 - c. Pricing of the contract, subcontract, or modification; or
 - d. Performance of the contract, subcontract or modification.
- (4) Reports - If the supplier is required to furnish cost, funding or performance reports, the contracting officer or any authorized representative of the Postal Service will have the right to examine and audit the supporting records and materials, for the purposes of evaluating:
 - a. The effectiveness of the supplier's policies and procedures to produce data compatible with the objectives of these reports; and
 - b. The data reported.
- (5) Availability - The supplier must maintain and make available at its office at all reasonable times the records, materials, and other evidence described in (b)(1)-(4) of this clause, for examination, audit, or reproduction, until three years after final payment under this contract or any longer period required by statute or other clauses in this contract. In addition:
 - a. If this contract is completely or partially terminated, the supplier must make available the records related to the work terminated until three years after any resulting final termination settlement; and
 - b. The supplier must make available records relating to appeals under the claims and disputes clause or to litigation or the settlement of claims arising under or related to

this contract. Such records must be made available until such appeals, litigation or claims are finally resolved.

Note: (Note to contracting officers: Any contemplated changes to this paragraph (b.) may not be made before (1) consulting with assigned counsel and the Office of the Inspector General and (2) a deviation has been reviewed and approved by a higher level than the contracting officer who holds deviation approval authority.

- c. **Payment Offsets:** As required by 31 U.S.C. 3716, the Postal Service participates in the Treasury Offset Program of the Department of Treasury's Financial Management Service. Payments under this contract are subject to offset in whole or in part to for the supplier's delinquent tax and non-tax debts owed to the United States and the states and for delinquent child support payments. Suppliers with questions concerning a payment offset should contact the Treasury Offset Program call center at: 1(800) 304-3107.

Clause 7-4: Insurance (March 2006)(MODIFIED)

- a. During the term of this contract and any extension, the supplier must maintain at its own expense the insurance required by this clause. Insurance companies must be acceptable to the Postal Service. Policies must include all terms and provisions required by the Postal Service.
- b. The supplier must maintain and furnish evidence of workers' compensation, employers' liability insurance, and the following general public liability and automobile liability insurance:

	Bodily Injury	Property Damage
General Liability	\$100,000 per person*	Per occurrence (as set forth in the Schedule)
	\$500,000 per accident*	Aggregate (as set forth in the Schedule)
Automobile Liability	\$100,000 per person*	\$100,000 per occurrence
	\$500,000 per accident*	\$100,000 aggregate*
*Unless modified in the Schedule		

- c. Reserved
- d. The supplier must furnish a certificate of insurance or, if required by the contracting officer, true copies of liability policies and manually countersigned endorsements of any changes. Insurance must be effective, and evidence of acceptable insurance furnished, before beginning performance under this contract. Supplier is responsible for furnishing evidence of renewal not later than 5 days before a policy expires.
- e. The maintenance of insurance coverage as required by this clause is a continuing obligation, and the lapse or termination of insurance coverage without replacement coverage being obtained will be grounds for termination for default.

Clause 7-6: Federal, State, and Local Taxes (March 2006)

- a. *Definitions*
 1. *Contract Date* The effective date of this contract or modification.
 2. *All Applicable Federal, State, and Local Taxes and Duties.* All taxes and duties, in effect on the contract date, that the taxing authority is imposing and collecting on the transactions or property covered by this contract.

3. *After-imposed Federal Tax.* Any new or increased federal excise tax or duty, or tax that was exempted or excluded on the contract date but whose exemption is revoked or reduced during the contract period, on the transactions or property covered by this contract that the supplier is required to pay or bear as the result of legislative, judicial, or administrative action taking effect after the contract date. It does not include social security tax or other employment taxes.
 4. *After-relieved Federal Tax.* Any amount of federal excise tax or duty, except social security or other employment taxes, that would otherwise have been payable on the transactions or property covered by this contract, but which the supplier is not required to pay or bear, or for which the supplier obtains a refund or drawback, as the result of legislative, judicial, or administrative action taking effect after the contract date.
 5. *Local Taxes.* Includes taxes imposed by a possession of the United States or by Puerto Rico.
- b. The contract price includes all applicable federal, state, and local taxes and duties.
 - c. The contract price will be increased by the amount of any after-imposed federal tax, provided the supplier warrants in writing that no amount for a newly imposed federal excise tax or duty or rate increase was included in the contract price as contingency reserve or otherwise.
 - d. The contract price will be decreased by the amount of any after-relieved federal tax.
 - e. The contract price will be decreased by the amount of any federal excise tax or duty, except social security or other employment taxes, that the supplier is required to pay or bear, or does not obtain a refund of, through the supplier's fault, negligence, or failure to follow instructions of the contracting officer.
 - f. No adjustment will be made in the contract price under this clause unless the amount of the adjustment exceeds \$100.
 - g. The supplier must promptly notify the contracting officer of all matters relating to any federal excise tax or duty that reasonably may be expected to result in either an increase or decrease in the contract price and must take appropriate action as the contracting officer directs.
 - h. The Postal Service will, without liability, furnish evidence appropriate to establish exemption from any federal, state, or local tax when the supplier requests such evidence and a reasonable basis exists to sustain the exemption.

Clause 7-10: Sustainability (July 2014) (Modified)

The Postal Service embraces sustainable practices and environmental responsibility, and encourages suppliers to improve their environmental sustainability practices in the performance of this contract. As appropriate, the Postal Service will collaborate with the supplier to identify opportunities that may improve the environmental and sustainability performance of the goods and services being provided by the supplier. The Postal Services encourages the supplier to develop and propose innovative sustainability business practices and offer goods and services that help the Postal Service operate in a more environmentally sustainable manner. Innovative sustainability business practices can take the form of improved and more sustainable business processes, replacement of materials used in performance with more sustainable materials, combination of sustainable materials with other materials that lead to reductions in the total cost of ownership, or by some other means. If the proposed innovation results in enhanced sustainability or otherwise furthers the Postal Service's goals, then the Postal Service may share any savings resulting from the innovation with the supplier.

Clause 9-9 Equal Opportunity Preaward Compliance of Subcontracts (March 2006)

The supplier may not enter into a first-tier subcontract for an estimated or actual amount of \$10 million or more without obtaining in writing from the contracting officer a clearance that the proposed subcontractor is in compliance with equal opportunity requirements and therefore eligible for award.

Clause 9-12 Fair Labor Standards Act and Service Contract Act Price Adjustment (February 2010)

- a. The supplier warrants that the contract prices do not include allowance for any contingency to cover increased costs for which adjustment is provided under this clause.
- b. The minimum prevailing wage determination, including fringe benefits, issued under the Service Contract Act of 1965 by the Department of Labor (DOL), current at least every two years after the original award date, current at the beginning of any option or renewal period, or in the case of a significant change in labor requirements, applies to this contract and any exercise of an option or renewal of this contract. When no such determination has been made as applied to this contract, the minimum wage established in accordance with the Fair Labor Standards Act applies to any exercise of an option or renewal of this contract.
- c. When, as a result of the determination of minimum prevailing wages and fringe benefits applicable (1) every two years after original award date, (2) at the beginning of any option or renewal period, or (3) in the case of a significant change in labor requirements, an increased or decreased wage determination is applied to this contract, or when as a result of any amendment to the Fair Labor Standards Act enacted after award that affects minimum wage, and whenever such a determination becomes applicable to this contract under law, the supplier increases or decreases wages or fringe benefits of employees working on the contract to comply, the supplier and the contracting officer will negotiate whether and to what extent either party will absorb the costs of the wage change. Any resulting change in contract price is limited to increases or decreases in wages or fringe benefits, and the concomitant increases or decreases in Social Security, unemployment taxes, and workers' compensation insurance, but may not otherwise include any amount for general and administrative costs, overhead, or profit.
- d. The supplier or contracting officer may request a contract price adjustment within 30 days of the effective date of a wage change. If a request for contract price adjustment has been made, and the parties have not reached an agreement within thirty days of that request, the contracting officer should issue a unilateral change order in the amount considered to be a fair and equitable adjustment. The supplier may then either accept the amount, or the supplier may file a claim under Clause B-9: Claims and Disputes unless the contracting officer and supplier extend this period in writing. Upon agreement of the parties, the contract price or unit price labor rates will be modified in writing. Pending agreement on or determination of any such adjustment and its effective date, the supplier must continue performance.
- e. The contracting officer or the contracting officer's authorized representative must, for 3 years after final payment under the contract, be given access to and the right to examine any directly pertinent books, papers, and records of the supplier.

Administrative Official Clause

The administrative official is a Postal Service official designated by the manager, Distribution Networks (for transportation routes) or the District manager (for CDS routes) to supervise and administer the performance of mail transportation and related services by suppliers. Each contract names the responsible administrative official.

Administrative officials are not authorized to award, agree to, amend, terminate, or otherwise change the provisions of the contract. Administrative officials are responsible for ensuring supplier compliance with the operational requirements of highway contract routes and administering functions related to performance of that service. Specifically, administrative officials are responsible for the following:

- a. Supervising the supplier's operations daily to ensure contract compliance, including necessary recordkeeping.
- b. The administrative official for the contract is responsible for obtaining screening information from highway transportation suppliers on contractor personnel and for verifying their eligibility.
- c. Investigating irregularities and complaints regarding service on the route and taking corrective action.
- d. Reporting to the CO any full or partial trips not performed, including the miles of service omitted and the reason for omission.
- e. Recommending establishment, discontinuance, or modifications to existing routes.

Electronic Communication and Interactivity Clause

The Postal Service will be utilizing web-based systems that will require supplier interactivity. Suppliers will be required to maintain and check their email accounts regularly and to respond to email messages from the Postal Service. Suppliers must notify the Postal Service of any changes to email addresses. Any notices sent to the email addresses on file for suppliers will be effective on the day they are emailed.

Automated Fuel Index Program Clause

Regardless of actual changes in the cost of fuel during the performance period of this contract, price adjustments attributable to such changes shall be made only as provided by this clause. This contract will be administered under the threshold automated fuel index program. This contract is subject to the Threshold Price Adjustment Clause (Fuel) unless the contracting officer determines otherwise. The contracting officer may, at any time, without consulting the supplier, transition the contract to the new monthly automated fuel index program, and the contract will then be subject to the Monthly Price Adjustment Clause (Fuel). When this change occurs, the fuel price per gallon in the contract will be set to the DOE PADD price per gallon for the region in which the contract originates using the month immediately preceding the month of the modification. This change will be accomplished by realigning the pricing worksheet resulting in no change to the total contract price.

The contract fuel price will use one of the eight DOE PADD prices (1A, 1B, 1C, 2, 3, 4, 5 and California), at the grade with the lowest price for the fuel type.

Threshold Price Adjustment Clause (Fuel)

At the time of award, renewal, or bilateral modification, the fuel price per gallon ("ppg") in the contract will be set to the Department of Energy ("DOE") Petroleum Acquisition Defense District ("PADD") ppg for the region in which the contract originates, using the ppg for the month immediately preceding the month of award, renewal, or modification. If there is a difference between the fuel ppg in the contract when the award or renewal contract is signed and the DOE PADD ppg for the month immediately preceding the first month of the new term, the contracting officer will unilaterally change the fuel ppg in the contract to the DOE PADD ppg for the month immediately preceding the first month of the new term.

At the end of each calendar month, the difference between (1) the current monthly DOE regional fuel index for the applicable fuel type and (2) the USPS Benchmark Index will be calculated. If the difference is +/- \$.0500 or more per gallon, this difference will be applied to the contract's baseline fuel ppg. This will become the new contract baseline fuel ppg for the next month's review. The new contract baseline fuel ppg will remain in effect until the next monthly adjustment is required.

The following example explains this process. For the purpose of this example, the subject contract's existing price for fuel is \$3.76 and all fuel purchases are in the same DOE region.

	DOE Fuel Index Price	USPS Benchmark Fuel Price	Difference (Index – Benchmark)	Adjustment (For gallons of this fuel type in this region)	Contract PPG
Prior Month	\$3.70	N/A	N/A	N/A	N/A
December	\$3.73	\$3.70	+\$.03	None	\$3.76
January	\$3.75	\$3.70	+\$.05	Contracts & Benchmark increased \$.05 effective Feb	\$3.76
February	\$3.71	\$3.75	-\$.04	None	\$3.81
March	\$4.10	\$3.75	+\$.35	Contracts & Benchmark increased \$.35 effective Apr	\$3.81
April		\$4.10			\$4.16

Upon request, suppliers will be required to provide the number of gallons used in their estimated annual fuel costs. This information will be used in the calculation of any fuel adjustment and in the determination of the reasonableness of supplier pricing.

Monthly Price Adjustment Clause (Fuel)

Regardless of actual changes in the cost of fuel during the performance period of this contract, price adjustments attributable to such changes shall be made only as provided by this clause. The adjustment formula for this clause has two elements that will be used to determine the adjusted contract price:

- (1) the Department of Energy's Petroleum Acquisition Defense District ("PADD") price per gallon for the district in which the contract originates (the "PADD ppg"), and
- (2) the number of annual gallons established in the contract at the time of the adjustment (the "established number of gallons").

For purposes of this clause, the contract's annual rate includes an indexed fuel price component, which consists of a price per gallon multiplied by the established number of gallons. Each calendar month of performance, the indexed fuel price component shall be calculated by multiplying the prior calendar month's PADD ppg by the established number of gallons, which will cause the contract's annual rate to increase, decrease, or remain the same from month to month.

Safety Rating (Federal Motor Carrier Safety Administration)

If the supplier is notified by the Federal Motor Carrier Safety Administration (FMCSA) that there is a proposed safety rating or determination of a rating of "unsatisfactory" of the supplier (as described in 49 CFR § 385.11), the supplier must notify the contracting officer within five business days of receipt of its receipt of notice from the FMCSA. Should the supplier fail to do so, the contracting officer may terminate any and all of the supplier's contracts for default. In addition, the contracting officer may terminate any and all of the supplier's contracts for default based upon a proposed safety rating or determination of a rating of "unsatisfactory" of the supplier (as described in 49 CFR § 385.11) by the FMCSA.

Subcontracting

The supplier must obtain approval from the Contracting Officer before subcontracting any work awarded under this contract.

Usage of Postal Facilities

Parking for contract vehicles and trailers at postal facilities and other uses of Postal facilities (unless otherwise specified within this contract) may or may not be allowed at the discretion of each facility manager. The supplier is responsible for all associated costs and to have the vehicle properly secured at all times. The supplier must have adequate contingency plans in place should the use of postal facilities be terminated or limited. In no event will the Postal Service be held liable for, or incur any additional cost associated with, such use or the termination of such use during the contract term.