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ACTING VICE PRESIDENT, SUPPLY MANAGEMENT



April 1, 2020

OFFICERS

SUBJECT: Interim Supplement to Noncompetitive Purchase Management Instruction

The COVID-19 pandemic has created unprecedented conditions in the market for certain goods and services, and the Postal Service must be able to respond rapidly, including through the immediate purchase of needed requirements to support our operations. For this reason, I have issued a Policy Memorandum waiving the requirements set forth in Management Instruction SP S2-2015-1 Noncompetitive Purchases.

In brief, the Management Instruction requires operational managers to complete and submit a purchase request with documentation of the business need to Supply Management to initiate the approval process for noncompetitive purchases. With this policy supplement, the purchase request and approval process are waived for COVID-19 related goods and services.

Accordingly, purchases related to COVID-19 which include, but are not limited to, surface and air transportation services, cleaning and disinfecting products, personal protective equipment to include hand sanitizers, gloves, and masks, cleaning services, safety and health goods and services, and other goods and services required to support operational capability, response planning, and customer services no longer require compliance with this step of the Noncompetitive Purchases Management Instruction.

Operational Managers are encouraged to work directly with their commodity managers as they identify potential sources of the aforementioned goods and services. Supply Management will continue to work diligently to expedite the acquisition of COVID-19 supplies and services. Please contact your Supply Management commodity manager or myself with any additional questions.

A handwritten signature in black ink that reads "Karen A Pompanella".

Karen A. Pompanella

Attachment

KAREN A. POMPANELLA  
ACTING VICE PRESIDENT, SUPPLY MANAGEMENT



March 27, 2020

RE: INTERIM SUPPLEMENT to Management Instruction SP S2-2015-1 Noncompetitive Purchases

Pursuant to authority under 39 U.S.C. 401, 39 C.F.R. 601.104, and the above-referenced management instruction, I am hereby issuing an interim supplement that relates to purchases made as part of the Postal Service response to the Coronavirus COVID-19. The COVID-19 pandemic has created unprecedented conditions in the market for certain goods and services, and the Postal Service must be able to respond rapidly, including through the immediate purchase of needed requirements to support our operations. For this reason, I am hereby waiving the requirements set forth in the above-referenced MI for any purchases directly related to the Postal Service's COVID-19 response. These purchases include, but are not limited to, noncompetitive purchase requests required for surface and air transportation services, cleaning and disinfecting products, personal protective equipment to include hand sanitizers, gloves, and masks, cleaning services, safety and health goods and services, and other goods and services required to support operational capability, response planning, and customer services. However, this interim supplement does not modify delegated noncompetitive action review and approval authority. A contracting officer must possess or obtain the required approval authority for the purchase at issue.

This interim supplement shall take effect immediately and shall expire on May 25, 2020, unless it is extended or revoked by an additional written directive.

Any questions regarding the scope of this interim supplement or applicability to a particular purchase should be directed to me through the applicable Supply Management commodity manager.

A handwritten signature in black ink that reads "Karen A Pompanella". The signature is written in a cursive, flowing style.

Karen A. Pompanella

# 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.

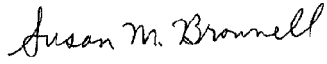
### Scope

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

Date	August 7, 2015
Effective	August 7, 2015
Number	SP S2-2015-1
Obsoletes	SP S2-2011-1
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

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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

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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. If the CA has provided recommendations, they must be addressed in the evaluation; if the CA has not provided any recommendations, this must be noted in the evaluation. The contracting officer must document his or her approval or disapproval if within his or her delegated authority, or forward his or her evaluation and recommendation as to whether the NPR should be approved or not through the management chain to the appropriate approval authority. The approval authority returns the recommendation with his or her approval/nonapproval to the contracting officer, who forwards a copy to the CA. 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**

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### **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.