

U.S. Postal Service Competition Advocate Report – Fiscal Year 2011

Promoting Competition and Best Value

COMPETITION ADVOCATE ROLE

On January 28, 2011, Douglas P. Glair, Manager, Supply Chain Management (SCM) Strategies was designated as the Competition Advocate (CA) for the U.S. Postal Service™ by Susan M. Brownell, Vice President, Supply Management (SM). See Appendix A for a copy of the designation letter.

The CA is responsible for the following:

- Challenging barriers to the competition of Postal Service requirements.
- Assisting purchase/supply chain management teams in the development of effective SCM solutions and obtaining best value.
- Providing independent advice to contracting officers (COs) regarding proposed noncompetitive purchases of \$1M or greater.
- Producing an annual report on noncompetitive purchasing activity.

The CA's role and responsibilities are defined in the Postal Service's *Supplying Principles and Practices* (SPs and Ps) (see Appendix B). The SPs and Ps are intended to provide advice and guidance to Postal Service professionals on approaches to performing SCM functions. The SPs and Ps are also intended to be used by Postal Service professionals as required and as appropriate to perform their job functions throughout the SCM lifecycle. The SPs and Ps are not binding regulations of the Postal Service. They are intended for internal use only to assist the Postal Service in obtaining best value and efficiently conducting its supply chain functions. The Postal Service's purchasing regulations can be found at 39 CFR Part 601. The complete SPs and Ps can be found internally on the USPS® Intranet site: <http://blue.usps.gov/policy/> and externally at: <http://about.usps.com/manuals/spp/html/welcome.htm>. See Appendix B for excerpts of the SPs and Ps related to competition and the CA's role.

In addition to the SPs and Ps, Management Instruction (MI) SP S2-2011-1, *Noncompetitive Purchases*, outlines the noncompetitive process. The MI is available internally on the Postal Service Intranet site:

<http://blue.usps.gov/cpim/ftp/manage/sps2111.pdf>.

See Appendix G for a copy of the MI.

The CA's role complements the role and responsibilities of the Manager, SCM Strategies.

Other SCM Strategies responsibilities include the following:

- Managing all Supply Management sourcing systems, training, promoting data integrity, and process change implementations. The systems include the following:
 - Contract Authoring and Management System (CAMS).
 - Transportation Contract Support System (TCSS).
 - Electronic Facilities Management System (eFMS) – shared responsibility with Facilities.
 - Electronic sourcing (eSourcing).
 - On and off catalog requisitioning (eBuy2).
 - Credit cards (SmartPay).
 - Fuel Asset Management System (FAMS).
 - Supply Chain Relationship Management System (SCRMS).
 - Supply Chain Management Data Warehouse (SCMDW).
- Supply chain management benchmarking, analysis, and research.
- Contract and spend reporting and analytics.
- Supplier outreach and communications.
 - Small, minority, and women-owned businesses.
 - Large businesses and key suppliers.
 - *USPS.com* supplier content and *Re: Supply* newsletter.
- Internal Supply Management communications and coordination with Corporate Communications.
- Promotion of sustainable supply chains.

COMPETITION ADVOCATE REPORT

This report is the first annual Postal Service CA report produced in accordance with the Letter of Designation dated January 28, 2011. The report covers the following topics:

- CA Role
- Summary of competitive and noncompetitive contracting actions executed in the contracting systems from April 1, 2011, to September 30, 2011.
- Summary of noncompetitive purchase requests over \$1M that were reviewed and commented on by the CA from January 28, 2011, to September 30, 2011.
- Actions taken to promote competition in FY11.
- Barriers to competition in FY11.
- Planned actions to promote competition in FY12.

The target audience for this report is the Vice President, Supply Management. This report will be distributed to a wide range of audiences; the report includes examples and details to help the reader more fully understand the context.

CONTRACTING AUTHORITY/RESPONSIBILITY, SYSTEMS, AND CONTRACTING DATA

Contracting Authority/Responsibility

As a result of the Postal Service's organizational redesign in FY11, the authority and responsibility for all procurement contracting actions within the Postal Service (with the exception of real estate and related services contracts) were consolidated within the SM organization. Real estate contracting authority continues to be delegated to the Facilities organization. Prior to the redesign, some contracting authorities were delegated outside of SM. Examples include the following:

- Facilities — Facility construction, repair, and alteration contracting actions.
- Treasury — Banking-related contracting actions.
- Human Resources — Equal Employment Opportunity investigators and Final Agency Decision (FAD) writers and mediators.

The above contracting responsibilities are transitioning back to SM. The transition will be completed in FY12.

Local purchases of up to \$10K can be executed by individuals delegated local buying authority. Local purchases and contract actions valued at less than \$10K are not subject to the competition requirements.

Contracting Data Definitions

For purposes of this report, the following contract-related data terms and definitions are important to understand:

- Contract Action: a new contract, delivery order, task order, work order, modification to, or termination of a contract.
- Commitments: funding that is added to a contract against which payments are made. Commitments may extend over multiple fiscal years and are equivalent to contract obligations as reported by other agencies in the Federal Procurement Data System (FPDS-NG). However, not all contracts have committed funds. Therefore, the total committed values of the contracts will be different than spend against contracts within a fiscal year. An example of a non-committed contract is an Indefinite Delivery/Indefinite Quantity (IDIQ) contract that has a contractual minimum but orders are placed via the Postal Service on-catalog ordering system (eBuy2); the spend will occur against the contract but there will be no contractual commitments above the minimums of the contract. Commitments also include de-commitments that may occur during the life of a contract due to a reduction in scope or at the end of a contract during the contract close-out process to remove committed funds not spent.

- Non-Personnel Operating Expenses: expenses reported in the Postal Service 10-K and consists of transportation and other expenses. The majority of the non-personnel operating expenses are based on “spend” (defined below) but also include some financial adjustments based on 10-K reporting standards. Capital spend within the year is reflected via depreciation over multiple years.
- Spend: payments to suppliers within a fiscal year. Spend may be for expense or capital purchases throughout the year. Spend may also be offset by credits from suppliers. This CA report does not classify spend into competitive or noncompetitive because spend may be against contracts awarded in previous years that have not been updated to reflect the competitive/noncompetitive classification. Spend may also be for local purchases (less than \$10K) and thus not against a contract but through credit cards or other local payment methods.

Contracting Systems and Capture of Competitive/Noncompetitive Contract Action Classifications

Postal Service contracting actions are captured within one of three contracting systems. The following paragraphs outline each system and the data relevant to the specific contracting system.

Contract Authoring and Management System (CAMS)

CAMS is the primary contracting system. CAMS is a commercial-off-the-shelf (COTS) system that supports the procurement of supplies, services, equipment, and transportation (excluding highway transportation). On April 1, 2011, CAMS was updated with codes to more accurately capture the competition classification data for all contract actions. The competition classification codes include the following:

- Below Competitive Threshold (BCT) (less than \$10K).
- Competitive.
- Noncompetitive — Compelling Business Interests.
- Noncompetitive — Industry Structure or Practice.
- Noncompetitive — Sole Source.

- Noncompetitive — Superior Performance.
- Required Source — Policy/Legally Mandated.
- Required Source — Regulated Utility.
- Unauthorized Commitment.

The introduction of the classification codes and instructions on their proper use was covered in a number of CAMS webinar training classes and supplemental communications during the fiscal year. The training promoted the accurate use of the classifications and the importance of data integrity.

For purposes of this report, the BCT actions are excluded because they are excluded from the competition requirements. All other classifications, other than competitive, are considered noncompetitive.

From April 1, 2011, to September 30, 2011, there were 5,749 contract actions equal to or above the competitive threshold (\$10K) executed with commitments totaling \$1,339,182,694. Table 1 highlights the percentage of competitive and noncompetitive actions based on committed dollars and contract actions. See Appendix C for more details related to the CAMS contract actions.

Table 1: CAMS Competition Classification Percentages		
	Percentage of Committed \$	Percentage of Contract Actions
Competitive	74.3%	74.0%
Noncompetitive	25.7%	26.0%

Note: During the second half of FY11, SM closed over 2,000 CAMS contracts. As part of the close-out process, the COs de-committed unused funds. This reduced the total committed funds within the reporting period by \$241,348,022.

Transportation Contract Support System (TCSS)

TCSS is a custom-built Postal Service system. TCSS is used to manage the contracts and payment processes for highway transportation contracts. It supports the award of new contracts, modification to contracts, and renewal of contracts.

TCSS does not contain the same competition classification codes as CAMS. This coding was determined by the Transportation Portfolio at the time to not be necessary because all new highway contract actions are executed using competitive methods.

Renewals of contracts are considered outside the scope of the competitive requirements because Title 39, Chapter 50, Section 5005, allows for contracts to be renewed at the existing rate by mutual agreement between the contractor or subcontractor and the Postal Service. The business practice is to compare the existing rate to comparable contract rates and only proceed forward with the renewal if the rates are competitive with similar contracts. The renewals will not be included in the competitive/noncompetitive reporting due to the Title 39 requirements.

The system ownership transitioned at the start of FY12 from the Transportation Portfolio to SCM Strategies. To promote data consistency across the contracting systems, the same competitive classification codes as maintained in CAMS will be implemented in TCSS by March, 2012, or earlier.

From April 1, 2011, to September 30, 2011, there were 706 new fixed-price contract actions equal to or above the competitive threshold (\$10K) executed in TCSS with commitments totaling \$282,358,454. The committed value of the contracts was calculated by multiplying the annual value of the contract by the contract term because TCSS only captures the annual value of the contract to calculate payments. Table 2 highlights the percentage of competitive and noncompetitive actions based on committed dollars and contract actions. See Appendix D for more details related to the TCSS contract actions.

	Percentage of Committed \$	Percentage of Contract Actions
Competitive	100%	100%
Noncompetitive	0%	0%

Note: From April 1, 2011, to September 30, 2011, there were 2,749 renewal fixed-price contract actions equal to or above the competitive threshold (\$10K) executed in TCSS with commitments totaling \$1,688,277,388. As stated earlier, these actions are not included in the competitive/noncompetitive classification due to Title 39 but are provided here for reference.

Facilities Management System (eFMS)

eFMS is a custom-built Postal Service system. eFMS is used to manage work orders, contracts, and payments for facility construction, repair, and alteration contracts along with real estate contracts. As noted earlier, authority for real estate contracts

has been delegated to the Vice President, Facilities, and therefore such activity is not within the scope of this report.

eFMS does not contain the same competition classification codes as CAMS. This coding was not implemented because eFMS and the facility construction, repair, and alteration contract actions were managed by the Facilities organization at the time of the CAMS competitive coding changes. eFMS does contain within the contract some coding related to competitive and noncompetitive actions, but there are concerns about data integrity related to the use of the codes; thus the competitive/non-competitive classifications in eFMS are not used in this report and all actions will be classified as "Not Defined".

As a result of the organizational redesign, the facility construction, repair, and alteration contracts are now managed within SM. To promote data consistency across the contracting systems, the same competitive classification codes as maintained in CAMS will be implemented in eFMS by March, 2012, or earlier.

From April 1, 2011, to September 30, 2011, there were 2,528 contract actions equal to or above the competitive threshold (\$10K) executed in eFMS with commitments totaling \$333,096,240. Table 3 highlights the percentage of competitive and noncompetitive actions based on committed dollars and contract actions. See Appendix E for more details related to the eFMS contract actions.

	Percentage of Committed \$	Percentage of Contract Actions
Competitive	0%	0%
Noncompetitive	0%	0%
Not Defined	100%	100%

Summary of Contracting Actions

Table 4 provides the total commitments and contracting actions across the three contract management systems for the April 1, 2011, to September 30, 2011, reporting period. The actions in eFMS that are currently not coded at a necessary level of confidence are indicated separately from the competitive and noncompetitive totals.

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Table 4: Aggregate Competition Classification

System	Competitive/Noncompetitive Classification	Committed \$	# of Contract Actions	% of Total Committed \$	% of Total Contract Actions
CAMS	Competitive	\$ 995,168,941	4,254	61.4%	65.9%
TCSS	Competitive	\$ 282,358,454	706	17.4%	10.9%
	Competitive Total	\$ 1,277,527,395	4,960	78.8%	76.9%
CAMS	Noncompetitive	\$ 344,013,753	1,493	21.2%	23.1%
	Noncompetitive Total	\$ 344,013,753	1,493	21.2%	23.1%
	Defined Total	\$ 1,621,541,148	6,453	100.0%	100.0%
eFMS	Not Defined	\$ 333,096,240	2,528		
	Grand Total	\$ 1,954,637,389	8,981		

The reporting period for the contractual commitments and actions are for only half a fiscal year and may not be reflective of full fiscal years' results. End of fiscal year contract actions tend to have more noncompetitive modifications due to short-term contract extensions and contract close-out de-commitments that can impact the contractual commitment values.

The lack of a full year's competitive/noncompetitive data and clearly defined competitive/noncompetitive eFMS data is significantly impacting the aggregate totals and thus limited conclusions can be derived from the aggregate data. The focus should be on the detailed data from each contracting system which shows significant competitive actions within CAMS and TCSS. The FY12 report will contain a full fiscal year of data for all three systems as the plans are to update the competitive codes for all contract actions in TCSS and eFMS for FY12 once the competitive codes are implemented in the systems.

Sixty-two federal departments reported contract actions and commitments via the FPDS-NG system and classified them as competitive or non-competitive during the same reporting period as the Postal Service. This information is available via a standard Competition Advocate (CA) report. From April 1, 2011, to September 30, 2011 the FPDS-NG CA report contains \$307B in contract commitments of which 66.2% were awarded competitively. See Appendix F for more details related to the FPDS-NG Competition Advocate report.

**COMPETITION ADVOCATE
REVIEWS OF NONCOMPETITIVE
PURCHASE REQUESTS OF \$1M
OR GREATER**

Competition Advocate Role and Reviews

As part of the noncompetitive purchasing policies, the CA must execute an independent review and

provide feedback and comments to the COs for all noncompetitive purchase requests (NPRs) valued at \$1M or greater. The COs must address any comments raised by the CA within their CO evaluation and recommendation. The NPRs are submitted to the COs by the requiring organizations once the purchase/SCM team makes a preliminary purchase method recommendation to proceed noncompetitively.

From January 28, 2011, to September 30, 2011, there were 52 requests with a total value of \$1,842,446,300 sent for CA review and comment. The requests ranged from short-term contract modifications of a few months to long-term extensions over multiple years. The requested value included in the NPR is based on the estimated future spend by the requiring organization. It may be committed to a contract by the CO via a single contract action or via multiple actions over the time period and value defined in the NPR. The full value may never be committed if it contains options that are not exercised. Table 5 outlines the total NPR estimated value by fiscal year.

Table 5: NPR Value by Fiscal Year

Fiscal Year	NPR Requested Value
FY11	\$324,131,141
FY12	\$882,165,976
FY13	\$259,821,604
FY14	\$192,628,959
FY15	\$183,698,620
Total	\$1,842,446,300

Note: The largest two NPRs represent \$700M (38%) of the total NPR requested value.

Each NPR is justified as one of four business scenarios:

- Sole Source.
- Industry Structure or Practice.
- Compelling Business Interest.
- Superior Performance.

Table 6 provides the details related to each business scenario justification.

Business Scenario Justification	Count	Requested Value	% of Requests	% of Value
Compelling Business Interests	30	\$947,586,504	57.7%	51.4%
Sole Source	18	\$845,933,796	34.6%	45.9%
Industry Structure or Practice	3	\$43,426,000	5.8%	2.4%
Superior Performance	1	\$5,500,000	1.9%	0.3%
Grand Total	52	\$1,842,446,300	100%	100%

The Chief Information Officer's organization submitted over 55 percent of the requests and 57 percent of the NPR dollar value. Table 7 provides details related to the value and total requests by the Executive Leadership Team (ELT) member organization.

ELT	NPR \$ Value	# of NPR Requests	% of NPR \$ Value	% of NPR Requests
CIO	\$ 1,056,835,653	29	57.4%	55.8%
CMSO	\$ 548,616,926	7	29.8%	13.5%
CFO	\$ 112,967,591	7	6.1%	13.5%
CHRO	\$ 81,464,450	2	4.4%	3.8%
COO	\$ 42,561,680	7	2.3%	13.5%
Total	\$ 1,842,446,300	52	100.0%	100.0%

ACTIONS TO PROMOTE COMPETITION IN FY11

In FY11, the organization significantly increased its focus on competition as a key method for obtaining best value in the contracting process.

Enhanced Policies

In FY11, the SPs and Ps were enhanced to further promote competition:

- The CA role was implemented.
- Noncompetitive purchase policies and instructions were revised to establish new and more effective business processes and to ensure against conflicts of interest in the purchasing process.

- Updated policies related to simplified purchasing were implemented on December 12, 2011. Simplified purchasing is a competitive purchasing practice used to purchase commercially available goods and services valued at \$250,000 or less. Under certain circumstances, COs may use simplified purchasing for purchases valued at up to \$1 million subject to the relevant portfolio manager's review and approval of the specific purchase. Simplified purchasing can (a) reduce administrative costs, (b) promote efficiency and economy in contracting, and (c) lessen unnecessary burdens on both the Postal Service and its suppliers.

Competition Advocate Communications

The CA promoted competition through:

- One-on-one communications with COs to help develop competitive sourcing strategies.
- Meetings with requiring organizations to discuss the role of the CA, to promote early involvement of the SM organization in sourcing decisions, and to incorporate competition as a sourcing strategy when appropriate.
- Meetings with suppliers to discuss the role of the CA and to encourage them to register their interest in doing business with the Postal Service via eSourcing.

Supplier Outreach

In FY11, the Postal Service participated in 27 industry, congressional, or federally sponsored supplier outreach events. At these events, the Postal Service provided suppliers with guidance on how to do business with the Postal Service and whom to contact for answers to commodity-specific contracting questions. Knowledgeable SM professionals conducted one-on-one capability briefings with interested suppliers and provided supplier information to SM category teams. Supplier outreach also included producing multiple supplier communications via the *Re: Supply* newsletter. These communication vehicles helped to promote a clearer understanding within the supplier community of the needs of the Postal Service and to promote competition and supplier diversity through the increase in number of suppliers registered in the Postal Service's eSourcing solution.

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As a result of these events and open communications, the Postal Service received noteworthy recognition in FY11:

- The Top Government Agency for Multicultural Business Opportunities – *DiversityBusiness.com*.
- 2011 Champion of Diversity – *DiversityPlus Magazine*.
- Stalwart Supporter of Supplier Diversity – U.S. Pan Asian American Chamber of Commerce.
- Recognition as a supporter of ‘A Decade of Hispanic Business Growth’ – Maryland Hispanic Business Chamber.
- Advocate Award – U.S. Women’s Chamber of Commerce.

eSourcing

In 2009, the Postal Service implemented a new electronic sourcing solution to enhance and streamline the competitive sourcing practices. eSourcing is a COTS software solution that supports electronic supplier registration, requests for information (RFI), requests for proposal (RFP), requests for quotes (RFQ), reverse auctions and combinatorial optimization events.

The eSourcing solution helps the Postal Service and suppliers streamline the competitive sourcing process by combining the proposal and evaluation process into one solution. This significantly reduces the time between activities that are often seen in the traditional paper-based proposal process.

At the end of FY11, almost 7,000 suppliers were registered within eSourcing and were eligible to be invited to bid on competitive solicitations. Suppliers were encouraged to register through the *Re: Supply* newsletter, CO communications, and supplier outreach events.

The eSourcing application was used for 85 percent of all competitive solicitations during the FY11 measurement period.

Continuous Competition

The organization has implemented a number of programs where competition occurs not only at the initial contract award, but through ongoing competition throughout the contract lifecycle:

- Office Product and Maintenance Repair and Operations (MRO) Items — Multiple contracts have been awarded through

competitive solicitations using eSourcing combinatorial optimization for office product and MRO items. These national contracts were then loaded as catalogs into the eBuy2 system for requisitioners to place orders for their needs. The eBuy2 system allows requisitioners to compare similar items from different suppliers to make the best value decision. This introduces ongoing competition amongst the suppliers beyond the initial contract award.

- IT Services — In 2009, the Postal Service competitively awarded four IDIQ contracts for IT services. Through these contracts, the Postal Service has the option of further competing requirements and awarding individual task orders to obtain best value based on each individual business need.
- Professional Services — Over the past two years, the Postal Service has awarded multiple ordering agreements with professional service suppliers. These agreements allow for streamlined competitive sourcing of individual task orders as terms and conditions are already established.

SM/CFO Monthly Reports

In FY11, the SM/CFO monthly contract and spend reporting process started. The report provides management visibility to the past and future sourcing actions being taken within the organization. The report contains multiple sub-reports related to spending trends, spend with top suppliers, contracting actions for the month, significant contracts over six years in length, and a list of future sourcing actions in the pipeline with preliminary sourcing plans for competition. The report has helped raise the visibility of current and future sourcing actions and initiate earlier dialog on how to achieve best value.

BARRIERS TO COMPETITION IN FY11

The key barriers to competition during FY11 within the Postal Service were the following:

- Size and Scale of the Postal Service Infrastructure: Strategic investments are made in software solutions and the solution has either been custom built or configured to meet the Postal Service business needs.

Competition of related requirements can be cost prohibitive and contrary to commercial business practices which would be to extend the maintenance and support on the system with the existing supplier until the system no longer meets the needs of the business.

- Sole Source: Some equipment or parts for the equipment are only provided by the original equipment manufacturer (OEM) or sub-contractor who worked on the project during initial implementation. Extensive and costly reverse-engineering would be required to introduce adequate competition in these instances. Reverse engineering also requires specially trained and skilled engineering and contracting resources to execute efficiently.
- Lack of Updated Technical Requirements: Some technical data requirements are not available or are not up to date thus limiting the ability to re-compete existing contracts.
- Lack of Resources: Due to this past year's organizational redesign and resulting staff reductions, the resources required to properly plan some procurement needs have been impacted. Requiring organizations did not always have the necessary resources available or expertise to execute market research and advanced planning; thus they found it necessary to request a noncompetitive extension. These extensions often lacked extensive market research and justified the request based on the compelling business need for the part or service.
- Lack of Communication and Advanced Planning: Instances occurred where the requiring organization did not communicate with the CO early in the sourcing process to jointly evaluate the marketplace and make a preliminary sourcing decision. They independently executed their own market research, developed and submitted the NPR to the CO with limited time prior to the business need to conduct competition.
- Reliance on Existing Supply Base: Some suppliers have been supporting particular programs or systems for many years and have developed specialized knowledge and skills related to the program or system. The requesting organization is reluctant to

potentially change suppliers and risk program performance.

- Innovation: There are instances where a supplier designed a new innovative product or service and thus a noncompetitive contract to implement the product or service made sense. This practice actually promotes competition amongst suppliers yet is reflective in the noncompetitive metrics as the contract action is executed noncompetitively.
- Delays in Executing Competition or Implementation: In a few instances, noncompetitive requests were needed when delays have occurred during the competitive process or during implementation of the new contract, thus making it necessary to noncompetitively extend an existing contract until the new competitive contract is established and transition complete.

FY12 Action Plan to Promote Competition

In FY12, the following actions are planned to challenge barriers to competition and promote data integrity:

- Enhanced Policies and Compliance
 - Simplified purchasing policies were issued on December 12, 2011. This competitive business process may reduce noncompetitive purchases of commercially available goods and services.
 - Conduct contract compliance reviews to ensure the appropriate competitive classification codes are being maintained in the contracting systems along with all other relevant contracting file information.
- Contracting System — Competitive Classification Codes and Data Integrity
 - Implement standard competitive classification codes in TCSS and eFMS by March 2012. New classification codes will be introduced via comprehensive training sessions that will include webinars, user guides, and tips of the week for each system. All in-scope contract actions for FY12 will

Promoting Competition and Best Value

- be classified using the competition codes so that the FY12 CA report contains a full year of data for all three contracting systems.
- Promote data integrity for competitive classification codes and other contracting codes via training, tips of the week, and compliance reviews.
- Communications
 - Host webinar sessions and distribute communications within SM to promote the use of competition to achieve best value.
 - Conduct meetings with requesting organizations that have the highest value of noncompetitive purchase requests to further understand and challenge the barriers to competition. Promote requesting organizations to contact the relevant purchasing organization as early as possible to discuss upcoming requirements and develop an agreed upon preliminary sourcing strategy.
- Category Sourcing Strategy Plans (CSSPs)
 - Continue supplier outreach events to improve supplier understanding of how to do business with the Postal Service, to promote the value of competition within the sourcing process, and to promote a diverse supply base.
 - Develop updated CSSPs that analyze the category of spend being purchased, percentage of competition and supplier diversity within the supply base, market trends, future business needs, and that result in the development of best-value sourcing strategies for short- and long-term business needs.
 - Assist sourcing teams where needed with external market research that identifies potential new sourcing strategies and suppliers in the marketplace.

APPENDIX

A: COMPETITION ADVOCATE DELEGATION LETTER

SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT



January 28, 2011

DOUGLAS P. GLAIR

SUBJECT: Letter of Designation

Effective January 28, I hereby designate you as the Postal Service's Competition Advocate.

As Competition Advocate, you are responsible for:

- Challenging barriers to the competition of Postal Service requirements;
- Assisting purchase/supply chain management (SCM) teams in the development of effective SCM solutions and obtaining best value;
- Providing independent advice to contracting officers regarding proposed noncompetitive purchases; and
- Producing an annual report on noncompetitive purchasing activity.

Please see Supplying Principles and Practices (SPs and Ps) Process Step 2-10.3.4 for a full discussion of these responsibilities and the factors you should consider when reviewing Noncompetitive Purchase Requests.

During absences from the office, you may redesignate one of your team leaders as the acting Competition Advocate.

I have every confidence you will execute these duties to the best of your ability and in the best interest of the Postal Service.

A handwritten signature in cursive script that reads "Susan M. Brownell".

cc: Supply Management Leadership Team

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B: SUPPLYING PRINCIPLES & PRACTICES PROCESS STEP 2 – 10 DETERMINE EXTENT OF COMPETITION

The following sections of the SPs and Ps are provided for easy reference. They were extracted from the SPs and Ps on September 30, 2011.

+ 2-10 Determine Extent of Competition

The goal of Postal Service supplying activities is the achievement of best value for the Postal Service, and sourcing and material management decisions are made on this basis. Best value is defined in the Best Value Supplying Principle as " the outcome that provides the optimal combination of elements such as lowest TCO, technology, innovation and efficiency, assurance of supply, and quality consistent with the Postal Service's needs and market strategy. " In the sourcing area, best value is generally achieved through competition because competition brings market forces to bear and helps purchase/SCM teams compare the relative value of proposals and prices.

2-10.1 Market Surveillance

Market surveillance is the continuous process of updating market research and is used to obtain a sense of the products and services available in the market place and their various characteristics and capabilities. It includes activities designed to keep the purchase/SCM team abreast of current technology, product development, and innovative services. Market surveillance should focus on industry trends, technological change, and economic conditions. The awareness of the market obtainable through market surveillance gives the Postal Service the information necessary to maximize the opportunity for competition, thus increasing the likelihood of achieving best value.

2-10.2 Competitive Purchases

Competitive purchases should be made on the basis of adequate competition whenever feasible. Adequate competition means the solicitation of a sufficient number of the best qualified suppliers to ensure that the required quality and quantity of goods and services are obtained when needed and that the price is fair and reasonable.

2-10.3 Noncompetitive Purchases

2-10.3.1 General

Noncompetitive purchases greater than \$10,000 are subject to the following procedures.

2-10.3.2 Business Scenarios

In some circumstances, Postal Service business and competitive objectives may be met most effectively through a noncompetitive purchase. The following four scenarios discuss the instances when it is appropriate to use the noncompetitive method:

Sole Source — Only one supplier exists, capable of satisfying a requirement.

Industry structure or practice — The industry producing or supplying the required goods or services is structured in a manner that renders competition ineffective (e.g., when purchasing goods or services that are regulated, such as utilities, or when purchasing from nonprofit or educational institutions that do not compete in the market place).

Compelling business interests — There is a business interest that is so compelling that purchasing noncompetitively outweighs the benefits of competition. These situations can include, but are not limited to, the urgency of the requirement, a supplier innovation that furthers Postal Service

business objectives, or undue cost or delay would result from a contract award to a new supplier.

Superior Performance — A supplier's superior performance and its contributions to the Postal Service's business and competitive objectives merit award of a particular purchase. For example, extending the term or expanding the scope of a contract for substantially the same goods or services when a supplier has performed at such a high level that the extension or expansion is well deserved, or when a supplier's superior performance has made such performance beneficial to Postal Service operations.

2-10.3.3 Noncompetitive Purchase Request

If it has been preliminarily recommended that the purchase should be made noncompetitively, then the requesting organization must submit a Noncompetitive Purchase Request (NPR) to the contracting officer. The NPR must include the business scenario and rationale for the noncompetitive purchase. While the extent and detail of the request will depend on the particular purchase, the purchase complexity, and the purchase's potential dollar value, all elements of the NPR must be addressed fully and completely. If the requesting organization determines that an element is irrelevant or cannot be addressed fully and completely, a statement explaining the circumstances must be provided. In addition, the NPR must be signed and dated by the originator/preparer and his/her management chain. If the estimated cost of the request exceeds \$250,000, then it must also be signed and dated by the responsible Vice President. The signers of the request must also certify to the conflicts of interest and nondisclosure statements which are included in the NPR. To view the NPR format, see MI SP-S2-2010-1, Noncompetitive Purchases.

The NPR is sent by the requesting organization to the contracting officer for evaluation and recommendation. If the purchase is valued at \$1 million or more, the contracting officer must forward a copy to the Competition Advocate (CA) at competitionadvocate@usps.gov and provide the CA with a timeline for the contract as well as any other pertinent information if practical. See below sections for more information about the CA role.

2-10.3.4 Competition Advocate

2-10.3.4.a. General

The CA is appointed by the VP, SM, and is generally responsible for promoting competition throughout the purchasing process, challenging barriers to the competition of Postal Service requirements, and assisting purchase/SCM teams in the development of effective supply chain management (SCM) solutions and obtaining best value. More specifically, the CA completes an independent review of all NPRs for purchases valued at \$1 million or more, provides independent advice to contracting officers regarding proposed noncompetitive purchases, and produces an annual report on noncompetitive purchase activity; the report is submitted to the VP, SM, and posted on-line for both internal Postal Service and public audiences.

2-10.3.4.b. Review

During the review, the CA should consider the following questions:

Is the NPR based on sound business reasons, that serve to promote the business and competitive interests of the Postal Service?

Is the NPR justified under one of the four "Business Scenarios" (see section [2-10.3.1, Business Scenarios](#), for more detail)?

Are the specifications and statements of work included in the NPR restrictive in any way? For example, are geographic preferences justified, or are brand name products or unnecessary experience or bonding required?

Is the NPR complete and accurate? If any elements of the NPR are not addressed, is the rationale convincing?

Does the NPR reflect commercial best practices?

Does the NPR contradict or negatively impact the Postal Service's commitment to and efforts towards supplier diversity?

What plans for future competition of the requirement are both realistic and achievable?

After the review of the NPR is complete, the CA must prepare his/her recommendations to the contracting officer. This recommendation should provide advice to the contracting officer during his/her evaluation and recommendation on the NPR.

2-10.3.5 Contracting Officer Evaluation and Recommendation

The contracting officer reviews the NPR and performs a written evaluation of the proposed supplier's past performance and supplier capability and any other matter he or she believes will lead to a more informed and effective purchase decision, including the Competition Advocate's guidance if applicable. The contracting officer must document his or her approval or disapproval if within his or her delegated authority, or forward his or her recommendation through the management chain to the appropriate approval authority. The contracting officer's or approval authority's approval of the NPR does not constitute approval of contract award, and, in all cases, the contracting officer is required to negotiate reasonable pricing and terms and conditions prior to contract award, including review of relevant market pricing, when applicable, and a determination that the contract price is fair and reasonable.

2-10.3.6 Collaboration

If the parties should disagree as to purchase method, they should collaborate in order for the final purchase method determination or recommendation to be made. This collaboration will provide the requesting organization with the opportunity to bring forth any new or changed information which may affect the opinions of the contracting officer and approval authority. The CA may assist in these deliberations.

2-10.3.7 Purchase Method Approval Authorities

The portfolio managers (Facilities, Mail Equipment, Services, Supplies, and Transportation) within Supply Management may approve purchase method recommendations for noncompetitive purchases valued up to \$10 million, except for noncompetitive purchases of professional, technical, and consultant services valued at \$1 million or more. Requests for noncompetitive professional, technical, and consultant services purchases valued at \$1 million or more, and all other noncompetitive purchases valued at \$10 million or more, must be reviewed and approved by the VP, SM. Portfolio managers may delegate up to \$250,000 of this purchase method approval authority to subordinate Team Leaders or managers in the applicable purchasing organizations.

2-10.3.8 Publicizing

All noncompetitive contract awards valued at more than \$1 million must be publicized in the Government Point of Entry (GPE) and other media, as appropriate.

2-10.3.9 Documentation

See section 2-40.3.2, Contract Files for Noncompetitive Contracts, for information on required documentation.

2-10.4 Other Topics Considered

Section 2-9, Perform Switching Cost Analysis

Section 2-20, Develop and Finalize Sourcing Strategy

Section 2-41, Obtain Selected Reviews and Approvals

C: CONTRACT COMMITMENTS AND COMPETITIVE CLASSIFICATIONS FOR CAMS - 80 PERCENT OF TOTAL COMMITMENT DOLLARS

From April 1, 2011, to September 30, 2011, there were 5,749 contract actions equal to or above the competitive threshold (\$10K) executed with commitments totaling \$1,339,182,694. The actions were for 2,742 unique suppliers as defined by the APEX accounting system. The actions included commitments and de-commitments. The following table highlights the top 80 percent of supplier commitments based on commitment totals and includes the competitive classification breakdown by supplier.

Note: During the second half of FY11, SM closed over 2,000 CAMS contracts. As part of the close-out process, the COs de-committed unused funds. This reduced the total committed funds within the reporting period by \$241,348,022.

Supplier Name	Competitive Classification	Sum of Committed \$	Contract Actions	% of Total	Cumulative %
US AIRWAYS INC	Competitive	\$104,236,080	1		
US AIRWAYS INC Total		\$104,236,080	1	7.8%	7.8%
IBM CORP	Noncompetitive - Compelling Business Interests	\$57,699,333	41		
	Competitive	\$27,904,475	13		
	Noncompetitive - Sole Source	\$8,345,295	6		
	Noncompetitive - Industry Structure or Practice	\$39,600	1		
IBM CORP Total		\$93,988,703	61	7.0%	14.8%
UNITED AIRLINES INC	Competitive	\$88,673,169	1		
UNITED AIRLINES INC Total		\$88,673,169	1	6.6%	21.4%
ACCENTURE	Noncompetitive - Sole Source	\$61,670,641	67		
	Competitive	\$16,305,775	26		
	Noncompetitive - Compelling Business Interests	\$7,165,201	17		
	Noncompetitive - Superior Performance	\$1,500,000	1		
ACCENTURE Total		\$86,641,617	111	6.5%	27.9%
AT & T CORPORATION	Competitive	\$72,208,534	4		
	Noncompetitive - Compelling Business Interests	\$58,140	2		
	Unauthorized Commitment	\$22,440	1		
AT & T CORPORATION Total		\$72,289,114	7	5.4%	33.3%
CAMPBELL-EWALD COMPANY	Noncompetitive - Compelling Business Interests	\$72,135,575	13		
CAMPBELL-EWALD COMPANY Total		\$72,135,575	13	5.4%	38.7%
DELTA AIR LINES INC	Competitive	\$68,718,780	1		
DELTA AIR LINES INC Total		\$68,718,780	1	5.1%	43.8%
NORTHROP GRUMMAN SECURITY	Noncompetitive - Sole Source	\$67,614,200	4		
	Required Source - Policy/Legally Mandated	\$76,540	35		
NORTHROP GRUMMAN SECURITY Total		\$67,690,739	39	5.1%	48.9%
NORTHROP GRUMMAN INFORMATION	Competitive	\$58,329,420	70		
	Noncompetitive - Compelling Business Interests	\$3,622,207	7		
	Noncompetitive - Sole Source	\$136,447	1		
NORTHROP GRUMMAN INFORMATION Total		\$62,088,074	78	4.6%	53.5%
ALPINE AIR	Competitive	\$61,882,991	7		
ALPINE AIR Total		\$61,882,991	7	4.6%	58.1%
CONTINENTAL AIRLINES	Competitive	\$61,546,992	1		
CONTINENTAL AIRLINES Total		\$61,546,992	1	4.6%	62.7%
HEWLETT PACKARD CO	Competitive	\$44,328,911	154		
	Noncompetitive - Compelling Business Interests	\$2,471,980	4		
HEWLETT PACKARD CO Total		\$46,800,890	158	3.5%	66.2%
HP ENTERPRISE SERVICES LLC	Competitive	\$31,854,899	46		
	Noncompetitive - Sole Source	\$5,580,431	3		
	Noncompetitive - Industry Structure or Practice	\$3,543,187	4		
	Noncompetitive - Compelling Business Interests	\$1,359,427	2		
HP ENTERPRISE SERVICES LLC Total		\$42,337,945	55	3.2%	69.4%
EMC CORPORATION	Noncompetitive - Compelling Business Interests	\$24,915,198	7		
	Competitive	\$11,443,590	7		
	Noncompetitive - Industry Structure or Practice	\$1,919,222	2		
	Noncompetitive - Sole Source	\$614,768	1		
EMC CORPORATION Total		\$38,892,778	17	2.9%	72.3%
ERNST & YOUNG	Competitive	\$38,228,086	1		
	Noncompetitive - Compelling Business Interests	\$429,683	1		
ERNST & YOUNG Total		\$38,657,769	2	2.9%	75.2%
ELECTRONIC CONSULTING	Competitive	\$33,084,578	1		
ELECTRONIC CONSULTING Total		\$33,084,578	1	2.5%	77.6%
MCI COMMUNICATIONS SERVICES INC	Competitive	\$31,599,147	10		
MCI COMMUNICATIONS SERVICES INC Total		\$31,599,147	10	2.4%	80.0%

D: CONTRACT COMMITMENTS AND COMPETITIVE CLASSIFICATIONS FOR TCSS – 80 PERCENT OF TOTAL COMMITMENT DOLLARS

From April 1, 2011, to September 30, 2011, there were 706 new fixed price contract actions equal to or above the competitive threshold (\$10K) executed with commitments totaling \$282,358,454. The committed value of the contracts was calculated by multiplying the annual value of the contract by the contract term as TCSS only captures the annual value of the contract. The actions were for 559 unique suppliers as defined by the APEX accounting system. The actions included commitments and de-commitments. The following table highlights the top 80 percent of supplier commitments based on commitment totals. All new TCSS actions are classified as competitive actions.

Supplier Name	Sum of Committed \$	Contract Actions	% of Total \$	Cumulative %
BEAM BROS TRUCKING INC	\$54,414,892.74	7	19.3%	19.3%
ROAD FLEX INC	\$11,660,805.00	1	4.1%	23.4%
C BLACKBURN INC-1	\$7,402,035.28	9	2.6%	26.0%
H B PHILLIPS INC	\$6,248,728.95	1	2.2%	28.2%
G&S TRANSFER INC	\$6,042,396.36	1	2.1%	30.4%
MAIL CONTRACTORS OF AMERICA INC	\$5,958,897.28	1	2.1%	32.5%
JOHNSON TRUCKING CO INC	\$5,695,287.78	2	2.0%	34.5%
NIECE TRUCKING INC	\$5,683,875.46	2	2.0%	36.5%
POSTAL TRANSPORT INC	\$4,853,169.15	6	1.7%	38.2%
LE-MAR HOLDINGS INC	\$4,326,605.49	5	1.5%	39.8%
ALAN BERMAN TRKG INC	\$3,855,950.79	2	1.4%	41.1%
ALFRED J BLACKBURN	\$3,742,805.00	1	1.3%	42.5%
LOUIS V LEPAK TR CO INC	\$3,693,840.59	1	1.3%	43.8%
CONTRACT TRANSPORT INC	\$3,179,583.04	2	1.1%	44.9%
I ORLICH TRUCKING INC	\$3,137,931.69	4	1.1%	46.0%
TRACIE MCCORMICK INC	\$3,014,697.87	4	1.1%	47.1%
MAPLES TRUCK LINE INC	\$2,721,092.52	6	1.0%	48.0%
FLORIDA CARRIERS & BROKER SERVICES INC	\$2,578,223.25	1	0.9%	48.9%
GRIFFIN EXPRESS INC	\$2,180,467.82	2	0.8%	49.7%
EAGLE EXPRESS LINES INC	\$2,138,034.94	4	0.8%	50.5%
FREDY TRANSPORTATION INC	\$2,072,703.52	2	0.7%	51.2%
DAVOSA TRANSPORT SERVICE	\$2,055,872.49	2	0.7%	51.9%
FT JACKSON TRUCKING LLC	\$1,983,790.54	2	0.7%	52.6%
TROJAN HORSE LIMITED	\$1,962,177.49	1	0.7%	53.3%
RED BULL TRUCKING	\$1,891,483.34	2	0.7%	54.0%
LION TRUCKING LLC	\$1,764,075.00	1	0.6%	54.6%
SADLER BROS TRUCKING & LEASING CO INC	\$1,724,989.65	3	0.6%	55.2%
NOBLE BAY EQUITIES LLC	\$1,675,651.08	5	0.6%	55.8%
B & T MAIL SERVICE INC	\$1,641,029.85	1	0.6%	56.4%
GLEN BURNIE HAULING INC	\$1,640,923.33	1	0.6%	57.0%
GARY HUCKLESBY	\$1,614,506.00	2	0.6%	57.6%
CHANELLE & BRANDOS TRANSPORT, LLC	\$1,559,061.00	1	0.6%	58.1%
GENTLEMAN GENE TRUCKING	\$1,548,916.12	2	0.5%	58.7%
IDEAS EXPRESS SERVICES	\$1,517,868.00	1	0.5%	59.2%
DAVIS MAIL SERVICES INC	\$1,423,206.61	2	0.5%	59.7%
KANSOTA TRANSPORT INC	\$1,398,628.19	2	0.5%	60.2%
DENNIS TRUCK LINE CO	\$1,362,975.88	1	0.5%	60.7%
ANDREW MURPHY	\$1,307,060.98	2	0.5%	61.2%
AL LASTELLA INC	\$1,269,940.00	1	0.4%	61.6%
MCCOY TRANSFER INC	\$1,255,400.99	5	0.4%	62.0%
HEARTLAND TRANSPORTATION	\$1,207,108.53	3	0.4%	62.5%
ROBERT H SLOTTER	\$1,207,015.38	1	0.4%	62.9%
MARK R FALLON	\$1,202,138.84	3	0.4%	63.3%
JOHN D EGNOR	\$1,200,254.56	5	0.4%	63.8%
POSTAL FLEET SERVICES INC	\$1,163,311.77	4	0.4%	64.2%
PONY EXPRESS-1	\$1,155,898.66	10	0.4%	64.6%

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MBM TRANSPORT INC	\$1,076,360.99	1	0.4%	65.0%
POWELL & SONS INC	\$1,046,414.76	2	0.4%	65.3%
HENLINE TRANSPORT INC	\$1,041,992.10	1	0.4%	65.7%
MARK W CLEMONS	\$1,010,701.67	1	0.4%	66.1%
HOYT BROTHERS TRUCKING INC	\$988,223.12	1	0.3%	66.4%
KRISE TRANSPORTATION	\$948,672.85	3	0.3%	66.7%
SILVER STAR MAIL TRANSPORT INC	\$931,418.04	2	0.3%	67.1%
TNSTUMPF ENTERPRISES LLC	\$916,683.63	5	0.3%	67.4%
JAMES R FOUST	\$900,675.00	1	0.3%	67.7%
CARMICHAEL TRANSPORTATION	\$877,734.00	2	0.3%	68.0%
R L TRUCKING INC	\$867,615.00	6	0.3%	68.3%
RATCLIFF ENTERPRISES INC	\$853,462.58	1	0.3%	68.6%
FINKLE IV FREIGHT & LOGISTICS	\$851,477.00	1	0.3%	68.9%
W PAUL MILLER	\$835,828.88	1	0.3%	69.2%
SHARRED TRANSP CORP	\$791,436.00	1	0.3%	69.5%
HEMI HAULING INC	\$776,582.00	1	0.3%	69.8%
JENNIFER KATHRYN RAY	\$747,645.44	1	0.3%	70.1%
TAMMI FAYE CASTLE	\$741,264.07	1	0.3%	70.3%
C JS TRANSPORTATION SERVICE INC	\$739,733.59	7	0.3%	70.6%
GREG A JOHNSON TRUCKING INC	\$733,676.24	2	0.3%	70.8%
WENDY L CZAPSKI	\$716,664.66	1	0.3%	71.1%
WALTER TRANSPORT INC-1	\$710,906.30	2	0.3%	71.3%
SUN TRANSPORT & LOGISTICS INC	\$704,038.50	1	0.2%	71.6%
MCCORMICK TRUCKING INC	\$669,032.22	3	0.2%	71.8%
HAROLD W MARTIN	\$668,072.74	1	0.2%	72.1%
KENNETH M THORBAHN	\$657,484.75	2	0.2%	72.3%
ANDRUS TRANSPORTATION	\$651,459.48	1	0.2%	72.5%
KLIZOTTE CONTRACTORS	\$646,887.02	3	0.2%	72.8%
WALTON TRANSPORT LLC	\$637,641.87	3	0.2%	73.0%
KEVIN M FORESTHER	\$625,723.73	1	0.2%	73.2%
IMC LLC	\$614,599.15	2	0.2%	73.4%
MISTI'S TRANSPORT INC	\$614,026.25	1	0.2%	73.6%
WILLIAMS & ACQUAH TRANSPORT	\$609,862.50	1	0.2%	73.9%
STEVEN HARNOIS SR	\$608,047.76	3	0.2%	74.1%
MALFIDA GONZALEZ	\$591,095.85	2	0.2%	74.3%
JOHN C WEEKLY	\$577,595.10	1	0.2%	74.5%
ROGER DESCHAMPS	\$570,679.80	1	0.2%	74.7%
WG TRANSPORTATION	\$556,929.73	1	0.2%	74.9%
HEYE TRUCKING	\$549,378.00	1	0.2%	75.1%
CHILL N INC	\$532,399.00	1	0.2%	75.3%
SCHNEIDERMAN	\$520,910.67	1	0.2%	75.5%
H & S EXPRESS	\$519,022.98	1	0.2%	75.6%
CHRISTOPHER W SMITH	\$508,613.84	2	0.2%	75.8%
CYNTHIA S COOPER	\$494,298.00	1	0.2%	76.0%
WILLIAM B LEWIS	\$486,310.58	1	0.2%	76.2%
TUCSON PROJECT LLC	\$485,669.40	1	0.2%	76.3%
TYRA ELIZABETH RINKER	\$474,913.06	1	0.2%	76.5%
CAPE COD EXPRESS INC	\$462,693.00	1	0.2%	76.7%
DAY TRUCKING LLC	\$455,799.99	1	0.2%	76.8%
SARAH L ADKINS	\$452,383.11	1	0.2%	77.0%
RAHEEM TRUCKING INC	\$442,550.13	1	0.2%	77.1%
DIANA LIZETH ROMERO	\$432,324.00	1	0.2%	77.3%
ROLAND RAYMOND MARTIN JR	\$426,399.40	1	0.2%	77.5%
PAN EXPRESS TRANSPORT LLC	\$417,358.00	1	0.1%	77.6%
MCKINNEY VEHICLE SERVICES INC	\$413,247.15	4	0.1%	77.7%
POLANCO BROTHERS TRUCKING INC	\$405,853.00	1	0.1%	77.9%
FERGUSON TRUCKING LLC	\$398,985.90	2	0.1%	78.0%
HERBYS TRANSFER	\$398,872.85	3	0.1%	78.2%
FREDDIES US MAIL INC	\$398,295.00	1	0.1%	78.3%
MELISSA L TAULBEE	\$397,192.50	1	0.1%	78.5%
AEH TRUCKING CO.	\$390,572.71	1	0.1%	78.6%
G O TRUCKING INC	\$387,212.81	2	0.1%	78.7%
BOUGHER & DUNN, LLC	\$385,155.00	1	0.1%	78.9%
ARMANDO R GAITAN	\$384,288.00	1	0.1%	79.0%
CYNTHIA MACKAY	\$383,944.02	1	0.1%	79.1%
RAM EXPRESS INC	\$382,584.68	2	0.1%	79.3%
MATHESON POSTAL SERVICES INC	\$382,410.00	1	0.1%	79.4%
C2G LTD CO	\$381,188.83	3	0.1%	79.5%
FAMES TRANSPORT INC	\$380,962.38	2	0.1%	79.7%
BRUCE HUGHES	\$380,152.50	1	0.1%	79.8%
DON BUCHANAN TRUCKING INC	\$374,773.67	1	0.1%	79.9%
JENNIFER R LAPORTE	\$371,812.93	1	0.1%	80.1%

E: CONTRACT COMMITMENTS AND COMPETITIVE CLASSIFICATIONS FOR EFMS – 80 PERCENT OF TOTAL COMMITMENT DOLLARS

From April 1, 2011, to September 30, 2011, there were 2,528 contract actions equal to or above the competitive threshold (\$10K) executed in eFMS with commitments totaling \$333,096,240. The actions were for 367 unique suppliers as defined by the APEX accounting system. The actions included commitments and de-commitments. The following table highlights the top 80 percent of supplier commitments based on commitment totals.

Supplier Name	Sum of Committed \$	Contract Actions	% of Total	Cumulative %
PARSONS INFRASTRUCTURE &	\$28,842,712	943	9%	9%
SG CONST SERVICES INC	\$17,603,418	12	5%	14%
LUSK MECHANICAL CONTR INC	\$12,520,453	12	4%	18%
SIMON ROOFING & SHEET METAL CORP	\$10,427,980	14	3%	21%
BAUER & RAETHER BUILDERS INC	\$9,000,000	2	3%	24%
NORTHERN MANAGEMENT SERVICES INC	\$8,291,610	31	2%	26%
F H PASCHEN SN NIELSEN & ASSOCIATES LLC	\$8,287,477	17	2%	29%
VARIETY CONTRACTORS INC	\$8,148,039	7	2%	31%
THE WILSON GROUP INC	\$6,938,061	14	2%	33%
MORCON CONSTRUCTION CO INC.	\$6,144,814	37	2%	35%
CON EDISON SOLUTIONS INC	\$6,073,553	22	2%	37%
LIGHTON INDUSTRIES INC	\$4,993,497	24	1%	38%
FISCHER-FISCHER-THEIS INC	\$4,986,199	6	1%	40%
SUNRISE COMMERCIAL CONTRACTING INC	\$4,904,545	5	1%	41%
OKLAND CONSTRUCTION	\$4,853,102	15	1%	43%
HAPPEL & ASSOCIATES INC	\$4,549,394	39	1%	44%
PAUL J ROGAN CO INC	\$4,313,789	3	1%	45%
APPLIED ENERGY MANAGEMENT INC	\$4,176,000	1	1%	47%
MUHLENBERG GREENE ARCHITECTS	\$4,158,168	6	1%	48%
SHIEL SEXTON CO INC	\$4,152,873	1	1%	49%
I L LONG CONSTRUCTION CO INC	\$4,116,431	10	1%	50%
D & H CONSTRUCTION	\$4,044,777	6	1%	51%
A E GROUP JV	\$4,011,987	2	1%	53%
L D DOCSA ASSOCIATES INC	\$4,000,000	1	1%	54%
CRABTREE ROHRBAUGH & ASSOC	\$4,000,000	1	1%	55%
NORTH HILLS CONSTRUCTORS INC	\$3,886,570	5	1%	56%
SIEDLECKI CONSTRUCTION CO	\$3,709,703	7	1%	57%
OKLAND CONSTRUCTION CO INC	\$3,614,170	28	1%	58%
BASIC IDIQ INC	\$3,484,355	5	1%	60%

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CHARTER CONSTRUCTION COMPANY	\$3,187,377	9	1%	60%
BISCAYNE CONTRACTORS INC	\$3,003,691	7	1%	61%
G-W MANAGEMENT SERVICES INC	\$2,849,924	3	1%	62%
FR ANDERSON CONSTRUCTION COMPANY INC	\$2,805,729	10	1%	63%
THE K COMPANY INC	\$2,706,847	2	1%	64%
LAWDENSKY CONSTRUCTION	\$2,698,949	2	1%	65%
RICHARD D KIMBALL COMPANY INC	\$2,649,500	4	1%	65%
DOW ELECTRIC INC	\$2,584,680	4	1%	66%
FRANCHI CONSTRUCTION INC	\$2,567,651	3	1%	67%
R J CROWLEY INC	\$2,547,503	3	1%	68%
ALL STAR SERVICES CORP	\$2,484,959	20	1%	69%
PATRICK CONSTRUCTION	\$2,449,302	21	1%	69%
BRATTON BROS CONTRACTING INC	\$2,433,947	15	1%	70%
ST LOUIS DESIGN & CONSTRUCTION INC	\$2,120,253	3	1%	71%
ALLEN KELLY & CO	\$2,066,500	5	1%	71%
CLARK CONTRACTORS INC	\$2,035,133	3	1%	72%
AAR OF NORTH CAROLINA INC	\$1,991,890	1	1%	72%
RETAIL CONTRACTORS OF PR	\$1,906,750	6	1%	73%
GARCO CONSTRUCTION INC	\$1,891,051	11	1%	74%
GREG CONSTRUCTION COMPANY	\$1,746,184	3	1%	74%
MARK CARRIER CONSTRUCTION INC	\$1,727,208	2	1%	75%
M ELDRIDGE & SONS	\$1,717,979	3	1%	75%
THE LOUIS BERGER GROUP INC	\$1,691,579	21	1%	76%
JMS CONSTRUCTION CO	\$1,602,980	11	0%	76%
MILL CITY CONSTRUCTION	\$1,589,458	2	0%	77%
CIRCLE A CONSTRUCTION	\$1,586,400	1	0%	77%
THOMAS E SNOWDEN INC	\$1,566,000	1	0%	78%
KALKREUTH ROOFING AND SHEET METAL INC	\$1,542,601	1	0%	78%
G P WEST INC	\$1,530,126	1	0%	79%
PDS ENGINEERING & CONST	\$1,500,000	1	0%	79%
KJ JOHNSTON LTD	\$1,500,000	1	0%	79%
PANFILI CORPORATION	\$1,457,848	4	0%	80%
PAUG VIK DEVELOPMENT CORPORATION	\$1,285,155	7	0%	80%

F: CONTRACT COMMITMENTS AND COMPETITIVE CLASSIFICATIONS FROM FPDS-NG COMPETITION ADVOCATE REPORT

The Federal Procurement Data System (FPDS-NG) captures and reports summary level contract actions and commitment information for agencies using appropriated funds as specified in FAR 4.6. The Competition Advocate report within FPDS-NG from April 1, 2011, to September 30, 2011, contains contract actions for 62 departments totaling \$307.4B in contractual commitments. The following table provides the total actions, commitments, competed actions, % competed actions, competed commitments and % competed commitments for the departments listed in the report. The report was run on 1/17/2012 to allow for 90 days of data corrections and delayed reports. As FPDS-NG data is dynamically updated by each agency/department, if the report is run at a different time, some of the data may be different than the below snapshot.

Department	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
FEDERAL MARITIME COMMISSION(6500)	12	\$640,465.47	9	75.00%	\$605,112.73	94.48%
NATIONAL SCIENCE FOUNDATION(4900)	730	\$288,064,961.87	504	69.04%	\$259,387,908.60	90.04%
ENERGY, DEPARTMENT OF(8900)	8,422	\$13,924,469,804.49	5,516	65.50%	\$12,501,914,989.13	89.78%
MILLENNIUM CHALLENGE CORPORATION(9543)	536	\$51,528,840.50	386	72.01%	\$46,058,787.76	89.38%
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE(9577)	437	\$48,570,847.41	360	82.38%	\$43,361,703.91	89.28%
FEDERAL MEDIATION AND CONCILIATION SERVICE(9300)	52	\$1,326,335.67	40	76.92%	\$1,179,758.57	88.95%
PENSION BENEFIT GUARANTY CORPORATION(1665)	802	\$201,189,443.53	589	73.44%	\$178,950,126.17	88.95%
DEFENSE NUCLEAR FACILITIES SAFETY BOARD(9516)	34	\$2,021,320.77	20	58.82%	\$1,794,902.32	88.80%
UNITED STATES TRADE AND DEVELOPMENT AGENCY(1153)	55	\$7,136,768.10	31	56.36%	\$6,334,425.20	88.76%
NATIONAL LABOR RELATIONS BOARD(6300)	433	\$12,423,103.93	332	76.67%	\$10,989,483.54	88.46%
FEDERAL RESERVE SYSTEM, BOARD OF GOVERNORS(9559)	19	\$6,136,105.20	12	63.16%	\$5,422,599.24	88.37%
HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF(8600)	2,811	\$1,186,498,265.13	1,515	53.90%	\$1,046,327,487.62	88.19%
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION(8800)	891	\$168,442,936.02	637	71.49%	\$147,621,844.18	87.64%
PEACE CORPS(1145)	273	\$30,411,861.10	151	55.31%	\$26,385,737.42	86.76%
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES(5900)	30	\$772,401.11	14	46.67%	\$667,825.76	86.46%
INTERNATIONAL BOUNDARY AND WATER COMMISSION: U.S.-MEXICO(19BM)	380	\$37,213,044.51	276	72.63%	\$32,061,723.65	86.16%
TREASURY, DEPARTMENT OF THE(2000)	18,982	\$4,131,060,656.57	10,040	52.89%	\$3,545,044,349.78	86.15%
OVERSEAS PRIVATE INVESTMENT CORPORATION(7100)	103	\$11,787,435.46	73	70.87%	\$9,983,295.99	84.69%
FEDERAL COMMUNICATIONS COMMISSION(2700)	352	\$49,038,968.85	285	80.97%	\$41,011,876.91	83.63%
EDUCATION, DEPARTMENT OF(9100)	1,973	\$1,091,051,075.89	1,342	68.02%	\$905,885,522.40	83.03%
AGRICULTURE, DEPARTMENT OF(1200)	44,665	\$3,288,626,890.85	30,515	68.32%	\$2,704,723,279.25	82.24%
FEDERAL ELECTION COMMISSION(9506)	123	\$7,488,866.47	99	80.49%	\$6,002,081.47	80.15%
VETERANS AFFAIRS, DEPARTMENT OF(3600)	601,148	\$9,490,331,330.96	501,585	83.44%	\$7,598,216,183.11	80.06%
RAILROAD RETIREMENT BOARD(6000)	275	\$9,120,193.19	192	69.82%	\$7,152,851.98	78.43%
NATIONAL GALLERY OF ART(3355)	144	\$10,453,263.67	99	68.75%	\$8,192,046.02	78.37%
TRANSPORTATION, DEPARTMENT OF(6900)	10,887	\$2,910,485,183.53	7,431	68.26%	\$2,259,968,236.48	77.65%
SECURITIES AND EXCHANGE COMMISSION(5000)	1,272	\$168,914,086.64	616	48.43%	\$130,949,279.80	77.52%
OFFICE OF PERSONNEL MANAGEMENT(2400)	4,112	\$861,235,967.35	2,962	72.03%	\$663,823,275.93	77.08%
ENVIRONMENTAL PROTECTION AGENCY(6800)	16,453	\$1,227,188,344.12	9,904	60.20%	\$945,235,043.35	77.02%
SMITHSONIAN INSTITUTION(3300)	1,637	\$150,436,229.41	688	42.03%	\$115,185,822.16	76.57%
NATIONAL TRANSPORTATION SAFETY BOARD(9508)	178	\$5,109,486.99	110	61.80%	\$3,883,281.07	76.00%
STATE, DEPARTMENT OF(1900)	52,454	\$6,982,534,976.06	37,096	70.72%	\$5,273,822,388.81	75.53%
INTERIOR, DEPARTMENT OF THE(1400)	51,933	\$2,817,858,298.70	34,670	66.76%	\$2,125,948,612.72	75.45%
COMMODITY FUTURES TRADING COMMISSION(9507)	282	\$39,184,551.59	163	57.80%	\$29,318,323.57	74.82%
FEDERAL ENERGY REGULATORY COMMISSION(8961)	378	\$31,736,702.71	199	52.65%	\$23,715,565.55	74.73%
NATIONAL ENDOWMENT FOR THE ARTS(5920)	39	\$2,011,105.85	26	66.67%	\$1,490,179.55	74.10%
NATIONAL CAPITAL PLANNING COMMISSION(9502)	13	\$204,311.38	11	84.62%	\$149,549.48	73.20%
EXECUTIVE OFFICE OF THE PRESIDENT(1100)	616	\$53,474,367.95	334	54.22%	\$38,870,166.75	72.69%
LABOR, DEPARTMENT OF(1600)	6,242	\$1,105,186,489.88	3,317	53.14%	\$802,840,334.17	72.64%
GENERAL SERVICES ADMINISTRATION(4700)	376,181	\$6,016,624,039.02	275,409	73.21%	\$4,337,582,538.50	72.09%
AGENCY FOR INTERNATIONAL DEVELOPMENT(7200)	5,799	\$2,260,894,038.78	4,235	73.03%	\$1,623,312,778.55	71.80%
COMMERCE, DEPARTMENT OF(1300)	14,941	\$1,615,456,780.97	9,421	63.05%	\$1,155,882,311.00	71.55%
HEALTH AND HUMAN SERVICES, DEPARTMENT OF(7500)	51,274	\$13,270,046,502.48	30,812	60.09%	\$9,423,353,881.40	71.01%
HOMELAND SECURITY, DEPARTMENT OF(7000)	54,291	\$8,997,589,877.49	36,483	67.20%	\$6,251,865,211.63	69.48%
JUSTICE, DEPARTMENT OF(1500)	71,837	\$4,031,660,644.25	49,904	69.47%	\$2,770,242,251.48	68.71%
BROADCASTING BOARD OF GOVERNORS(9568)	3,252	\$47,872,447.81	3,108	95.57%	\$32,487,369.46	67.86%
CONSUMER PRODUCT SAFETY COMMISSION(6100)	592	\$20,335,849.19	288	48.65%	\$13,489,056.30	66.33%
MERIT SYSTEMS PROTECTION BOARD(4100)	145	\$2,234,649.37	97	66.90%	\$1,465,542.29	65.58%
DEPT OF DEFENSE(9700)	12,174,395	\$210,375,233,060.90	11,052,568	90.79%	\$130,332,501,918.28	61.95%
SMALL BUSINESS ADMINISTRATION(7300)	600	\$109,118,248.44	361	60.17%	\$65,840,567.29	60.34%
J. F. KENNEDY CENTER FOR THE PERFORMING ARTS(3352)	49	\$9,953,549.07	35	71.43%	\$5,949,827.17	59.78%
SOCIAL SECURITY ADMINISTRATION(2800)	7,599	\$905,309,083.37	3,372	44.37%	\$539,457,648.09	59.59%
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION(8000)	23,362	\$9,110,972,397.37	16,790	71.87%	\$5,307,131,898.20	58.25%
COURT SERVICES AND OFFENDER SUPERVISION AGENCY(9594)	254	\$10,463,611.07	129	50.79%	\$5,871,610.69	56.11%
FEDERAL TRADE COMMISSION(2900)	613	\$44,111,284.67	167	27.24%	\$22,443,361.77	50.88%
NUCLEAR REGULATORY COMMISSION(3100)	1,595	\$132,314,647.16	816	51.16%	\$63,138,952.66	47.72%
INTERNATIONAL TRADE COMMISSION(3400)	151	\$11,770,184.56	93	61.59%	\$4,801,835.95	40.80%
FEDERAL LABOR RELATIONS AUTHORITY(5400)	18	\$414,225.48	5	27.78%	\$139,905.84	33.78%
SELECTIVE SERVICE SYSTEM(9000)	57	\$3,518,248.29	2	3.51%	\$936,303.00	26.61%
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION(4500)	1,373	\$39,126,816.72	547	39.84%	\$6,604,348.09	16.88%
NATIONAL ENDOWMENT FOR THE HUMANITIES(5940)	89	\$3,670,039.00	20	22.47%	\$281,531.00	7.67%
LIBRARY OF CONGRESS(0300)	1	\$0.00	1	100.00%	\$0.00	0.00%
Total	13,618,646	\$307,430,055,514.34	12,136,812	89.12%	\$203,515,256,610.74	66.20%

G: NONCOMPETITIVE PURCHASES - MANAGEMENT INSTRUCTION (SP S2-2011-1)

In addition to the SPs and Ps, the noncompetitive purchase management instruction (MI) outlines the noncompetitive process. The MI is available internally on the Postal Service Intranet site:

<http://blue.usps.gov/cpim/ftp/manage/sps2111.pdf>

The MI is included on the following pages for readers who do not have access to the Postal Service Intranet site.

Management Instruction

Noncompetitive Purchases

This management instruction (MI) provides guidance to individuals involved in the purchase process, including the contracting officer and the requesting organization [purchase/supply chain management (SCM) team] on whether to purchase goods or services competitively or noncompetitively. This MI also establishes procedures for developing and evaluating a Noncompetitive Purchase Request (NPR) and for securing recommendations, endorsements, and approvals of such requests.

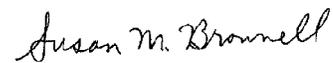
Scope

The following procedures apply to all noncompetitive purchases of supplies, services, and equipment; design, construction, and related services; and mail transportation and related services, except for purchases valued at less than \$10,000; such purchases may be made without following the processes contained in this MI. Information about noncompetitive purchases of real estate and related services is provided in Handbook RE-1, *Postal Service Facilities Guide to Real Property Acquisitions and Related Services*. See *Orders Against Ordering Agreements and Indefinite Delivery/Quantity Contracts* below for information on those subjects.

Purchase Method

As early as possible, the requesting organization should contact the relevant purchasing organization to discuss upcoming requirements and how they should be met. Topics to be addressed include market conditions, potential sourcing strategies, and purchase methods. In most cases, the competitive purchase method is best suited to meet the business objectives of the Postal Service™. Competition brings market forces to bear and allows comparisons of the relative value of competing proposals and prices. However, there are business situations in which the noncompetitive purchase method better suits the Postal Service's business objectives. Determining the appropriate purchase method is part of purchase planning and is discussed in 2-1, Develop Purchase Plan, and 2-10, Determine Extent of Competition, of the *Postal Service's Supplying Principles and Practices* (SPs and Ps). Whether the noncompetitive purchase method is the most effective business practice will depend on the particular purchase. As discussed in the SPs and Ps, four general business scenarios represent instances in which the noncompetitive method may best suit Postal Service

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Number	SP S2-2011-1
Obsoletes	SP S2-2010-1
Unit	Supply Management



Susan M. Brownell
Vice President
Supply Management

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business objectives and therefore prove the most effective. The four scenarios are described below.

1. **Sole Source.** Only one supplier exists who is capable of satisfying a requirement.
2. **Industry Structure or Practice.** The industry producing or supplying the required goods or services is structured in a manner that renders competition ineffective; for example, when purchasing goods or services that are regulated, such as some utilities, or when purchasing from nonprofit or educational institutions that do not compete in the marketplace.
3. **Compelling Business Interests.** There is a business interest that is so compelling that purchasing noncompetitively outweighs the benefits of competition. These situations can include, but are not limited to, the urgency of the requirement, a supplier innovation that furthers Postal Service business objectives, or undue cost or delay would result from a contract award to a new supplier.
4. **Superior Performance.** A supplier's superior performance and its contributions to the Postal Service's business and competitive objectives merit award of a particular purchase. For example, extending the term or expanding the scope of a contract for substantially the same or similar goods or services when a supplier has performed at such a high level that the extension or expansion is well-deserved, or when a supplier's superior performance has made such performance beneficial to Postal Service operations.

Preliminary Purchase Method Recommendation

The purchase/SCM team must make a preliminary purchase method recommendation as to whether the purchase should be made competitively or noncompetitively. This should occur in the purchase planning phase, or if applicable, prior to the completion of the Justification of Expenditure or the Decision Analysis Report. The relevant purchasing organization will assist in conducting market research and provide any other needed expertise. If a recommendation is made to obtain goods or services noncompetitively, the requesting organization must develop a NPR, providing accurate and complete data in support of its request.

Noncompetitive Purchase Request

The requesting organization must submit the NPR to the contracting officer. If the estimated value of the purchase is \$1 million or more, then the contracting officer will forward a copy of the NPR to the Postal Service's Competition Advocate (CA) for that individual's review. The NPR must include the business scenario and rationale for the noncompetitive purchase. While the extent and detail of the request will depend on the particular purchase, its complexity, and its potential

dollar value, the following must be addressed in all cases (see the attachment to this MI for more detail):

1. Purpose — Purpose of the purchase.
2. Background — Past purchases, summary of contract for modifications, etc.
3. Scenarios/basis (Include only those that apply):
 - a. Sole source.
 - b. Industry structure or practice.
 - c. Compelling business interests.
 - d. Superior performance.
4. Market research — Other firms or products/services evaluated.
5. Company identity and history — Type of organization, prior customers, etc.
6. Estimated cost — Estimated cost.
7. Future Purchases — Plans for future competition.
8. Conflicts of interest or appearance of the loss of impartiality in the performance of official duties certification and nondisclosure statement:
 - A certification that the requestor(s) does not have a financial interest in any entity or party interested in the purchase that would give rise to a criminal financial conflict of interest (see 18 USC § 208) or a personal or business relationship that could lead a reasonable person with the relevant facts to question the requestor's ability to remain impartial in the selection process (see 5 CFR 2635.502 of the Standards of Ethical Conduct for Employees of the Executive Branch) and
 - A statement that the requestor(s) will not disclose any sensitive information during the purchasing process.
9. Required signatures of the requesting organization — The Noncompetitive Purchase Request must be signed by:
 - a. Its originator/preparer.
 - b. All responsible manager(s) in the requesting office's management chain.
 - c. Vice president of the requesting office if the estimated value of the noncompetitive purchase is expected to exceed \$250,000.

Competition Advocate Review and Advice

The CA is responsible for completing an independent review of the NPR for purchases valued at \$1 million or more. The CA provides independent advice for the contracting officer to consider in his or her evaluation and recommendation on the NPR. See SPs and Ps 2-10.3.4, Competition Advocate, for more information on the CA's responsibilities.

Contracting Officer Evaluation

The contracting officer must review the NPR and perform a written evaluation of the proposed supplier's past performance and supplier

capability and any other matter he or she believes will lead to a more informed and effective purchase decision. In addition, the contracting officer must consider the advice provided by the CA, if applicable. The contracting officer must document his or her approval or disapproval if within his or her delegated authority, or forward his or her recommendation through the management chain to the appropriate approval authority. The contracting officer's approval of the NPR does not constitute approval of contract award. The contracting officer is required to negotiate reasonable pricing and terms and conditions prior to contract award, including review of relevant competitive pricing, when applicable, and a determination that the contract price is fair and reasonable.

Collaboration

If the parties disagree as to purchase method, they should collaborate in order for the final purchase method determination or recommendation to be made. This collaboration will provide the requesting organization with the opportunity to bring forth any new or changed information which may affect the opinions of the contracting officer and approval authority (if applicable). The CA may assist in these deliberations.

Purchase Method Approval Authorities

The managers of the Facilities, Mail Equipment, Services, Supplies, and Transportation Portfolios within Supply Management may approve purchase method recommendations for noncompetitive purchase valued up to \$10 million, except for noncompetitive purchases of professional, technical, and consultant services valued at \$1 million or more. Purchase method recommendations for noncompetitive purchases of professional, technical, and consultant services valued at \$1 million or more and all other noncompetitive purchases valued at \$10 million or more must be reviewed and approved by the Vice President, Supply Management. Portfolio managers may delegate up to \$250,000 of their purchase method approval authority to subordinate Team Leaders or managers in the applicable purchasing organization. The appropriate authority's approval of the noncompetitive purchase method does not constitute approval of contract award. The contracting officer is required to negotiate reasonable pricing and terms and conditions prior to contract award, including a review of relevant competitive pricing, when applicable, and a determination that the contract price is fair and reasonable.

Purchase Plans

Purchase plans are required for purchases (competitive and noncompetitive) valued at \$1 million or more. For noncompetitive purchases, the purchase plan must be drawn up by the contracting officer after the noncompetitive purchase method has been approved by the appropriate authority (see SPs and Ps 2-1, Develop Purchase Plan, for more information).

Orders Against Ordering Agreements and Indefinite Delivery/Quantity Contracts

Orders against ordering agreements valued at \$10,000 or more must be competed or treated as a noncompetitive purchase subject to this MI and the SPs and Ps. Orders against competitively awarded indefinite delivery/quantity (IDIQ) contracts are considered competitive, but may be competed further among other IDIQ providers if in the best interests of the Postal Service. Orders against noncompetitively awarded IDIQs are considered noncompetitive, but only the original contract is subject to the noncompetitive procedures described in this MI and the SPs and Ps. See SPs and Ps 2-18, Select Contract Type, and 4-1, Ordering, for more information.

Modifications

Certain contract modifications may be subject to the noncompetitive processes detailed in this MI. See SPs and Ps, 5-8.8, Change Orders, for more information.

Documentation

The CO must ensure that all necessary documentation (NPR, CA advice, contracting officer evaluation and recommendation, price determinations, etc.) is included in the contract file. See SPs and Ps 2-40.3.2, Contract Files for Noncompetitive Contracts, for a complete list of necessary documentation.

Emergencies

When emergency conditions directly affect the safety or well-being of Postal Service personnel or may stop or seriously impede Postal Service operations, a contracting officer may approve an oral request for a noncompetitive purchase within his or her delegated noncompetitive approval authority. The requesting organization must follow up by addressing the appropriate elements of the Noncompetitive Purchase Request and sending it to the contracting officer. The contracting officer must include the Noncompetitive Purchase Request in the contract file.

Attachment

Noncompetitive Purchase Request

All requesting organizations must use the attachment to this MI, the Noncompetitive Purchase Request, to obtain approval for proposed noncompetitive purchases. If approval is granted, the contracting officer must include a copy of the request along with evidence of its approval in the contract file.

ATTACHMENT

Noncompetitive Purchase Request (Required)

Instructions. The noncompetitive purchase request should cover each area listed below. It is to be completed by the requesting organization. The relevant purchasing organization should be contacted for assistance as necessary. The depth of coverage depends upon the purchase's dollar value, importance, potential long-term impact, etc. Additional topics may be added if necessary to support the request.

1. Purpose

What is the purpose of the purchase? What Postal Service need will be met? What will be the benefit to the Postal Service? Is the item for test and evaluation or for functional or operational use? If for test and evaluation, what is the plan for purchase of additional quantities if the tests are successful?

2. Background

Describe past purchases of the same or similar products/services. If a contract modification is contemplated, provide a summary of the contract value, modifications, and period of performance.

3. Basis (Include only those applicable to your situation)

- a. *Sole Source.* A single supplier is capable of satisfying a requirement.
- b. *Industry Structure or Practice.* This is when the industry producing or supplying the required goods or services is structured in a manner that renders competition ineffective; for example, when purchasing goods or services that are regulated, such as some utilities, or when purchasing from nonprofit or educational institutions that do not compete in the marketplace.
- c. *Compelling Business Interests.* There is a business interest that is so compelling that purchasing noncompetitively outweighs the benefits of competition. These situations can include, but are not limited to, the urgency of the requirement, a supplier innovation that furthers Postal Service business objectives, or undue cost or delay would result from a contract award to a new supplier.
- d. *Superior Performance.* A supplier's superior performance and its contributions to the Postal Service's business and competitive objectives merit award of a particular purchase. For example, extending the term or expanding the scope of a contract for substantially the same or similar goods or services when a supplier has performed at such a high level that the extension is well deserved, or when a supplier's superior performance has made such performance beneficial to Postal Service operations.

4. Market Research

List other firms or products/services evaluated. State why their approach or product does not satisfy the Postal Service's needs. What source/product list has been screened? Estimate number of companies/individuals with similar products/services. Is the recommended source a manufacturer or dealer? Is the product commercially available? How long has it been on the market? How did you learn about the product/service?

5. Company Identity and History

Briefly define the type of organization, prior customers and contracts, and whether it has previously contracted with the Postal Service.

6. Estimated Cost

What's the estimated cost of the items or service? Estimate ancillary costs, such as maintenance, as well as total contract cost. If computer software is to be purchased, estimate cost of maintenance, upgrading, etc. What type of licensing arrangement does the company require? Estimate savings to the Postal Service over useful life of the product or result of the service. If modification of the item is required, estimate the cost of modification. What is the impact upon the Postal Service if the request is not approved?

7. Future Purchases

Describe plans to develop competition for subsequent purchases. Is there a specification adequate for competition? If not, what is being done to develop one? Describe the plans and proposed timetable.

8. Certifications of No Financial Conflict of Interest or Appearance of the Loss of Impartiality in the Performance of Official Duties

I certify that I and those persons whose interests are imputed to me by law, do not have a financial interest in any entity or party interested in this purchase. This includes any party or entity involved in the award of the purchase and any of its competitors.

I understand that the financial interests of the following persons are imputed to me by law:

- a. My spouse.
- b. My minor children.
- c. My general partner in any non-Postal Service business.
- d. An organization or entity in which I serve as officer, director, trustee, general partner or employee and
- e. A person with whom I am negotiating for or have an arrangement concerning prospective employment.

I also certify that, to the best of my knowledge, this purchase is not likely to have a direct and predictable effect on the financial interests of a member of my household, and that I do not have a covered relationship with any party or entity interested in this purchase or with anyone that represents a party or entity interested in this purchase. I understand that I have a covered relationship with:

- a. A person, other than a prospective employer, with whom I have or seek a business, contractual or other financial relationship that involves other than a routine consumer transaction.
- b. A person who is a member of my household or a relative with whom I have a close personal relationship.
- c. A person for whom my spouse, my parent or dependent child is, to my knowledge, serving or seeking to serve as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee.
- d. A person for whom I have, within the last year, served as an officer, director, trustee, general partner, agent, attorney, consultant, contractor or employee.
- e. An organization, other than a political party, in which I am an active participant.

I also certify that I am not aware of any other circumstances that I believe would cause a reasonable person with knowledge of the relevant facts to question my ability to remain impartial in this purchase.

I understand that if I have a financial conflict of interest related to this purchase, or my participation in this purchase that would lead a reasonable person with the relevant knowledge to question my ability to remain impartial, that I am disqualified from participating in this purchase. I also understand that I must immediately stop all work on this purchase and consult with ethics counsel to determine if I may continue to participate in this purchase.

Nondisclosure

I understand that I may not disclose any nonpublic information to any party interested in this purchase nor allow the use of nonpublic information by any party interested in this purchase. Nonpublic information is information that I have gained by reason of my Postal Service employment and that I know or reasonably should know has not been made available to the general public.

9. Required Signatures of the Requesting Organization

Originator/Preparer Date

Title

All responsible manager(s) in the requesting organization's management chain.

_____ Name Date	_____ Name Date
_____ Title	_____ Title

Vice President* Date

*The vice president of the requiring organization must sign the request if the estimated cost of the purchase exceeds \$250,000.