

**SOLICITATION 2WD-10-A-0007
LOCK CHANGES / MISC. SERVICES
BEST VALUE DETERMINATION**

CONTRACT 2WMISC-10-B-0077

1. Background

In keeping with the overall sourcing strategy toward reducing lock change and misc. service maintenance costs, the Denver Western Services CMC issued a single solicitation 7/30/2010 for lock changes and misc. services. This strategy remains consistent with the US Postal Service's Strategic Goals.

The current scope of this solicitation is extended across local and national levels (Western Area) which are currently managed by the Denver WSCMC.

The primary goal of this initiative is the use of increased Volume Leveraging in order to limit administrative expenses, simplify the purchasing process, and simultaneously reduce the direct and indirect costs associated with providing maintenance lock changes.

2. Solicitation Overview

Preparation for Solicitation 2WD-10-A-0007 began in 6/30/2010. The final draft of the Solicitation was developed over the course of the next month. Solicitation 2WD-10A-0007 released 7/30/2010.

Copies of the solicitation package were distributed through the USPS's eSourcing tool Emptoris. The required date for responding to the solicitation was 8/18/2010 at 5:30pm (MST).

Of the 9 responses, the Contracting Officer determined that 9 responses contained the required elements of a minimally acceptable, un-priced technical proposal. A total of 9 technical evaluations were referred to the Technical Evaluation Team for review on 8/18/2010.

3. Purchase Team

In addition to the team members listed below in Table 3-A, other ad hoc members made significant contributions to the success of this initiative (Paige Farkas & Bryan Louviere).

Table 1-A: Purchase Team

Name	Title	Phone
Shawn Daniels Sr.	Purchasing Specialist WSCMC (Team Lead)	(303) 743-1246
Dan Carriglio	Manager WSCMC	(303) 743-1340
Nate Franklin	Team Lead, WSCMC	(303) 743-1247
Donna Johnson	Purchasing and Supply Management Specialist – WS CMC	(303) 743-1238

*Ad-hoc members were added as necessary.

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4. Technical Evaluation Team:

The Technical Evaluation Team was selected based on their knowledge and experience in the areas of purchasing, technical evaluations and managerial experience. As a result, the evaluators are people that are uniquely qualified to ensure that the Postal Service received the best value.

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5. Technical Evaluation Factors

USPS elected to utilize the online eSourcing platform EMPTORIS for the lock services requirement.

The following performance evaluation factors were used in the evaluation of offers

Supplier/Proposal Specific Factors

Supplier Capability

- (a) Provide a copy of your company's 2009 annual financial report
- (b) What were your revenues for the last three years?
- (c) Number of years in business?
- (d) Number of full-time employees
- (e) Type of Business Organization that operates as:

Current and Past Performance

- (a) Describe accounts of similar magnitude for this type contract
- (b) Provide References to document a record of satisfactory performance on contracts for similar work and magnitude.
- (c) Describe your accounts in the locksmith / security industry.
- (d) Has your company done business with a large client with many locations? If yes, please describe the services performed
- (e) Demonstrated Quality
- (g) Provide example that is related to a Government contract or similar contracts.

Proposed Approach

- (a) Please describe your company's proposed approach for completing the work required. Narrative to include, but not limited to, operating plan to assure quality control of the work performed, turn-around time et.

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The evaluators' Technical Evaluations were analyzed individually. Emptoris sorted the suppliers scores based on the total points awarded, and created a ranked list, with the highest point total being ranked 1st, and the supplier with the lowest point being ranked last.

After completing this process, each supplier had numeric ranks that could theoretically range anywhere from 0 to 100 percent.

Table 3-A: Average ordered rank.

	Score	Rank
Diebold	99.5	1
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Page Specialty	83.2	3
Hem Postal	75.6	4
Decatur	73.2	5
N R Mail	67.3	6
Mailbox Tek	62.1	7
Bentley Builders	54.6	8
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7. SCM Strategies Employed

The purchasing team employed the following SCM strategies throughout the solicitation and award processes.

- a) Customer Collaboration: The area and district finance and maintenance offices were involved with developing the specifications for this solicitation.
- b) Volume Leveraging: Leverage Strategy will drastically improve on the service fees while bringing up the total value of the maintenance lock changes. We can simplify the process by having only 1 vendor and possible an alternate, that way we can fully utilize the services, while giving management the data necessary to accurately report requirements and track spend data.
- c) Value Chain Mapping: VCM was used to confirm our assumptions regarding whether lock changes and misc. services is a value adding function of the Postal Service, as well as whether the time currently spent by Postmasters administering these awards would be better spent on revenue generating activities.
- d) Reducing Cycle Time: Although demand for lock changes may not be very high, the use of contractors significantly reduces the time spent dispatching a maintenance employee to do this kind of work.

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Commodity Sourcing Strategy Plan

August 4, 2010

PURPOSE:

The purpose of this purchase is to provide the USPS with services for Miscellaneous Repairs / Lock Changes on Postal-Owned Equipment (NDCBUS, CBUS, HSCBUS, collection boxes & parcel lockers). The Postal Service is committed to providing reliable and secure services to our customers. This purchase will maintain the security of the mails, while improving on the cycle time it takes to repair, replace or perform miscellaneous maintenance repairs on this type of equipment.

BACKGROUND:

Since 1991, the use of counterfeit arrow keys has been a growing problem in the Postal units across the country. The security of existing collection boxes, NDCBU's and CBU's are compromised in two basic fashions, by force and by use counterfeit keys. Counterfeit keys may include illegal homemade lock picking devices or replicating existing Postal arrow keys. An Article 32 was submitted from the Nevada Sierra District, the San Diego District and the Sacramento District in order to procure this service from outside sources. A solicitation will be issued in order to attract capable vendors to provide miscellaneous repairs / lock changes for the entire Western Area (**Seattle, Portland, Nevada, Arizona, Utah, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota, Ohio, Missouri, and Alaska**).

Although this service is a fairly new endeavor, this type of contract maintenance has been done before. Phoenix AZ currently has a contract in place with J & K Postal Works Inc. (1CDSEQ-09-B-0005) with a period of performance of 2/2/2009 to 2/1/2011; Pamela Scharffbillig C.P.M from the DIE-TEL CMC in Greensboro NC, is the contracting officer. According to an Article 32 from the Nevada Sierra District, it explains that Channel 13 KTNV News reported security issues with community mail boxes. This purchase will help to resolve some of the security issues concerning NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers in the western area.

TEAM MISSION:

The team's mission is primarily to procure contract maintenance services for NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers. If postal maintenance personnel declines the work or needs assistance, the contractor may be assigned the work. Various services may include: installing or replacing the arrow locks, installing McGard nuts, installing anti-fish kits or three point locking bars, moving or replacing the unit. If any of these services needed, instructions will be provided. There is a separate contract agreement currently in place for any security modifications to the collection boxes but once that agreement has expired and any new modifications are needed on a sporadic basis, this may be added to a work order at the discretion of the USPS.

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INTERNAL CLIENTS:

Our Internal Clients and Stakeholders are USPS authorized Managers and designated purchasing personnel that will be able to request this service with an approved Ebuy2 requisition. Also in order to best accommodate our internal clients and end users, the client must provide an Article 32 that must be attached to the requisition.

The USPS Contract Office Representative (COR) will assign work orders with the necessary information for service requested: (office contact, address, phone number). The work order may be one or several pages based on needs of each project. Upon completion of work by the contractor and **verification of the work in writing (signature and date) by the appropriate station personnel**, the contractor will prepare all work orders completed and submit invoice payment requests to the designated COR.

STRATEGIC DEVELOPMENT:

The Purchasing Team will achieve SCM Impact by using a **Volume Leveraging strategy**. By consolidating volumes to a limited number of suppliers (1 to 3), the USPS will be able to leverage the pricing in return for ensuring the supplier a sizable share of the market. The Western Services CMC Purchasing Team's goal is to implement and manage a customer lock repair and miscellaneous services contract that can accommodate the USPS's policy regarding NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers; while maintaining the costs at acceptable limits. The purchasing team's first task will be to seek out and attract capable vendors who can build a network of field managers and employees in order to satisfy the requirements of the USPS. The best way to achieve this objective is to seek out interested suppliers who are qualified to propose a best value solution and manage a strategically robust Lock repairs and Misc. maintenance contract.

The areas that are to be incorporated into the new contract are:

Seattle, Portland, Nevada, Utah, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota, Ohio, Missouri, (Western U.S. area). Arizona and Alaska will eventually be apart of the contract.

The Purchasing Team members are:

Shawn Daniels Sr., Purchasing Specialist – Scorer (Team Lead)
Dan Carriglio Manager, Western Services CMC - Scorer
Nate Franklin Team Manager C.P.M. - Scorer
Donna Johnson, Purchasing & Supply Management Specialist C.P.M – Scorer

Paige Farkas, Purchasing & Supply Management Specialist and alternate Bryan Louviere Purchasing & Supply Management Specialist will be assisting the team by launching the solicitation for Lock Repairs and Misc. Services for the Western area, in the USPS's eSourcing tool Emptoris.

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CONTRACT TYPE:

This contract will be an **Indefinite Quantity Contract**.

EVALUATION FACTORS:

The Postal Service will award the contract(s) to the responsible supplier(s) whose offer conforms to the solicitation and will be the most advantageous to the Postal Service, price and other factors considered. **The Postal Service is concerned with striking the most advantageous balance between technical capability and cost to the Postal Service.**

Suppliers must provide information on the following factors which will be used to evaluate offers:

Current and Past Performance

Provide information and references to document a record of satisfactory performance on contracts for similar work and magnitude. References provided by the supplier must include contract numbers, point of contact, telephone numbers and other relevant information. Evaluation of current and past performance includes (a) experience, (b) quality of service, (c) timeliness of performance, and (d) business relations/customer satisfaction.

Supplier Capability

Suppliers will provide information to demonstrate current capability and resources (equipment, staffing, etc.) available to perform the work. Please assure that you provide specific information for all items on the work order to enable us to determine your experience with each of the different types of maintenance.

Proposed Approach

Suppliers to provide detailed narrative describing the proposed approach for completing the work required. Narrative to include, but not limited to, operating plan to assure quality control of the work performed, turn-around time etc. If you have multiple contracts/jobs, please provide information as to how you will assure there are no delays to the USPS work.

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Shawn Daniels Sr.
Western Services CMC

September 10, 2010

Price Analysis

Contract 2WMISC-10-B-0077
Awardee: Diebold Inc.

Labor Price Methodology

The Model used to determine the fixed hourly rate for this USPS RFP is as follows:

A survey was done to determine the fixed hourly rate for this contract. SCA wage rates for the largest counties in each of the following states; Washington, Oregon, Utah, Nevada, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota and Missouri.

Washington

King County
Pierce County
Snohomish County

Oregon

Multnomah County
Washington County
Clackamas County

Montana

Yellowstone County
Missoula County

Nevada

Clark County
Washoe County
Carson County

Wyoming

Laramie County
Natrona County

Utah

Salt Lake County

Colorado

Denver County
El Paso County
Arapaho County
Jefferson County

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Western Services CMC

North Dakota

Statewide

South Dakota

Minnehaha County
Pennington County

Missouri

St. Louis County
Jackson County

Minnesota

Hennepin County
Ramsey County
Dakota County

Trip Fee Pricing

A baseline hourly rate was established by taking the average SCA wage rate in each of these counties and then applying Diebold's estimated overhead and administrative burden resulting in the a estimated fixed hourly wage rate nationwide of \$84.00 per hour.

Wage Determinations were based on the Dept. of Labor category 23510 – Locksmith

This rate will be fixed for the base years of the contract. If the USPS elects to exercise an option to renew the contract, a new the current Dept. of Labor wage rates may apply. This fixed hourly rate model provides the USPS with the benefit of being able to easily predict service costs without having to estimate labor costs based on a geographic model that varies due to wage determinations.

Six Minute Billing Interval

The USPS will only be paying for actual time spent in dedication to rendering services applicable to the Statement of Work. A major challenge in the overall pricing of this type of service is the **Trip Fee**. The trip fee has been previously listed as .9hrs to account of unknowns. Examples of unknowns are: travel time, time to process paperwork, wait time, and other delays. The trip fee can be broken down into increments of 6 minutes. The will protect the USPS and Diebold from the different types of Unknowns mentioned previously.

For example, if there is a wait time of 12 minutes getting work orders , 18 minutes travel to pick up work orders and parts, 12 minutes travel to the site, the USPS will pay for 7 units of trip fees (7x\$8.4) for \$59.00 + lock replacement (\$17.00) for a total of \$76.00. This example would allow to protect against the potentially high cost of unknowns / inefficiencies.

Sample Price Scenario: One Week

Basic Assumptions

- 70 locks per week
(\$17.00 x 70 = \$11,900.00)
- 14 lock Work Order per day

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Article 32 Review

Project Name: Tucson Area NDCBU, CBU & Parcel Locker Lock Changes.

Participants: Maintenance Manager James Penick

Date: 8/23/2010

Maintenance

1. The act of maintaining, or the state of being maintained.
2. Means of support or subsistence; livelihood.
3. The work of keeping roads, machines, buildings, etc..., in good condition.
4. [pertains to law]

The **Administrative Support Manual** specifies "policies and requirements for maintenance of facilities, plant equipment, and postal equipment" in Section 530.

531.22 Objectives

The primary objectives of maintenance management are:

- a. To maintain a safe, pleasant, and healthy working environment.
- b. To maintain all plant and postal equipment in good operating condition.
- c. To minimize total operating costs.
- d. To protect postal investment in buildings and equipment.

535 Maintenance Service Contracts

535.111 Postal Equipment

Maintenance of postal equipment should be performed by Postal Service personnel, whenever possible. Exceptions are:

- a. Where capable personnel are not available.
- b. When maintenance can be performed by contract and it is economically advantageous.
- c. When a piece of equipment is a prototype or experimental model or unusually complex, so that a commercial firm is the only practical source of required maintenance expertise.

535.112 Facility and Plant Equipment

Contract service is encouraged for Postal Service-operated facility and plant equipment maintenance, when economically advantageous.

535.122 Existing Contracts

When proposing a major revision to provisions of an existing contract, consider submitting the proposal to the purchasing service center.

535.13 National Agreement Considerations

Installation heads must be knowledgeable about Article 32, Subcontracting, of the National Agreement with the postal unions, before considering contract maintenance service.

Maintenance Management Class A Office HBK MS-63

1.2 Mission Statement

The mission of the Maintenance organization is to ensure that physical assets of the Postal Service, such as buildings, building equipment, mail processing equipment and postal operating equipment are maintained to provide optimum performance, minimal down-time, and appropriate asset life, as well as to provide a safe, environmentally compliant, and energy efficient working environment. It is also part of the mission of the Maintenance organization to ensure that these ends are achieved in a cost-effective manner.

Background: Southern Arizona including Tucson City NDCBU's, CBU's and Parcel Locker lock changes have been performed by carriers, clerks, postmasters, maintenance personnel and contractors for quite some time. Arbitrators have repeatedly ruled that this type of work does not require specialized skills and tools, and thus cannot be classified as maintenance work. Examples: C7T-4P-C 28185, H98T-1H-C 99210398, H98T-1H-C 99191380, E90T-4E-C 92047354, E4T-2L-C 50677, W0T-56-C 2798.

Article 32 Review

Article 32 considerations:

- A). **Public Interest:** Contractors are able to provide dedicated resources to replacing these locks timely and efficiently without impacting operation resources. The Phoenix area has used contractors to do this work for approximately 8 years without any impact to the security of the mail. The process is seamless and consists of changing out the NDCBU, CBU and Parcel Locker locks and providing immediate delivery to the customer of the new keys to their unit.
- B). **Cost:** Detailed cost comparisons, showing Postal labor costs vs. contracted labor costs for Tucson were not available at the time this review was conducted. However, using the Phoenix area data from their process (which should be comparable to Tucson area) indicates that cost for using US Postal Service mechanics is \$11.03 plus the cost for vehicle maintenance, fuel or travel time. The contractor cost for this work is \$10.00 which includes trip charge. There is sufficient work load to fully employ all maintenance employees 40 hours per week, with some overtime opportunities.
- C). **Efficiency:** Contracting provides for reliable lock changes by employees who can replace these units on a daily basis, without regard to being called away to perform reactive maintenance related duties currently performed by USPS mechanics.
- D). **Availability of Equipment:** Equipment and tools required to do this work are readily available within the plant or could be purchased. Since this is not specialized work, equipment issues were not relevant to the decision to contract this work.
- E). **Qualifications of Employees:** The Tucson P&DC does not have the ability to service each station or office in Southern Arizona once or twice a week. In addition, FMO has sufficient work to fully employ employees 40 hours a week with some overtime opportunities.

Final decision to contract this work was made by James Penick, Maintenance Manager.

To: LANCE COLE
(515) 242-7453
13 pages

From: Shelly Lucido
APWU AURORA, CO.
LOCAL

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- e) Demand Management/Requirements Analysis: This award plays a critical role in achieving/sustaining the overall SCM Impact. The supplier will be required analyze the requirements prior to their implementing service, identifying additional demand management opportunities.
- f) Process Improvement: While savings achieved thus far will provide a temporary buffer, its process improvements will be required to counteract the cumulative effect of cost.

8. Determination of Best Value

Based on the combination of technical merit, pricing, and other anticipated cost savings related to decreased administrative overhead, it was determined that Diebold provides the best value for the Postal Service relative to the value offered by the other suppliers.

Additionally, the supplier's overall past performance under other existing contracts indicates that they are fully capable of meeting the requirements of this award; and their specific experience with implementing similar services indicates that they have the required project management experience to reduce the overall risk of this contract implementation.

As previously mentioned, the fact that Diebold received the highest overall rank for technical merit indicates that they offer a superior technical value in comparison to the other bidders. Also, their proposed pricing is both fair and reasonable.

Subsequent to the completion of the on-line RFP event, Diebold provided a written Price Substantiation/Rationale, thus reaffirming that their proposed pricing is fully compliant with the stated requirements of the Service Contract Act (SCA).

Therefore, it is determined that Diebold's pricing / technical proposal are fair and reasonable; and offers the Best Value for the Postal Service.

9. Period of Performance

This is an indefinite quantity contract, with an initial two-year term (9/15/2010 thru 09/14/2012) and includes two additional, two-year renewal options.

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Purchasing Specialist
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BACKGROUND:

Since 1991, the use of counterfeit arrow keys has been a growing problem in the Postal units across the country. The security of existing collection boxes, NDCBU's and CBU's are compromised in two basic fashions, by force and by use counterfeit keys. Counterfeit keys may include illegal homemade lock picking devices or replicating existing Postal arrow keys. An Article 32 was submitted from the Nevada Sierra District, the San Diego District and the Sacramento District in order to procure this service from outside sources. A solicitation will be issued in order to attract capable vendors to provide miscellaneous repairs / lock changes for the entire Western Area (**Seattle, Portland, Nevada, Arizona, Utah, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota, Ohio, Missouri, and Alaska**).

Although this service is a fairly new endeavor, this type of contract maintenance has been done before. Phoenix AZ currently has a contract in place with J & K Postal Works Inc. (1CDSEQ-09-B-0005) with a period of performance of 2/2/2009 to 2/1/2011; Pamela Scharffbillig C.P.M from the DIE-TEL CMC in Greensboro NC, is the contracting officer. According to an Article 32 from the Nevada Sierra District, it explains that Channel 13 KTNV News reported security issues with community mail boxes. This purchase will help to resolve some of the security issues concerning NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers in the western area.

TEAM MISSION:

The team's mission is primarily to procure contract maintenance services for NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers. If postal maintenance personnel declines the work or needs assistance, the contractor may be assigned the work. Various services may include: installing or replacing the arrow locks, installing McGard nuts, installing anti-fish kits or three point locking bars, moving or replacing the unit. If any of these services needed, instructions will be provided. There is a separate contract agreement currently in place for any security modifications to the collection boxes but once that agreement has expired and any new modifications are needed on a sporadic basis, this may be added to a work order at the discretion of the USPS.

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INTERNAL CLIENTS:

Our Internal Clients and Stakeholders are USPS authorized Managers and designated purchasing personnel that will be able to request this service with an approved Ebuy2 requisition. Also in order to best accommodate our internal clients and end users, the client must provide an Article 32 that must be attached to the requisition.

The USPS Contract Office Representative (COR) will assign work orders with the necessary information for service requested: (office contact, address, phone number). The work order may be one or several pages based on needs of each project. Upon completion of work by the contractor and **verification of the work in writing (signature and date) by the appropriate station personnel**, the contractor will prepare all work orders completed and submit invoice payment requests to the designated COR.

STRATEGIC DEVELOPMENT:

The Purchasing Team will achieve SCM Impact by using a **Volume Leveraging strategy**. By consolidating volumes to a limited number of suppliers (1 to 3), the USPS will be able to leverage the pricing in return for ensuring the supplier a sizable share of the market. The Western Services CMC Purchasing Team's goal is to implement and manage a customer lock repair and miscellaneous services contract that can accommodate the USPS's policy regarding NDCBU's, CBU's, HSCBU's, collection boxes & parcel lockers; while maintaining the costs at acceptable limits. The purchasing team's first task will be to seek out and attract capable vendors who can build a network of field managers and employees in order to satisfy the requirements of the USPS. The best way to achieve this objective is to seek out interested suppliers who are qualified to propose a best value solution and manage a strategically robust Lock repairs and Misc. maintenance contract.

The areas that are to be incorporated into the new contract are:

Seattle, Portland, Nevada, Utah, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota, Ohio, Missouri, (Western U.S. area). Arizona and Alaska will eventually be apart of the contract.

The Purchasing Team members are:

Shawn Daniels Sr., Purchasing Specialist – Scorer (Team Lead)
Dan Carriglio Manager, Western Services CMC - Scorer
Nate Franklin Team Manager C.P.M. - Scorer
Donna Johnson, Purchasing & Supply Management Specialist C.P.M – Scorer

Paige Farkas, Purchasing & Supply Management Specialist and alternate Bryan Louviere Purchasing & Supply Management Specialist will be assisting the team by launching the solicitation for Lock Repairs and Misc. Services for the Western area, in the USPS's eSourcing tool Emptoris.

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CONTRACT TYPE:

This contract will be an **Indefinite Quantity Contract**.

EVALUATION FACTORS:

The Postal Service will award the contract(s) to the responsible supplier(s) whose offer conforms to the solicitation and will be the most advantageous to the Postal Service, price and other factors considered. **The Postal Service is concerned with striking the most advantageous balance between technical capability and cost to the Postal Service.**

Suppliers must provide information on the following factors which will be used to evaluate offers:

Current and Past Performance

Provide information and references to document a record of satisfactory performance on contracts for similar work and magnitude. References provided by the supplier must include contract numbers, point of contact, telephone numbers and other relevant information. Evaluation of current and past performance includes (a) experience, (b) quality of service, (c) timeliness of performance, and (d) business relations/customer satisfaction.

Supplier Capability

Suppliers will provide information to demonstrate current capability and resources (equipment, staffing, etc.) available to perform the work. Please assure that you provide specific information for all items on the work order to enable us to determine your experience with each of the different types of maintenance.

Proposed Approach

Suppliers to provide detailed narrative describing the proposed approach for completing the work required. Narrative to include, but not limited to, operating plan to assure quality control of the work performed, turn-around time etc. If you have multiple contracts/jobs, please provide information as to how you will assure there are no delays to the USPS work.

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Shawn Daniels Sr.
Western Services CMC

September 10, 2010

Price Analysis

Contract 2WMISC-10-B-0077
Awardee: Diebold Inc.

Labor Price Methodology

The Model used to determine the fixed hourly rate for this USPS RFP is as follows:

A survey was done to determine the fixed hourly rate for this contract. SCA wage rates for the largest counties in each of the following states; Washington, Oregon, Utah, Nevada, Colorado, Wyoming, Montana, South Dakota, North Dakota, Minnesota and Missouri.

Washington

King County
Pierce County
Snohomish County

Oregon

Multnomah County
Washington County
Clackamas County

Montana

Yellowstone County
Missoula County

Nevada

Clark County
Washoe County
Carson County

Wyoming

Laramie County
Natrona County

Utah

Salt Lake County

Colorado

Denver County
El Paso County
Arapaho County
Jefferson County

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North Dakota

Statewide

South Dakota

Minnehaha County
Pennington County

Missouri

St. Louis County
Jackson County

Minnesota

Hennepin County
Ramsey County
Dakota County

Trip Fee Pricing

A baseline hourly rate was established by taking the average SCA wage rate in each of these counties and then applying Diebold's estimated overhead and administrative burden resulting in the a estimated fixed hourly wage rate nationwide of \$84.00 per hour.

Wage Determinations were based on the Dept. of Labor category 23510 – Locksmith

This rate will be fixed for the base years of the contract. If the USPS elects to exercise an option to renew the contract, a new the current Dept. of Labor wage rates may apply. This fixed hourly rate model provides the USPS with the benefit of being able to easily predict service costs without having to estimate labor costs based on a geographic model that varies due to wage determinations.

Six Minute Billing Interval

The USPS will only be paying for actual time spent in dedication to rendering services applicable to the Statement of Work. A major challenge in the overall pricing of this type of service is the **Trip Fee**. The trip fee has been previously listed as .9hrs to account of unknowns. Examples of unknowns are: travel time, time to process paperwork, wait time, and other delays. The trip fee can be broken down into increments of 6 minutes. The will protect the USPS and Diebold from the different types of Unknowns mentioned previously.

For example, if there is a wait time of 12 minutes getting work orders , 18 minutes travel to pick up work orders and parts, 12 minutes travel to the site, the USPS will pay for 7 units of trip fees (7x\$8.4) for \$59.00 + lock replacement (\$17.00) for a total of \$76.00. This example would allow to protect against the potentially high cost of unknowns / inefficiencies.

Sample Price Scenario: One Week

Basic Assumptions

- 70 locks per week
(\$17.00 x 70 = \$11,900.00)
- 14 lock Work Order per day

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- Each Site is 18 minutes drive distance from the previous site (3 trip units)
- Assume 2 lock changes per site at 7 sites (per day)
(21 trip units x \$8.40 x 5 days = \$882.00)
- Trip to the USPS for parts and WO's is 18 minutes + 12 minute wait time.
(5 trip units x \$8.4 = \$42.00)

Cost to the USPS for one week of 70 lock changes based on the above would be: \$2,156.00

For simplicity of billing and invoicing; the USPS will modify the 6 minute pricing of \$8.4 to \$84.00 per hr. (6minutes x \$8.4 x 10 = \$84.00). Converting the trip fee from 6 minutes to 1 hr will help the Contracting Officer manage the calculations for trip charges vs. lock services more efficiently.

Diebold received the highest overall rank for their technical merit. This indicates that they offer a superior technical value in comparison to the other bidders. Furthermore, based upon my review of Diebold's pricing strategy and technical proposal; their proposed pricing is both fair and reasonable.

Shawn Daniels Sr. USPS
Purchasing Specialist, Western Services CMC

SDS

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Article 32 Review

Project Name: Tucson Area NDCBU, CBU & Parcel Locker Lock Changes.

Participants: Maintenance Manager James Penick

Date: 8/23/2010

Maintenance

1. The act of maintaining, or the state of being maintained.
2. Means of support or subsistence; livelihood.
3. The work of keeping roads, machines, buildings, etc..., in good condition.
4. [pertains to law]

The **Administrative Support Manual** specifies "policies and requirements for maintenance of facilities, plant equipment, and postal equipment" in Section 530.

531.22 Objectives

The primary objectives of maintenance management are:

- a. To maintain a safe, pleasant, and healthy working environment.
- b. To maintain all plant and postal equipment in good operating condition.
- c. To minimize total operating costs.
- d. To protect postal investment in buildings and equipment.

535 Maintenance Service Contracts

535.111 Postal Equipment

Maintenance of postal equipment should be performed by Postal Service personnel, whenever possible. Exceptions are:

- a. Where capable personnel are not available.
- b. When maintenance can be performed by contract and it is economically advantageous.
- c. When a piece of equipment is a prototype or experimental model or unusually complex, so that a commercial firm is the only practical source of required maintenance expertise.

535.112 Facility and Plant Equipment

Contract service is encouraged for Postal Service--operated facility and plant equipment maintenance, when economically advantageous.

535.122 Existing Contracts

When proposing a major revision to provisions of an existing contract, consider submitting the proposal to the purchasing service center.

535.13 National Agreement Considerations

Installation heads must be knowledgeable about Article 32, Subcontracting, of the National Agreement with the postal unions, before considering contract maintenance service.

Maintenance Management Class A Office HBK MS-63

1.2 Mission Statement

The mission of the Maintenance organization is to ensure that physical assets of the Postal Service, such as buildings, building equipment, mail processing equipment and postal operating equipment are maintained to provide optimum performance, minimal down-time, and appropriate asset life, as well as to provide a safe, environmentally compliant, and energy efficient working environment. It is also part of the mission of the Maintenance organization to ensure that these ends are achieved in a cost-effective manner.

Background: Southern Arizona including Tucson City NDCBU's, CBU's and Parcel Locker lock changes have been performed by carriers, clerks, postmasters, maintenance personnel and contractors for quite some time. Arbitrators have repeatedly ruled that this type of work does not require specialized skills and tools, and thus cannot be classified as maintenance work. Examples: C7T-4P-C 28185, H98T-1H-C 99210398, H98T-1H-C 99191380, E90T-4E-C 92047354, E4T-2L-C 50677, W0T-56-C 2798.

Article 32 Review

Article 32 considerations:

- A). **Public Interest:** Contractors are able to provide dedicated resources to replacing these locks timely and efficiently without impacting operation resources. The Phoenix area has used contractors to do this work for approximately 8 years without any impact to the security of the mail. The process is seamless and consists of changing out the NDCBU, CBU and Parcel Locker locks and providing immediate delivery to the customer of the new keys to their unit.
- B). **Cost:** Detailed cost comparisons, showing Postal labor costs vs. contracted labor costs for Tucson were not available at the time this review was conducted. However, using the Phoenix area data from their process (which should be comparable to Tucson area) indicates that cost for using US Postal Service mechanics is \$11.03 plus the cost for vehicle maintenance, fuel or travel time. The contractor cost for this work is \$10.00 which includes trip charge. There is sufficient work load to fully employ all maintenance employees 40 hours per week, with some overtime opportunities.
- C). **Efficiency:** Contracting provides for reliable lock changes by employees who can replace these units on a daily basis, without regard to being called away to perform reactive maintenance related duties currently performed by USPS mechanics.
- D). **Availability of Equipment:** Equipment and tools required to do this work are readily available within the plant or could be purchased. Since this is not specialized work, equipment issues were not relevant to the decision to contract this work.
- E). **Qualifications of Employees:** The Tucson P&DC does not have the ability to service each station or office in Southern Arizona once or twice a week. In addition, FMO has sufficient work to fully employ employees 40 hours a week with some overtime opportunities.

Final decision to contract this work was made by James Penick, Maintenance Manager.