



DEPARTMENT OF THE NAVY
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MAR 20 2007

MEMORANDUM FOR DISTRIBUTION

Subj: CONTRACTING POSTAL FUNCTIONS POLICY MEMORANDUM

Encl: (1) USD(AT&L) memo dated February 20, 2007

Enclosure (1) is provided for information and action, as appropriate. The Under Secretary of Defense for Acquisition, Technology and Logistics has issued guidance on the governmental postal functions that must be performed by government personnel and other postal functions that may be suitable for contractor performance. Specifically, enclosure (1) contains policy on contracting CONUS and OCONUS DoD postal functions and provides general and specific rules to be followed when considering whether the functions of a postal position are suitable for contractor performance.

The policies in enclosure (1) are effective immediately.

A handwritten signature in black ink, appearing to read "M. F. Jaggard", is positioned above the typed name.

M. F. Jaggard
Chief of Staff/Policy
for Deputy Assistant Secretary of the Navy
(Acquisition Management)

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ACQUISITION,
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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FEB 20 2007

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

SUBJECT: Contracting Postal Functions Policy Memorandum

- References: (a) OMB Circular No A-76, Performance of Commercial Activities, May 29, 2003
(b) Title 10, U.S. Code, subsection (a) of section 2461, as amended
(c) Subpart 7.5 of the Federal Acquisition Regulation, "Inherently Governmental Functions"
(d) Federal Activities Inventory Reform Act of 1998, Pub. L. 105-270, as amended
(e) USPS Publication 542 (Understanding Private Express Statutes (PES))

The Secretary of Defense tasked the Defense Business Board (DBB) to make recommendations on the best business model for the delivery of mail to the Armed Forces and DoD civilians either deployed or assigned overseas. As DoD explores the DBB recommendations to return military members to core missions by substituting contractors or civilian employees, it is essential that DoD publish policy on which postal functions must be performed by government personnel and which may be suitable for contractor performance.

The following attachments contain policy on contracting CONUS and OCONUS DoD postal functions and will be incorporated into the appropriate DoD issuances with the next updates:

- General rules (Attachment 1)
- Positions and functions required to be performed by government personnel (Attachment 2)
- Positions and functions suitable for contractor performance under certain conditions (Attachment 3)
- Positions and functions suitable for contractor performance (Attachment 4)

If contractor performance of postal functions is to be considered, the Military Departments shall comply with reference (a) and reference (b).

Contracts must comply with host-country agreements and sufficient experienced and qualified DoD postal personnel must be retained (military or civilian) to perform inherently governmental functions. Services should retain sufficient experienced and qualified military postal personnel with promotion opportunities to support contingencies.



ENCLOSURE(1)

The majority of the DoD postal positions and functions such as mail acceptance, sorting and delivery, and operating a retail window are non-governmental commercial activities suitable for contractor performance. Contractor performance of the DoD postal positions and functions attached could result in modular but sizeable reductions in military personnel currently performing labor-intensive DoD postal duties. Because contractor personnel are not Government employees, DoD personnel cannot supervise contractor personnel. In accordance with reference (c), contractor personnel cannot supervise DoD personnel.

The positions and functions listed on the attachments are not all-inclusive. Rules apply to any person performing the given duties. For other positions, refer to the categories General Rules (attachment 1) when considering whether the functions of a position are suitable for contractor performance.

References in this policy to "mail that could contain classified material," refers to classes of mail that are authorized to contain CONFIDENTIAL or SECRET material. Official registered mail may contain classified material. In CONUS, classified material may be sent by one of the GSA approved carriers at http://www.dss.mil/isec/approved_overnight.htm for overnight domestic express delivery. Also in CONUS, only CONFIDENTIAL, not SECRET, material may be sent first class mail endorsed "POSTMASTER Do Not Forward." This policy excludes instances where the mailer sends classified material by improper means.

My point of contact is Commander Milton Frazier, USN, Military Postal Service Agency, at 703-325-7850 or milton.frazier@hqda.army.mil.



Kenneth L. Krieg

Attachments:
As stated

cc:
Chairman of the Joint Chiefs of Staff
Under Secretaries of Defense
Assistant Secretaries of Defense
General Counsel of the Department of Defense
Inspector General of the Department of Defense

General Rules:

1. Inherently governmental postal functions must be performed by government personnel. Such functions include obligation of government funds by, for example, approving payment of claims, submitting meter remittances for official postage, and verifying weights through signing dispatch forms. Establishing postal policy and performing contract administration are also inherently governmental functions. Use the definition and guidance on "inherently governmental functions" at references (c) and (d) to assist in making the decision whether it is appropriate to contract a particular postal function.

2. Positions and functions that handle money or sign for equipment may be suitable for contractor performance. If contractor performance is determined to be appropriate, the contractor must be bonded. The contract must specify that the contractor will be liable for all financial and equipment losses or damages and will make immediate restitution. In all instances, a separate, independent audit or inspection team must perform the required inspections.

3. Functions that involve receiving, handling, processing, dispatching, escorting, bird-watching, securing, or transporting mail may be suitable for contractor performance. Persons that are not U.S. citizens may perform these duties if classified material is not involved. Positions that require access to SECRET networks or that involve work in areas that could contain classified material may also be suitable for contractor performance, but must be filled by a cleared U.S. citizen.

4. Locations with one postal position may be suitable for contractor performance, if inherently governmental tasks are not performed. If contractor performance is determined appropriate, such locations must be inspected by an on-site DoD QA inspector.

5. The following is a summary of the types of postal duties that the various types of personnel may perform, provided that the minimum conditions listed in paragraph 3 below are met. This summary covers CONUS and OCONUS DoD postal functions.

a. Military or DoD Civilian employees (U.S. Citizen) or DoD Civilian employees (not a U.S. Citizen) may perform all duties except those that require at least a U.S. SECRET clearance.

b. Contractor employees (U.S. Citizen) and Contractor employees (Not a U.S. Citizen) may perform all duties except those inherently governmental functions that require at least a U.S. SECRET clearance.

Attachment 1

c. Minimum Conditions

(1) U.S. SECRET clearance, if the position or function processes mail that could contain classified material or if access to SECRET networks or classified work areas is required.

(2) All personnel must be designated in writing, have a valid driver's license and no record of:

(a) Conviction for felony or misdemeanor for acts involving violence, theft or other actions indicating that the person cannot be trusted with the property of others.

(b) Disciplinary actions for lying, cheating, or stealing.

(c) Psychiatric disorder, alcoholism, or drug abuse, unless a medical evaluation determines the person has been successfully rehabilitated.

(d) Bad debts.

(e) Relief from postal duties.

(f) Permanent physical restrictions prohibiting prolonged standing, walking, or lifting up to 70 pounds.

Positions and Functions Required to be Performed by Government Personnel

The following DoD postal positions and functions are required to be performed by government personnel [military or DoD civilian], because they are inherently governmental:

1. **Postal Headquarters Staff.** Positions that establish DoD and local policy, and contract administration. However, they may be performed by a DoD employee who is not a U.S. citizen.

2. **Aerial Mail Terminal (AMT), Fleet Mail Center (FMC), Military Mail Terminal (MMT) and Military Post Office (MPO) Operations.** At these locations, positions that verify weights for manifest purposes by signing dispatch forms cannot be contracted.

3. **MCA Chief.** This position establishes operational policy and procedures, signs dispatch forms that obligate government funds, and performs contract administration. The MCA Chief does not have to be a U.S. citizen if the location does not process mail that could contain classified material.

4. **Official Mail Manager (OMM).** The OMM obligates government funds with meter remittances for official postage; acquires, or disposes of postal equipment; establishes and supervises appropriated fund expenditures for postage fees and mailing practices; and in CONUS, ensures compliance with Private Express Statues (PES), which prohibits contractors from carrying mail on post routes, IAW Reference (e).

5. **Postmaster and Post Office Supervisor.** These positions have responsibility for all facets of operations within the MPO and must be filled by a DoD employee because they: establish policy, obligate government funds for official postage, verify mail manifests if mail is directly dispatched to air carriers, approve claim payments, and perform contract administration.

Positions and Functions Suitable for Contractor Performance Under Certain Conditions

1. Official Registered Mail Clerks. This position must be filled by a U.S. citizen cleared to the SECRET level because the mail could contain CONFIDENTIAL or SECRET material.

2. Directory and Locator Operations. These positions must be filled by U.S. citizen cleared to the SECRET level if access to SECRET networks or classified work areas is required.

3. MCA, AMT, FMC, MMT Operations. If performance by a contractor is determined to be appropriate, the selected contractor may not be the same contractor that performs ground services at the airport, due to a potential conflict of interest. This would result in the contractor reporting and assessing liquidated damages against itself.

4. Postal Finance Clerk. If performance by a contractor is determined to be appropriate, the contract must specify that the contractor will be bonded, liable for all financial and equipment losses or damage and obligated to make immediate restitution. Persons that are not U.S. citizens may operate postal finance windows if the duties do not involve handling of mail that could contain classified material. It may be necessary to have a separate registry window that is operated by an individual possessing a U.S. SECRET clearance.

5. Postal Finance Officer (PFO) and Custodian of Postal Effects (COPE). If performance by a contractor is determined appropriate, the contract must specify that the contractor will be bonded, liable for all financial and equipment losses or damage, and obligated to make immediate restitution. In all instances, inspections must be performed by a separate, independent audit and inspection team, designated in writing by the appropriate command authority.

6. Postal Headquarters Staff. Registry inspections and postal planning may be suitable for contractor performance, but these functions require a U.S. SECRET cleared individual in order to obtain access to SECRET networks or required work areas.

7. Receipt and Dispatch Operations. If performance by a contractor is determined to be appropriate, the contractor can prepare the dispatch forms, but a DoD employee must sign the dispatch forms, because this obligates government funds, which is inherently governmental.

Positions and Functions Suitable for Contractor Performance:

1. Personal Registered Mail Clerk.
2. Positions in the Postal Service Center, Consolidated Mail Room, and Unit Mail Room.