



# Food Service Operations

Handbook EL-602

November 1994

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Handbook EL-602

**Transmittal Letter**

**November 1994**

### A. Explanation

Handbook EL-602, *Food Service Operations*, is a revision of the August 1994 edition, which was corrected by an errata page. This new edition contains the errata page changes as well as all changes published in the *Postal Bulletin* since November 1, 1981. The handbook has been reorganized, renumbered, and rewritten throughout for clarity. It has also been reorganized and expanded to correspond more closely with the requirements in Handbook AS-707-H, *Contracting for Food Services*. In addition, functional organization unit names, position titles, and reporting relationships have been updated to reflect the restructuring.

### B. Distribution

1. **Initial.** This handbook is distributed to Headquarters, headquarters field units, areas, districts, and all other postal facilities through post offices CAGs A-D.
2. **Additional Copies.** Order additional copies from materiel distribution centers (MDCs) using Form 7380, *MDC Supply Requisition*.

### C. Comments

1. Submit questions and suggestions about the content of this document in writing to:

MANAGER  
CORPORATE PERSONNEL OPERATIONS  
US POSTAL SERVICE  
475 L'ENFANT PLAZA SW RM RM 1813  
WASHINGTON DC 20260-4261

### D. Cancellations

Handbook EL-602 dated August 1994 is complete provided the errata page is taken into consideration. Handbook EL-602 dated November 1, 1981, is obsolete.

### E. Effective Date.

This handbook is effective November 1994.



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Manager  
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# 1 Operating Procedures

## 11 SCOPE

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### 111 **Purpose**

This handbook prescribes uniform postal procedures for managing food service operations. These procedures apply to all such operations, ranging from vending machines to large manual cafeterias.

### 112 **Management Policies**

#### 112.1 **Operation**

It is Postal Service policy to provide employees with quality food at reasonable cost when equal service is not conveniently available from commercial sources.

Because minimal time and effort is to be expended by Postal Service personnel in managing food operations, this service is contracted out to professional in-plant food management firms and concessionaires whenever the size of the facility permits. Such concessionaires include qualified vending operations established by state licensing agencies (SLAs) for the blind. It is sometimes impossible for smaller installations to contract out these services, because their requirements do not provide enough commission to make it feasible for a commercial vendor or a blind licensee to operate the vending machines.

#### 112.2 **Control**

All food service facilities are under the management control of the installation head. This function may not be delegated to any employee committee.

#### 112.3 **Funds**

Cafeteria and central lunchroom facilities are operated on a break-even basis; neither the Postal Service nor any employee social and recreational committee may make a commission, and the contractor

must redistribute any excess in allowable commission or administrative expense to customers through reduced prices.

Exception to the break-even rule: In small buildings with less than 15,000 square feet of floor space, commissions from vending machines are allowed and must be shared with the state licensing agency for the blind when commissions exceed \$3,000 per year.

Commercially operated snack vending machines that are remote from lunchrooms and cafeterias are operated on a commission basis. Commissions paid to Postal Service from vending machines are first shared with the state licensing agency; the balance of that revenue goes to the employee social and recreational committee. Snack vending machines operated under a permit by the state licensing agency do not generate a commission.

## 113 **Randolph-Sheppard Act**

### 113.1 **Authority**

The Postal Service must support and comply with the intent and spirit of the Randolph-Sheppard Act (the Act), as amended in 1974 (20 USC 107 et seq.), and with the Department of Education implementing regulations, recodified as 34 CFR Part 395 (ED 395) in 1981.

The Secretary of the Department of Education administers regulations implementing the Act.

Highlights of these regulations are:

- a. State licensing agencies, through the assignment of a state-licensed blind vendor, are offered the operation of vending facilities (at least 250 square feet) on federal property.
- b. State licensing agencies share in vending machine commissions.
- c. State licensing agencies are granted priority for the operation of cafeterias.
- d. Federal agencies, including the Postal Service, are responsible for collecting and accounting to the Secretary of the Department of Education for automatic vending machine commissions for distribution to on-site vendors or state licensing agencies in accordance with the Act.

### 113.2 **Objective**

The primary objective of the Act is to provide blind persons with paying jobs and the opportunity to be self-supporting. The Act therefore requires the Postal Service to locate one or more vending facilities for operation



by blind licensees on postal property, depending on space and potential patronage.

### 113.3 **Impact**

ED 395 has significant impact on Postal Service operations in three areas:

- a. Contracting for food services.
- b. Providing space for vending machines to be operated by the blind.
- c. Sharing vending machine commissions with the state licensing agency.

## 12 **DEFINITIONS**

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The following definitions apply to the material in this handbook:

- a. *Cafeteria*. A food-dispensing facility capable of providing a broad variety of prepared foods and beverages (including two or more entree platters) primarily through the use of a line where customers serve themselves from displayed selections. A cafeteria may be manual, manual with supplemental vending, fully automatic, or provide some limited waiter or waitress service. Table or booth seating facilities are always provided (ED 395.1d).
  - (1) ED 395.33d allows direct negotiation with a state licensing agency on a sole source (noncompetitive) basis for cafeteria services.
  - (2) ED 395.33 establishes the general parameters within which, when a competitive procurement is required, "...the appropriate licensing agency shall be invited to respond to solicitations for offers when a cafeteria contract is contemplated." When the state licensing agency submits a proposal for the operation of a cafeteria and it is determined to be in the competitive range, that agency is awarded the contract.
- b. *Central lunchroom*. An area consisting of a group of vending machines providing, among other things, sandwiches and tables and chairs for employees. It may also provide no more than one prepared hot or cold full meal consisting of an entree of one meat and vegetable. If operation consists of two or more prepared hot or cold full meals, it must be classified as a vending cafeteria. It can be either attended or unattended.

- c. *Entree or fruit platter.* One meat and one vegetable serving or one fruit assortment.
- d. *License.* A written instrument issued by the state licensing agency to a blind person, authorizing that person to operate a vending facility on federal or other property (ED 395.li).
- e. *Lobby stand.* Vending space the Postal Service makes available to the blind under provision of the Act in areas of postal buildings to which the public has access. The vending facilities here become known as lobby stands, as the lobby is the area most available to the public. The sale of items such as sandwiches, liquids, and frozen foods ("wet" items) is prohibited to preclude loitering and possible injury to patrons. However, at blind stands already selling these items under permit before this prohibition, no change in the wet items will be made (unless both parties agree) as long as the existing vendor operates the facility.
- f. *Permit.* The official approval given the state licensing agency by a department, agency or instrumentality in control of the maintenance, operations, and protection of federal property, or person in control of other property, whereby the state licensing agency is authorized to establish a vending facility (ED 395.lo).
- g. *Satisfactory site.* An area fully accessible to vending facility patrons in compliance with Act regulations includes:
  - (1) A minimum of 250 square feet available for the vending and storage of articles necessary for the operation of a vending facility.
  - (2) Sufficient electrical, plumbing, heating, and ventilation outlets for the location and operation of vending facility in accordance with applicable health laws and building codes (34 CFR Part 395q, 1 and 2).
- h. *Snack vending area.* An assortment of vending machines used where significant numbers of employees work at some distance from the cafeteria or lunchroom. It is common practice to install vending machines close to work stations to provide snacks, beverages, and tobacco products. These snack areas, rarely more than a half-dozen machines, have usually been unattended. Under the Act, some of these locations may qualify as satisfactory sites (a minimum of 250 square feet) for a blind vendor to operate a vending facility.
- i. *Van Nuys concept cafeteria.* Food is prepared off-site and delivered to the Postal Service installation, where employees obtain it through serving lines similar to commercial cafeterias.
- j. *Vending facility.* Area of automatic vending machines, central lunchroom, snack bar, cart service, shelter, counter, and such other

appropriate auxiliary equipment, which may be operated by blind licensees, and which is necessary for the sale of newspapers, periodicals, confections, tobacco products, foods, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws, and including the vending or exchange of chances for any lottery authorized by state law and conducted by an agency of a state within such state (ED 395.1x).

- k. *Vending machine.* For the purpose of assigning vending machine income, this is a coin- or currency-operated machine that dispenses articles or services, except those operated by the Postal Service for the sale of postage stamps or other postal products and services. Machines providing services of a recreational nature and telephones are not considered vending machines (ED 395.1y).

## 13 RESPONSIBILITIES

### 131 **Synopsis**

The Postal Service furnishes, decorates, and maintains eating facilities and provides major and essential equipment. The contractor provides vending and expendable equipment.

### 132 **Headquarters**

Employee Relations (ER) manages and administers the food service program and assures compliance with the Act. Installation heads and managers of Headquarters field units coordinate with and seek guidance from the manager of Corporate Personnel Operations. The manager of Corporate Personnel Operations also approves or denies all manual cafeterias for Headquarters and Headquarters field units.

### 133 **Districts**

District Human Resources managers administer food service operations. Responsibilities include:

- a. Providing guidance and direction to installation heads as necessary.
- b. Approving state licensing agency operating permits.
- c. Reviewing and approving the food service requirements package before sending it to the Purchasing Service Center (PSC).

Installation heads approve or deny all manual cafeterias except those proposed at Headquarters or Headquarters field units.

### 134 **Purchasing Service Center**

The contracting officer (CO) reviews the statement of work, corresponds with offerors, awards and administers the contract, and appoints the contracting officer representative (COR).

### 135 **Installation Head**

#### 135.1 **Responsibilities:**

The installation head has the following responsibilities:

- a. Coordinates with the district Human Resources manager to decide the type of food service required, develops the requirements package, assists the contracting officer in selecting the contracting office's representative, monitors compliance with the Act, and selects the evaluation panel.
- b. Negotiates with the state licensing agency in acquiring a permit to operate vending facilities; recommends approval to the district Human Resources manager and after approval signs and issues permits; establishes, with state licensing agency concurrence, the percentage of vending machine commissions to be shared with the state licensing agency.
- c. Collects and accounts for income from commercial vending machines on postal property and pays commissions to the state licensing agency at prescribed intervals.
- d. Chairs the cafeteria committee.

#### 135.2 **Contracting Officer's Representative**

The COR monitors day-to-day contract activity, represents both the CO and the installation head, and is the point of contact between the Postal Service and the contractor. Ideally, the COR is the requiring installation's food service officer. The COR's authority is limited to that specifically granted in the notice of appointment (see Handbook AS-707-H, *Contracting for Food Services*).

#### 135.3 **Evaluation Panel**

The evaluation panel consists of at least three members but may have any odd number of members. The panel evaluates cafeteria contract

proposals and presents the results to the contracting officer (see Handbook AS-707-H).

#### 135.4 **Cafeteria Committee**

The cafeteria committee consists of one representative from each union assigned by the union, and one representative from supervision assigned by management. The installation head or designee chairs the committee and accepts recommendations, but is not bound by the committee's advice. The committee advises on such matters as improving service and surroundings, changing hours of operation, and controlling and varying the menu.

### 136 **State Licensing Agency**

#### 136.1 **Definition**

The state licensing agency is the state agency designated by the Secretary of the Department of Education to issue licenses to blind persons for the operation of vending facilities on federal and other property (ED 395.1 (V)).

#### 136.2 **Vending Facilities**

The state licensing agency is responsible for all vending facilities operated by blind vendors. These facilities are covered by permit issued by the installation head after approval by the district Human Resources manager.

#### 136.3 **Cafeteria**

All cafeterias operated by blind licensees must operate under contract negotiated on either a competitive or noncompetitive basis with the Postal Service. Contracts are awarded for an initial term of 3 years, with options to renew the agreement for two additional 1-year terms, for a total term of up to 5 years.

#### 136.4 **Problems**

*Local representative.* When day-to-day problems cannot be resolved by direct contact with the blind vendor, the installation head requests assistance from the local representative of the state licensing agency.

*State director.* If the local state licensing agency representative cannot resolve the problem, the installation head sends a report to the district Human Resources manager who sends a report to the state licensing

agency director and deals with the state licensing agency directly to settle the issue.

### 136.5 **Complaints and Arbitration**

*Complaints.* If the state licensing agency determines that the Postal Service is failing to comply with the provisions of the Act, the state licensing agency may file a complaint with the Secretary of the Department of Education.

*Arbitration.* The Department of Education notifies the Postal Service General Counsel at Headquarters. Corporate Personnel Operations handles the matter with the assistance of the installation head and General Counsel.

## 14 RECYCLING

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### 141 **Postal Service Commitment**

The Postal Service is committed to protection of human health and environment. Recycling is the obligation of all employees and all individuals who use postal facilities.

### 142 **Responsibilities**

*Headquarters.* Facilities at Headquarters implements the recycling program and assures compliance with postal policy. Managers of Headquarters field units coordinate with and seek guidance from Facilities.

*Districts.* Installation heads implement recycling programs in their facilities. District managers monitor all food operations to ensure recycling compliance.

*Contractors.* All food service contractors must:

- a. Initiate and monitor their own recycling programs.
- b. Package their goods in recyclable materials. This includes cafeterias, vending machines, and snack vending operated by either commercial firms or state licensing agencies.
- c. Supply can crushers, when vending machines dispense aluminum cans, to reduce the volume of recyclables.

## 15 GUIDE DOGS

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### 151 **Postal Service Policy**

Some blind persons use guide dogs to assist them in traveling. It is Postal Service policy that every reasonable effort be made to accommodate guide dogs within the confines of a Randolph-Sheppard vending facility during the period the blind person is working in the facility (41 CFR 101-20.311).

### 152 **Conditions**

Guide dogs must be allowed to remain within the vending facility if the following conditions are met:

- a. State and local laws are adhered to regarding guide dogs.
- b. Guide dogs are inoculated for rabies as required by state and local laws and regulations. Satisfactory evidence of each inoculation must be displayed by the vendor.
- c. Guide dogs are restrained within the vending facility away from the food serving and preparation area. The location must be large enough to restrain the dog comfortably, permit free circulation of air, and be kept clean at all times. The area selected for restraining guide dogs is mutually agreed upon by the installation head, the blind vendor, and the state licensing agency.
- d. Guide dogs are housebroken, well groomed, clean, and free from odor at all times, and the dog and the vending facility are kept free from fleas and other vermin.
- e. Guide dogs are exercised regularly outdoors during the day as required.
- f. Housekeeping sanitary conditions are maintained at all times, and any unsatisfactory condition resulting from the presence of the guide dog is corrected immediately.

*NOTE: Sections d, e, and f give installation heads guidance on what may be of concern to the Postal Service.*

# 2 Planning Guidelines

## 21 EXISTING AND NEW FACILITIES

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### 211 Existing Facilities

#### 211.1 Assessment

The installation head assesses the present food service arrangements and decides if changes will result in an improvement. Possibilities include:

- a. Replacing a manual cafeteria with a vended operation.
- b. Adding or eliminating a supplement to a vended operation.
- c. Changing types of vending machines.
- d. Increasing or decreasing the number of vending machines.
- e. Regrouping satellite vending machines currently scattered throughout the building.

#### 211.2 Contract Expiration

All contracts must have expiration dates. When a contract has no set expiration date, the installation head contacts the contracting officer and, after conferring with the contracting officer, establishes an expiration time and notifies the contractor of the date.

When a cafeteria contract expires, replacement service must be acquired according to procedures that provide the state licensing agency an opportunity to seek the new contract (see Handbook AS-707-H, *Contracting for Food Services*).



212 **New Facilities**

212.1 **Assessment**

In planning the construction or acquisition of a new building, careful attention must be given to the selection of food service. The advice and assistance of the district Human Resources manager is essential.

212.2 **Construction**

Facility design must include complete layout plans showing equipment placement. When a manual cafeteria is required, all major fixed equipment is provided by the Postal Service and installed as part of the original construction. When full-line vending is planned, equipment is usually obtained from a food management firm as part of a management contract for operation of the facility. When food service contains vending machines and a manual supplement, such as a grill, the Postal Service pays all equipment costs connected with the manual supplement.

22 **PATRON SURVEY**

221 **Space Requirements**

Space requirements are determined by figuring the number of employees on duty at peak hours (usually fewer than one-third, depending on local conditions) and using the guidelines on the following chart.

No. of Employees Using Dining Room at One Time	Suggested Type of Service	Required Space
0-9	Central Lunchroom	150 sq ft (on workroom floor)
10-134	Central Lunchroom	15 sq ft per employee, plus 10 sq ft for each vending machine
135-170	Full-Line Vending	15 sq ft per employee, plus 10 sq ft for each vending machine (10 minimum), plus 300 sq ft for storage
171-599	Full-Line Vending	1800 sq ft plus 12 sq ft per employee plus manual supplement
600-Up	Manual Cafeteria	30 sq ft per employee

## 222 Local Conditions

*Outside service.* When good, economical, commercial sources are available and so conveniently located that employees can use them for meal breaks on all tours, the need for in-house food may be limited to snack vending in work areas.

*In-house service.* When reliable in-house food service is the only workable solution, employee needs must be satisfied by at least one of the following: cafeteria, central lunchroom, or beverage and snack vending.

## 23 SERVICE SELECTION

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### 231 Vending

*Full-line.* In buildings with fewer than 1,000 employees, a well-planned vending operation will be adequate. Essential auxiliary equipment will be included such as a microwave oven, change maker, and condiment table.

*Manual supplement.* Large installations with a complement of 1,000 to 2,000 employees may need a small supplemental manual service, in addition to full-line vending, including one or more of the following: grill, steam table, salad bar.

*Auxiliary machines.* The most common auxiliary vending service has fewer than six machines located close to the work location to provide snacks and beverages. These machines do not vend meals such as hot food or sandwiches. Tables and chairs may or may not be available. Under the Act, some of these locations may qualify as satisfactory sites for blind vendors.

### 232 Manual Cafeteria

*Full kitchen.* In very large buildings, a manual cafeteria with on-site food preparation and a full kitchen may be advisable. A successful manual facility usually needs a minimum of 600 customers per meal. Installation heads approve or deny all manual field cafeterias. The manager of Corporate Personnel Operations approves or denies all manual cafeterias for Headquarters and Headquarters field units.

*Vending supplement.* Manual cafeterias may include vending machines to make the total requirements package economically attractive to potential food service contractors. If two or more entrees are provided,

the operation must be classified as a cafeteria and must be operated under a contract.

### 233 **Lunchroom**

To qualify as a central lunchroom, tables and chairs must be provided, and meals must be served or vended. Meals may consist of hot canned food, sandwiches, and no more than one entree (one meat and one vegetable). The lunchroom must be operated on a break-even basis, with no subsidy from or commission to the Postal Service. Priority must be given to the blind to operate on a permit basis.

### 234 **Design and Layout**

*Planning.* It is critical at the design phase of facility planning to project 3 to 5 years for food service that will be needed to accommodate personnel growth. Detailed instructions must indicate equipment layout; location of utility outlets; traffic patterns; and location of refrigeration and cooking areas, dining space, and expansion space.

*Manual cafeteria.* The technical design of a manual cafeteria is performed by an architectural and engineering (A/E) firm designated by the contracting officer. The A/E may subcontract with kitchen design specialty firms as necessary or deemed appropriate by the contracting officer. Cafeteria equipment must be incorporated during the planning phase of a new or renovated facility.

The district Human Resources manager may be able to furnish layout designs of existing cafeterias that are typical of the current requirements. Otherwise, that manager may contact the general manager of Corporate Personnel Operations for assistance.

*Central lunchroom.* There are no set rules for designing a lunchroom; the decor depends on the creativity of the decorator. Materials are available from all large vending companies and some state licensing agencies.

## 24 REQUIREMENTS PACKAGE (EXHIBITS 24 A, B, C)

### 241 **Compliance**

The requirements package consists of a cover memo (Exhibit 24a) and a statement of work (Exhibits 24b and 24c). The requirements package must comply with the Act and procedures specified in Handbook AS-707-H, *Contracting for Food Services*, summarized here. The district

Human Resources manager thoroughly reviews the package and resolves any problems with the installation head before approving the requirements and forwarding the package to the contracting officer. The requirements package must contain all specified documentation or the contracting officer will return it for clarification. See Handbook AS-707-H for complete instructions.

## 242 Contents

### 242.1 Statement of Work

The installation head develops the statement of work. It must be as complete and accurate as possible, stating fully the installation's food service needs. Specifications must describe the technical requirements for supplies or services and include criteria for acceptance. The statement of work is the basis for the proposed food services contract. Pertinent data includes:

- a. Type of service requested.
- b. Building complement and percentage to use service.
- c. Recommended contracting officer's representative.
- d. State licensing agency contact.
- e. Evaluation criteria and panel members.
- f. All attachments specified in Exhibit 24b and 24c.

### 242.2 Evaluation Criteria

*Cafeteria.* The five basic rating categories established for Postal Service cafeterias are:

- a. Sanitation practices.
- b. Personnel staffing and management.
- c. Portion sizes, menu prices, and management controls.
- d. Menu variety and quality.
- e. Budget, accounting system, and controls.

*Central lunchroom.* (See Exhibit 24b.) Evaluation is based on a comparison of item sizes and prices. Award is made to the responsible offeror whose prices are most advantageous to postal employees.

*Satellite vending.* (See Exhibit 24c.) Evaluation is based on the provision of wholesome food at a reasonable cost and secondly on the percentage of commissions.

### 242.3 **Cover Memo**

The cover memo (see Exhibit 24a) must include the following:

- a. *Requirements approval.* Signed approval by the district Human Resources manager for the field offices; or by the manager of Corporate Personnel Operations for manual cafeterias at Headquarters and Headquarters field units.
- b. *State licensing agency contract.* The name and address of the agency person who participated in the reviews required by the Act.
- c. *Act amendments.* Whether the 1974 amendments apply.
- d. *Cafeteria type.* A description of the kind of cafeteria service required (manual, fully automated, or a combination) and whether it will have satellite vending facilities.
- e. *Satellite vending.* When a vending facility other than a vended supplement to a manual cafeteria is required, the memo must also state:
  - (1) That the installation head has received written notification from the state licensing agency that it will not operate the vending facility on a permit basis.
  - (2) Whether the requirement is for a new or renovated building.
  - (3) That separate accounting is required for cafeteria receipts and satellite vending receipts.

### 243 **Submittal**

When the district Human Resources manager is satisfied that the requirements package is complete and accurate, he or she writes the cover memo and transmits the package to the contracting officer. Requirements are submitted within the following time frames so the contracting officer can implement food service on the required dates:

- a. Cafeteria, new facility: 12 months before facility activation.
- b. Cafeteria, renovated facility: 6 months before need date.
- c. Vending facility: 6 months before need date.

Date:

Subject: Request for Food Service Contract

To: (Name)  
Contracting Officer  
Purchasing Service Center  
(Address)

The (*name*) District requests a contract for the attached food service requirement. We have reviewed the Statement of Work and related documents, and we verify that this requirements package complies with the Randolph-Sheppard Act and its implementing regulations. The Act amendments of 1974 (*apply/do not apply*). The contract will be for:

(*facility*)  
(*address*)  
(*city, state, ZIP+4*)  
Finance No: (*number*)

This is a (*new/remodeled*) building. The facility has (*number*) employees and (*number*) percent will use the service. The operation will be (*manual cafeteria/full service vending/combo*) and (*will/will not*) include satellite vending.

State licensing agency contact is:

(*name*)  
(*state licensing agency*)  
(*address*)  
(*city, state, ZIP+4*)

Please expedite this request.

\_\_\_\_\_  
(*name*) District

Approved: \_\_\_\_\_ Manager, Human Resources

date: \_\_\_\_\_

Attachments:

SOW

Related Forms (See Handbook AS-707-H, *Contracting for Food Services*)

**Sample Cover Memo for District Approval**

Exhibit 24a

\_\_\_\_\_  
Installation

\_\_\_\_\_  
Street

\_\_\_\_\_  
City, State, ZIP+4

1. Reason for request (check one):

- Activation of new facility.
- Current contract expires on \_\_\_\_\_ date.
- No contract exists.

2. Current contract information (if applicable):

\_\_\_\_\_  
Name of current contractor

\_\_\_\_\_  
Current contract number

Notice  is/  is not required for termination.

If notice is required, how many days? \_\_\_\_\_

3. Type of service requested (check one):

- Vending Cafeteria: customers serve themselves from vending machines. A vending cafeteria must offer at least two prepared hot or cold full meals consisting of a meat and vegetable. The cafeteria may be attended or unattended.
- Manual Cafeteria: food is prepared on-site and obtained by employees through serving lines similar to those of commercial cafeterias.
- Van Nuys Concept Cafeteria: food is prepared off-site and delivered to the Postal Service installation, where it is obtained by employees through serving lines similar to those of commercial cafeterias.

4. Requirements:

a. Manual and Van Nuys Concept Cafeterias Only

Hours of service:	From	To
Tour 1	_____	_____
Tour 2	_____	_____
Tour 3	_____	_____
Days of week:		

**Requirements Data for Statements of Work (Cafeteria)**  
Exhibit 24b

- b. Building population:  
Tour 1 \_\_\_\_\_ Tour 2 \_\_\_\_\_ Tour 3 \_\_\_\_\_
  - c. Percentage of anticipated use by employees of each tour:  
Tour 1 \_\_\_\_\_ Tour 2 \_\_\_\_\_ Tour 3 \_\_\_\_\_
  - d. Hours that building is occupied \_\_\_\_\_.
  - e. Number of days that building is occupied \_\_\_\_\_.
5. Attach the following:
- a. Evaluation criteria and value that will be furnished by the Postal Service.
  - b. Description of the utilities that will be furnished by the Postal Service.
  - c. Description of both building and equipment maintenance that will be furnished by the Postal Service.
  - d. Drawings of spaces to be provided and the proposed layout. Include storerooms, entrances, dimensions, water lines, utilities, electric outlets and available amperage, and gas lines. Drawing should also include placement of any Postal Service provided equipment.
  - e. List of holidays on which the cafeteria is closed.
  - f. List of special services required.
  - g. Detailed list of equipment that will be furnished by the Postal Service.
  - h. Detailed list of equipment that will be furnished by the contractor.
  - i. List of auxiliary equipment that must be furnished by contractor.
  - j. Selection of representative menus (including portion sizes).
  - k. List of representative prepackaged sandwiches (including portion sizes), beverages, candies, and other packaged foods.
6. For lunch or dinner, items \_\_\_ may/ \_\_\_ may not be frozen and heated for service.
7. (For vending cafeteria only) A manual grill for sandwiches and limited platters \_\_\_ is/ \_\_\_ is not required.
8. Requested effective dates of service \_\_\_\_\_ (at least 240 days from estimated date of approval by field director of human resources).
9. Attach a list of names and addresses of local professional food service firms that might be interested in providing these services.

**Requirements Data for Statements of Work (Cafeteria) (p.2)**

Exhibit 24b



10. Recommended contracting officer's representative:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone

Nominee \_\_\_ is/ \_\_\_ is not the installation food service officer.

11. Appropriate individual to be contacted at the state licensing agency for the blind (be complete):

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Street

\_\_\_\_\_  
City, State, ZIP+4

12. The evaluation panel for this procurement will consist of (check chairperson):

\_\_\_\_\_  
Name Title Telephone

\_\_\_\_\_  
Name Title Telephone

\_\_\_\_\_  
Name Title Telephone

\_\_\_\_\_  
Name of Installation Head

Requirements Data for Statements of Work (Cafeteria) (p.3)  
Exhibit 24b

\_\_\_\_\_

Date

\_\_\_\_\_

Installation

\_\_\_\_\_

Street

\_\_\_\_\_

City, State, ZIP+4

1. Reason for request (check one):

- Activation of new facility.
- Current contract expires on \_\_\_\_\_ *date*.
- No contract exists.

2. Current contract information (if applicable):

\_\_\_\_\_

Name of current contractor

\_\_\_\_\_

Current contract number

Notice \_\_\_ is/ \_\_\_ is not required for termination.

If notice is required, how many days? \_\_\_\_\_

3. Type of service requested (check one):

Satellite Vending Facility: One or more snack or beverage vending machines, with no attendant on duty, either separated from the principal food service area or consisting of only this type of operation. A snack vending operation can have only one of the following: chairs and tables available for the employees' benefit or vending machines that dispense sandwiches. This applies to vending machines, usually fewer than six, placed in remote locations of the building that will not support a blind vendor.

Central Lunchroom: A group of vending machines *and* the following: tables and chairs provided for employees and sandwiches dispensed. It may also provide no more than one prepared hot or cold full meal, consisting of one meat and one vegetable. It can be attended or unattended.

4. Requirements:

a. Building population:

Tour 1 \_\_\_\_\_ Tour 2 \_\_\_\_\_ Tour 3 \_\_\_\_\_

b. Hours that building is occupied \_\_\_\_\_.

c. Number of days that building is occupied \_\_\_\_\_.

**Requirements Data for Statements of Work (Satellite Vending and Central Lunchroom)**  
Exhibit 24c

- d. Hours of peak population \_\_\_\_\_.
  - e. Estimated total annual sales:
    - Satellite vending \_\_\_\_\_
    - Central lunchroom \_\_\_\_\_
  - f. Size of building (net usable floor space): \_\_\_\_\_ square feet.
5. Attach the following:
- a. Drawings of spaces to be provided and the proposed layout. Include storerooms, entrances, dimensions, and so on.
  - b. List of vending requirements including the number and types of machines, items to be vended, and average monthly vends.
  - c. Written confirmation of whether the state licensing agency did or did not express interest in operating a vending facility or central lunchroom under permit.
  - d. List of auxiliary equipment that must be furnished by the contractor (i.e., change machines, condiment stands, microwave, etc.).
  - e. List of names and addresses of local professional food service firms that might be interested in providing these services.
6. Requested effective date of service \_\_\_\_\_ (at least 180 days from estimated date of approval by the district Human Resources manager).

*NOTE: A vending facility consists of vending machines or other equipment that may be operated by a blind vendor. These facilities are frequently referred to as lobby stands. However, vending machine areas within a building may qualify as satisfactory vending facilities (those which are able to support a blind vendor). If operation by permit is declined, these sites become satellite vending sites.*

**Requirements Data for Statements of Work (Satellite Vending and Central Lunchroom) (p.2)**

Exhibit 24c

# 3 Vending Sites

## 31 ACT REQUIREMENTS

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### 311 **Authority**

The Act includes special rules for all new buildings, and existing buildings undergoing substantial alterations or renovations, to provide a satisfactory site for a vending facility to be operated by the blind. *Substantial alteration or renovation* means a permanent material change in the floor areas of a building (34 CFR 395).

The state licensing agency must be consulted as to the location and type of vending facility to be operated before completion of the final space layout (ED 395.31). Responsibility for coordinating this aspect with the state licensing agency rests with Facilities at Headquarters. When the district Human Resources manager forwards a food service requirement for the building to the contracting officer, the name of the state licensing agency contact must be included.

A satisfactory site must:

- a. Be an area fully accessible to vending patrons.
- b. Have a minimum of 250 square feet for vending and storage space.
- c. Contain sufficient electrical, plumbing, heating, and ventilation outlets to comply with local health laws and building codes.

### 312 **Exceptions**

A site for a vending facility to be operated by the blind need *not* be provided under one of the following three conditions:

- a. The state licensing agency, with concurrence of the Secretary of the Department of Education, determines that the building will not support a blind vendor.
- b. There will be less than 15,000 square feet of net usable floor space in buildings that serve the public.

- c. There will be fewer than 100 employees working during Tour 2. City and rural carriers are not included in the calculation, as they are away from the building during most of Tour 2.

## 32 AGENCY NOTIFICATION

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### 321 **Procedures**

The determination that a building or building plan provides a required satisfactory site is made jointly between the Postal Service and the state licensing agency. The manager of the facilities service center sends a written notice to the state licensing agency concerning each building the Postal Service has firm plans to construct, acquire, occupy, or substantially renovate. Written notification by certified or registered mail is provided as early as practical, but no later than 60 days before the intended occupancy. Copies of the notification are sent to the Secretary of the Department of Education, the manager of Corporate Personnel Operations, and the installation head.

### 322 **Acknowledgment**

The state licensing agency must acknowledge receipt of the notice in writing within 30 days, and must indicate at that time whether it is interested in establishing a vending facility. At any stage, if the state licensing agency decides that it will not use the planned space, this decision must be in writing. However, a satisfactory site must be included in the building whether or not the state licensing agency plans to establish a vending facility in the foreseeable future. It is anticipated that in many cases, the responses from state licensing agencies will require immediate consultation with Human Resources personnel regarding the type and location of the site for the vending facility.

### 323 **Existing Buildings**

In existing postal buildings, the head of the installation takes all steps necessary to ensure, in light of appropriate space and potential patronage, that one or more vending facilities will be located for operation by blind licensees.

## 33 AGENCY PERMIT

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### 331 Application

*Submission.* Applications for permits for the operation of vending facilities must be submitted to the installation by the state licensing agency on ED Form, *Application and Permit for the Establishment of a Vending Facility on Federal Property*. The Department of Education supplies the forms directly to the state licensing agency. The application and its attachments must describe as completely as possible the type of facility the state licensing agency proposes to operate, the approximate amount of space required, and the desired location (see Exhibit 331).

*Negotiation.* Installation heads negotiate with state licensing agency representatives regarding applications for permits in their installations. When approval is recommended, they sign as officer-in-charge of property, *after* concurrence by the district Human Resources manager.

### 332 Guidelines

*Policy.* Postal Service policy is that items such as soup, canned food, sandwiches, ice cream, and beverages are provided through a cafeteria or through vending facilities in areas available to employees. The Postal Service does not permit vending services of this type in postal lobbies by either commercial or blind vendors. However, at those blind stands already selling these items under permit before this prohibition, no change in the wet items will be made (unless both parties agree) as long as the existing vendor operates the facility.

*Priority.* In establishing one or more vending facilities on postal property, priority must be given to blind licensees whenever an opportunity becomes available, except in the unusual case when the United States interests will be adversely affected, as specifically determined by the Secretary of the Department of Education.

*Products.* Articles sold at vending facilities operated by blind licensees may include: newspapers, periodicals, publications, confections, tobacco products, food, beverages, chances for any lottery authorized by state law and conducted by an agency of a state within a state, and other articles or services (as determined by the state licensing agency in consultation with the installation head, to be needed by the Postal Service and suitable for a particular location). Such articles and services may be dispensed automatically or manually and may be prepared on or off the premises in accordance with all applicable health laws.

## 333 Permits

### 333.1 State Licensing Agency

All permits for the operation by a blind licensee of a vending facility on postal property must be issued to the state licensing agency in its name. That agency assigns to each permit a blind person whom it has licensed as qualified to operate the particular type of facility. The permit does not authorize the assigned blind vendor or the state licensing agency to subcontract a portion of the operation, such as unattended vending machines in remote locations, to an independent outside operator. Neither does it assign to the blind vendor, as a direct adjunct to the enterprise any vending machines or space in which to install new unattended vending machines at locations remote from the vending facility. The state licensing agency may own or lease vending machines for use in postal facilities.

### 333.2 Installation Head

When an application for a permit to establish a vending facility on postal property is received, the installation head seeks guidance as follows:

- a. Coordinates with and seeks needed guidance and written direction from the district Human Resources manager through normal channels on all matters covered by these instructions. Managers of Headquarters field units coordinate with and seek guidance from the general manager of Corporate Personnel Operations.
- b. Maintains a cooperative approach throughout the negotiations.
- c. Discusses all details of the application with the state licensing agency representative to develop a full and clear understanding of the proposed type of facility, the nature of items to be sold, preferred location, and hours of operation.
- d. Once the proposal is understood, examines the need for such a facility with the state licensing agency representative.
- e. Evaluates the likelihood that the proposed vending facility would attract enough customers to make it a financial success.
- f. Determines with the state licensing agency representative if space is available for a satisfactory site. (If both the state licensing agency and the installation head agree, a vending facility smaller than the minimum size may be established).
- g. Ensures that costs involved in the installation of a vending facility beyond those of providing space, electrical service, and water service will be borne by the state licensing agency. The same is true of any future relocation initiated by the state licensing agency. Cost

of any future relocation initiated by the Postal Service will be borne by the Postal Service.

- h. Reaches agreement on a number of other important factors including sanitation, normal cleaning, performance of the vendor, and basis for termination.

## 34 APPROVAL AND DISAPPROVAL

### 341 **Approval**

When the installation head is satisfied with the permit applications, he or she forwards the *unsigned* applications to the district Human Resources manager for review and final approval. If approved, the district Human Resources manager signs the permit, sends a copy to the state licensing agency, and retains a copy in the file.

### 342 **Disapproval**

*Disposition.* If the installation head recommends disapproval of permit applications, he or she forwards them to the district Human Resources manager and attaches a memo explaining the reasons for the negative opinion. The district Human Resources manager investigates the matter for compliance with the Act and makes the final disposition.

*Restriction.* When space and potential patronage are adequate to support a vending facility, the only basis for disapproving a permit is that the vending operations will adversely affect United States interests, as determined by the Secretary of the Department of Education. In that event, the following procedures are used:

- a. The installation head writes a recommendation stating the adverse effect and routes it through channels to the district Human Resources manager.
- b. If the district Human Resources manager concurs, that position is explained in writing, and the file is forwarded to the manager of Corporate Personnel Operations for review:
  - (1) If the manager of Corporate Personnel Operations agrees, a request is made of the Secretary of the Department of Education for the necessary determination to that effect.
  - (2) If the manager of Corporate Personnel Operations disagrees, the installation is advised in resolving the matter.



U.S. Department of Education
Office of Special Education and Rehabilitative Services
Rehabilitation Services Administration
Washington, D.C.

APPLICATION AND PERMIT FOR THE ESTABLISHMENT OF A VENDING FACILITY ON FEDERAL PROPERTY AS AUTHORIZED BY P.L. 74-732, AS AMENDED BY P.O. 83-565 AND TITLE II OF P.L. 93-516 (RANDOLPH-SHEPPARD ACT), and Implementing Regulations, 34 CFR, Part 395

The \_\_\_\_\_(designated state licensing agency) of the State of \_\_\_\_\_ requests approval of \_\_\_\_\_ (Federal Property Agency) to place a vending facility on the property located at \_\_\_\_\_

SATISFACTORY SITE: It has been determined that this location meets the criteria of a satisfactory site as defined in 34 CFR 395 .1(q). Any exceptions are documented in Attachment A.

TYPE, LOCATION AND SIZE OF FACILITY:

Type of facility (defined in instructions for Form ED-RSA-15): \_\_\_\_\_
Facility location \_\_\_\_\_
Facility size (floor plan, Attachment B).\_\_\_\_\_

The types of articles to be sold and services to be offered are enumerated in Attachment C. The fixtures and equipment for this facility, including the responsibility for the provision thereof, are set forth in Attachment D. The location, type and number of vending machines which constitute all or a part of this facility are noted in Attachment E. The facility will operate \_\_\_ days of the week from \_\_\_ A.M. to \_\_\_ P.M. commencing on \_\_\_\_\_.

MACHINE INCOME SHARING: The type and location of each vending machine located on this property and the specific income sharing provisions in 34 CFR 395.32 applicable to each such machine will be indicated in Attachment F. Vending machine income will be disbursed to the state licensing agency on at least a quarterly basis unless it is mutually agreed otherwise.

OTHER TERMS AND CONDITIONS: Both parties shall comply with 34 CFR 395.35. Any additional terms and conditions applicable to this location are included in Attachment G. This permit shall be issued for an indefinite period of time subject to suspension or termination on the basis of noncompliance by either party with any of the agreed upon terms and conditions of the permit. By mutual agreement the state licensing agency and the property agency/owner may terminate the permit after providing notice of the intended termination, including the reason therefor and supporting documentation to the other party. Both parties shall comply with all regulations issued in Title VI of the Civil Rights Act of 1964. Reason for denial of the application shall be set forth in writing to the state.

Approving Property Official

Approving Licensing Agency Official

Title Date

Title Date

Attachments

Application and Permit for the Establishment of a Vending Facility on Federal Property
Exhibit 331

INSTRUCTIONS FOR PREPARATION OF APPLICATION AND PERMIT FOR THE ESTABLISHMENT OF A VENDING FACILITY ON FEDERAL PROPERTY AS AUTHORIZED BY P.L. 74-732, AS AMENDED BY P.L. 83-565 AND TITLE II OF P.L. 93-516 (RANDOLPH-SHEPPARD ACT), and Implementing Regulations, 34 CFR, Part 395

*Designated State Licensing Agency* is the state agency designated by the Commissioner to issue licenses to blind persons for the operation of vending facilities on federal and other property.

*Federal Property* means any building, land or other real property owned, leased, or occupied by any department, agency or instrumentality wholly owned by the United States or by any department or agency of the District of Columbia, or any territory or possession of the United States.

*Satisfactory Site* as defined in 34 CFR 395 .1(q) means an area fully accessible to vending facility patrons and having: (1) Effective on March 23, 1977, a minimum of 250 square feet available for the vending facility. However, if both the federal property managing department or agency and the State licensing agency agree, a vending facility smaller than the minimum size may be established; and (2) Sufficient electrical plumbing, heating and ventilation outlets for the location and operation of a vending facility in accordance with applicable health laws and building codes.

Any exceptions to the above definition of a "Satisfactory Site" are to be noted in Attachment A.

*Snack Bar Facility*—A facility engaged in selling limited lines of refreshment and prepared food items necessary for a light meal service. Included in this group are establishments which sell food and refreshment items prepared on or off the premises and usually are wrapped or placed in containers at point of sale. Customers may or may not be provided with on-site eating accommodations.

*Dry/Wet Facility*—All facilities which are not included under the other three types of facilities (cafeteria, snack bar, vending machine). Dry/wet facilities normally would merchandise for off-premise consumption a variety of articles, refreshment items, and services which are dispensed manually by the vendor and, in certain instances, by vending machines.

*Facility Location*—Specifies the exact location of the vending facility on the federal property.

*Facility Size*—The agreed-upon total square footage of this facility as defined in "Satisfactory Site" and a working drawing of the floor plan (Attachment B).

*Types of Articles and Services to be Sold*—By approving the *type* of facility, the federal property managing department or agency is also to some degree approving the sale of types of articles and services. However, the type of articles and services to be provided is determined by the state licensing agency in consultation with the federal property manager and is specified in Attachment C. The blind vendor and the state licensing agency alone determine the specific articles or services to be sold at a vending facility.

*The Fixtures and Equipment for the Facility*, including the responsibility for the provision thereof, are set forth in Attachment D. All equipment such as display shelves and other major equipment and fixtures and the ownership of each item are to be listed in Attachment D.

*The Location, Type, and Number of Vending Machines* which constitute all or a part of this facility are to be noted in Attachment E. Section 1369.16 of the regulations, permit for the establishment of vending facilities, requires that prior to the establishment of each vending facility, other than a cafeteria, the number, location, and type of vending machines which constitute all or part of the facility are to be included in the permit issued to the state licensing agency.

**Application and Permit for the Establishment of a Vending Facility on Federal Property (p.2)**  
Exhibit 331

*Machine Income Sharing*—Each vending machine on the property is to be noted in Attachment F as to the type of equipment and its location on the property.

As provided for in Section 395.32(e) of the regulations, the determination that a vending machine on federal property is in direct competition with a vending facility operated by a blind vendor is the responsibility of the on-site official responsible for the federal property of each property managing department, agency, or instrumentality of the United States, subject to the concurrence of the state licensing agency.

Sections 395.32(a) and (g) further specify that the on-site official responsible for the federal property of each property managing department, agency or instrumentality of the United States is responsible for the collection of, accounting for, and quarterly disbursement of vending machine income from vending machines on property under his or her control. It should be noted that the permit form provides a basis for other mutually agreed upon disbursement terms.

The vending machine income sharing provisions from machines on federal property are set forth in Sections 395.32(b), (c), (d) of the regulations in the following manner:

100 percent of all vending machine income from machines which are in direct competition with a vending facility operated by a blind vendor shall accrue to the state licensing agency or;

50 percent of all vending machine income from machines which are not in direct competition with a vending facility operated by a blind vendor shall accrue to the state licensing agency ; and

30 percent of all vending machine income from machines which are not in direct competition with a vending facility operated by a blind vendor shall accrue to the state licensing agency.

#### *Other Terms and Conditions*

Both parties shall comply with all the provisions of the regulations at 34 CFR 395.35. These enumerated terms and conditions require:

1. Issuance of the permit in the name of the applicant state licensing agency which shall:
  - (a) Prescribe procedures necessary to assure that the selection of vendors and employees for the operation of the vending facility is without discrimination because of sex, age, creed, color, national origin, physical or mental disability, or political affiliation.
  - (b) Assure that vendors do not discriminate against any person or persons in furnishing, or by refusing to furnish, to such persons the use of any vending facility, including all services, privileges, accommodations and activities provided thereby, and comply with Title VI of the Civil Rights Act of 1964 and the regulations pursuant thereto.
2. Issuance of the permit for an indefinite period of time subject to suspension or termination on the basis of noncompliance with agreed upon terms.
3. Provisions within the permit which specify that:
  - (a) No charge will be made to the state licensing agency for normal cleaning, maintenance, and repair of the building structure in and adjacent to the vending facility area.

- (b) Any cleaning that is necessary for sanitation, and the maintenance of vending facilities and vending machines in an orderly condition at all times and the installation, maintenance, repair, replacement, servicing and removal of any vending facility equipment to be without cost to the department, agency, or instrumentality responsible for the maintenance of the federal property.
- (c) Articles sold at vending facilities operated by blind licensees may consist of newspapers, periodicals, publications, confections, tobacco products, foods, beverages, chances for any lottery authorized by state law and conducted by an agency of the state. Other articles or services may be included as are determined by the state licensing agency, in consultation with the on-site official responsible for the federal property of the property managing department, agency, or instrumentality, to be suitable for a particular location. These articles or services may be dispensed automatically or manually and may be prepared on or off the premises in accordance with all applicable health laws.
- (d) Vending facilities shall be operated in compliance with applicable health, sanitation, and building codes or ordinances.
- (e) Installation, modification, relocation, removal, and renovation of vending facilities will be subject to prior approval and supervision of the on-site official responsible for the federal property of the property managing department, agency, or instrumentality and the state licensing agency, and that the costs of relocation of vending facilities shall be paid by the initiator of the request.

Any deviations from the regulations at 34 CFR 395.35 are to be included in Attachment G.

# 4 Income Sharing

## 41 STATE LICENSING AGENCY CRITERIA

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### 411 **Building Parameters**

*An individual location, installation, or facility* is a single building or self-contained group of buildings. Two or more buildings are a *self-contained group* when they are close together and a majority of employees in each building move regularly from one to another on official business during normal working hours.

### 412 **Vending Income**

#### 412.1 **Description**

Vending machine income is the commission paid by a commercial vending concern that operates, services, and maintains vending machines on postal property. These funds are separate from the operating fee of 1.5 percent of net sales due the Postal Service.

Income from vending machines on postal property must be shared with the state licensing agency, whether or not there is a blind vendor on the property. The state licensing agency distributes funds to the blind vendor on the property, to other blind vendors, and to programs for the blind (see Exhibit 412).

#### 412.2 **Records**

Separate records of vending machine income are kept from each post office, station, branch, annex, other building, or self-contained group of buildings. When the Postal Service leases space to other agencies, the installation head must acquire income data from the tenants controlling the vending machines.

#### 412.3 **Exceptions**

Funds from the following equipment are not included in the total vending machine income:

- a. Self-service postal units.
- b. Postal product machines.
- c. Pay telephones.
- d. Photocopiers.
- e. Recreational information/service machines.

#### 412.4 Percentage

The share of the income that must be paid to the state licensing agency depends on the degree of competition between vending machines operated under commercial contract and any vending facility operated by a blind vendor at the same building. If there is no direct competition, the share depends on the total amount of income and the hours during which most employees work at the building. Shares are summarized as follows:

#### Share Due State Licensing Agency

Classifications	Machine Income	Tour 2 *	
		Less Than 50% of Work Hours	50% or More Work Hours
Direct Competition	Income Varies	100%	100%
No Direct Competition	Postal Building with \$3000 or Less Total Annual Vending Machine Income	0	0
No Direct Competition	Postal Building with More Than \$3000 Total Annual Vending Machine Income	30%	50%

\* Carrier Street Time: Carrier hours normally spent away from the building where assigned may be deducted from Tour 2 when calculating vending machine income share due the state licensing agency from vending machines that are *not in direct competition* with a blind vendor. This carrier time is included in the *total* hours worked.

### 413 Determining Share

#### 413.1 Percentage

All vending income (100 percent) from machines on the same premises that are in direct competition with a blind vending facility must be conveyed to the state licensing agency.

**413.2 Direct Competition**

All vending machines in the same building with a blind vendor are in direct competition except those located to provide nearby service to employees, the majority of whom normally do not have direct access to the blind vendor (uninterrupted ease of approach and amount of time required).

**413.3 No Direct Competition**

For machines not in direct competition, the share of all vending machine income to be conveyed to the state licensing agency is:

- a. None, if the total vending machine income at the building does not exceed \$3,000 annually. If income is generated in a period of less than one year, such as when an existing facility is closed or a new facility is occupied, the obligation to share income is based on an *annual rate* of \$3,000 (\$250 per month) rather than a \$3,000 total annual income.
- b. Thirty (30) percent at postal buildings where less than 50 percent of the hours worked on the premises occur within the 8-hour work period between the approximate hours of 8 a.m. to 4 p.m. (Tour 2), Monday through Friday.
- c. Fifty (50) percent in all other cases.

## 42 INSTALLATIONS WITH STATEMENTS OF ACCOUNT

**421 Scope**

*Application.* These instructions apply to installations that report financial data on a statement of account.

*Responsibility.* Installation heads must ensure collection and distribution of income from vending machines on postal property; this responsibility may not be delegated. However, Postal Service contracting procedures require that all income be paid by the contractor to the contracting officer representative at each affected post office or postal building. The contracting officer representative transfers the check to the installation head for accounting and disbursing.

## 422 **Disbursing Procedures**

*Postal account.* All vending machine commissions are paid to the Postal Service and deposited in the Postal Account. Amounts due the state licensing agency and employee social and recreational committee are disbursed from this account.

*Payments.* Representing the Postal Service, the contracting officer directs the contractor to send all checks for commissions on vending machine services payable to the U. S. Postal Service in care of the contracting officer representative. A separate check is sent for the operating fee of 1.5 percent of net sales due the Postal Service. Checks are recorded as follows:

- a. The operating fee check received from the contractor is deposited into the official bank account and recorded under Reimbursement Miscellaneous Services, Non-Government Agencies, AIC 176.
- b. The commissions check for vending machine sales is deposited in the official bank account and recorded as a write-in entry to Vending Machine Commissions Received, AIC 082.

*Activity report.* Installation heads prepare vending machine activity reports each postal quarter, recording commissions received from vending machines. Retain this report to support disbursement entries on the statement of account. When reports are received for more than one building within an installation, prepare a consolidated activity report for the entire installation. Include:

- a. Total amount received.
- b. Amount payable to the state licensing agency.
- c. Amount payable to the social and recreational committee.
- d. Amount of operating fee due the Postal Service.

## 423 **No Obligation to Share**

If these instructions do not obligate an installation to share commissions with the state licensing agency, funds recorded in AIC 082 are disbursed to the social and recreational committee by no-fee money order or symbol 9500 check. Disbursement entry is to Vending Machine Commissions, Social and Recreational Committee, AIC 482. Retain original vending machine activity reports to support the entry.

## 424 **Obligation to Share**

*Verification.* Installation heads do not disburse vending machine income recorded in AIC 082 until the vending machine activity report has been compiled and the totals agree with the amounts in AIC 082 and AIC 176.



*Payments.* A symbol 9500 check is prepared each quarter in the amounts shown on the activity report and disbursed to the state licensing agency and social and recreational committee. When the amount is for multiple buildings within an installation, a check is prepared for the consolidated amount of the total obligation. The installation head sends a transmittal letter with the check to the state licensing agency (see Exhibit 424).

*Records.* The amount sent to the state licensing agency is recorded in Vending Machine Commissions—State Licensing Agency, AIC 483. The amount sent to the social and recreational committee is recorded in AIC 482, Vending Machine Commissions—Social and Recreational Committee. Retain original activity report to support these entries.

## 425 **Undetermined Obligation to Share**

### 425.1 **Share Estimate**

Installation heads may be unable to determine whether the total vending machine commissions will exceed \$3,000 in the coming fiscal year, creating an obligation to share with the state licensing agency. At the beginning of each fiscal year, the installation head makes an objective estimate of expected vending machine income. Unless it is definite that the total income will not exceed \$3,000, follow these procedures.

### 425.2 **Payments**

Determine percentage due the state licensing agency if the total fiscal year commission will exceed \$3,000 (see 412.4). This percentage is applied to all commissions received to determine possible obligations. The amount will remain in AIC 082 until the end of the fiscal year. The amount due the social and recreational committee may be disbursed by no-fee money order or Symbol 9500 check upon receipt of the vending machine activity report and disbursement is entered in AIC 482. Retain original report to support disbursement.

### 425.3 **Records**

At the end of each fiscal year, amounts entered in AIC 082 representing gross commissions received on the statement of account are totaled:

- a. If the total exceeds \$3,000, the percentage of the total is disbursed to the state licensing agency; the check is transmitted with a cover memo. The amount is recorded in AIC 483.

- b. If the total is less than \$3,000, the balance in AIC 082 is disbursed to the social and recreational committee by no-fee money order or Symbol 9500 check. The amount is recorded in AIC 482.
- c. A special vending machine activity report is prepared for the entire fiscal year. This report is compared with the totals on the quarterly reports and entries to AIC 082, and any differences are resolved.
- d. Total amounts disbursed in AIC 482 and AIC 483 **must not** exceed the amount recorded in AIC 082. Retain all reports to support disbursement entries.

## 43 INSTALLATIONS WITHOUT STATEMENTS OF ACCOUNT

### 431 **Scope**

*Application.* These instructions apply to Headquarters and Headquarters field units.

*Responsibility.* All vending machine commissions must be paid to the Postal Service. The contracting officer directs the contractor to send commission checks payable to the Postal Service, attention contracting officer representative at the postal installation. A separate check is sent for the operating fee of 1.5 percent of net sales due the Postal Service.

### 432 **No Obligation to Share**

All checks from the contractor are forwarded for deposit to Disbursing, San Mateo Management Support Service Center (MSSC). The installation head prepares a cover memo identifying the check as Postal Service operating fee or commission, the period covered, and the title and address of the social and recreational committee to receive the funds. A report on all vending machine activity is sent to the MSSC each quarter.

### 433 **Obligation to Share**

All checks from the contractor are forwarded for deposit to Disbursing, San Mateo MSSC. The installation head prepares a cover memo identifying the check as operating fee or commission, the period covered, the amounts to be paid the social and recreational committee and the state licensing agency, and the titles and addresses of both. A report on all vending machine activity is sent to the MSSC each quarter.

## 434 **Undetermined Obligation to Share**

### 434.1 **Share Estimate**

Installation heads may be unable to determine whether the total vending machine commissions will exceed \$3,000 in the coming fiscal year, creating an obligation to share with the state licensing agency. At the beginning of each fiscal year, the installation head makes an objective estimate of the expected vending machine income. Unless it is definite that the total income will not exceed \$3,000, follow these procedures.

### 434.2 **Payments**

Determine percentage due the state licensing agency if the total commissions will exceed \$3,000 (see 412.4). The installation head forwards all checks for deposit to Disbursing, San Mateo MSSC. A cover memo identifies the amounts to be paid to the state licensing agency and social and recreational committee. The amount allocated for the social and recreational committee is disbursed by the MSSC, and the amount allocated for the state licensing agency is retained by the MSSC until the close of the fiscal year.

### 434.3 **Fiscal Year Analysis**

Upon receipt of the last fiscal year commission check, determine whether or not total commission for the fiscal year exceeded \$3,000:

- a. If yes, the cover memo transmitting the final check advises San Mateo MSSC to disburse payment to the state licensing agency; include state licensing agency name and address.
- b. If no, the cover memo transmitting the final check advises the MSSC to disburse all retained funds to the social and recreational committee.

### 434.4 **Fiscal Year Activity Report**

A final vending machine activity report is prepared for the entire fiscal year. Any difference between this total and the total of the four quarterly reports submitted to the San Mateo MSSC must be identified and the necessary adjustments sent to the MSSC. Retain copies of both quarterly and final reports to support fiscal year vending machine activity.

## 44 ANNUAL DEPARTMENT OF EDUCATION REPORT

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### 441 Requirements

#### 441.1 State Licensing Agency Data

At the end of each fiscal year, the Postal Service reports to the Secretary of the Department of Education the following data in compliance with the Act:

- a. The total number of applications for vending facility locations received from state licensing agencies with the following breakdown:
  - (1) The number accepted.
  - (2) The number denied.
  - (3) The number pending.
- b. The total amount of vending machine income collected in each state.
- c. The amount of vending machine income disbursed to the state licensing agency in each state.

#### 441.2 Sources

Required data is acquired as follows:

- a. Every installation head keeps a continuing record of required information.
- b. At the end of each fiscal year, every installation head prepares a summary for the *Postal Bulletin* in the format prescribed by the vice president of Employee Relations.

#### 441.3 Transmittal

The annual report on the proceeds of every Postal Service installation having even a single coin-operated vending machine that dispenses snacks, beverages, food, or tobacco is consolidated and submitted as follows:

- a. All installation heads submit final reports to their district Human Resources managers by the end of the third week in October.
- b. District Human Resources managers and Headquarters field unit managers submit consolidated reports, summarizing the required data by states, to the manager of Corporate Personnel Operations by the end of the second week in November.

- c. The manager of Corporate Personnel Operations consolidates district and Headquarters field unit reports and submits the annual report to the Secretary of the Department of Education.

#### 442 **Audits**

All installation heads must be aware that records are subject to audit, not only by the Inspection Service, but also by the General Accounting Office. Scrupulous accuracy in record keeping and reporting as required in this handbook is essential.

### Assessment of Obligation to Share Vending Machine Income with the State Licensing Agency Under the Provisions of the Randolph-Sheppard Amendments of 1974

(To be completed for each building that has vending machines)

\_\_\_\_\_  
Installation

\_\_\_\_\_  
Building Name

\_\_\_\_\_  
Street

\_\_\_\_\_  
City, State, ZIP+4

*Document presence or absence of a blind vendor.*

1. Is there a blind vendor in building? Yes \_\_\_ No \_\_\_
2. If yes, where is blind vendor located? (Describe exact location.)

\_\_\_\_\_  
\_\_\_\_\_

3. *Direct Competition*—List the number, type, and location of all vending machines that are in direct competition with the blind vendor. When access by employees to the blind vendor is accomplished with the same ease and frequency as access to these vending machines, direct competition exists, and 100 percent of the income must be paid to the state licensing agency.

<u>No. Machines</u>	<u>Type</u>	<u>Location</u>
_____	_____	_____
_____	_____	_____

4. *No Direct Competition*—List the number, type, and location of all vending machines that are not in direct competition with the blind vendor. No direct competition exists when the employees do not have easy and frequent access to the blind vendors, or if there is no blind vendor in the building.

<u>No. Machines</u>	<u>Type</u>	<u>Location</u>
_____	_____	_____
_____	_____	_____

5. *Share Due State Licensing Agency*

A—If direct competition exists, the share is 100 percent.

B—If no direct competition exists, the share is either 0 percent, 30 percent, or 50 percent.

- (1) If total annual income is \$3,000 or less the share is 0 percent.
- (2) If less than 50 percent of the hours worked in the building in a 7-day week occur on Tour 2, Monday through Friday, the share is 30 percent.
- (3) In all other cases the share is 50 percent.

To differentiate between 30 percent and 50 percent obligation, calculate the percentage of hours worked on Tour 2, as follows:

- (a) Total hours worked on Tour 2 Mon-Fri\* \_\_\_\_\_
- (b) Total hours worked in a 7-day workweek \_\_\_\_\_
- (c) Percent (a) divided by (b) x 100 \_\_\_\_\_

Approved:

\_\_\_\_\_  
Installation Head

\_\_\_\_\_  
Date

\*See 412.4 for exclusion of carrier workhours. Carrier hours normally spent away from the building where assigned may be deducted from Tour 2 when calculating vending machine income share due the state licensing agency from machines that are *not in direct competition* with a blind vendor. This carrier's time is included in the *total hours*.

**Assessment of Obligation to Share Vending Machine Income (p.2)**

Exhibit 412

(date)  
(name of director of state licensing agency)  
(street)  
(city, state, ZIP+4)

Dear (name):

Enclosed is U.S. Postal Service Check No. (number), dated (date), in the amount of \$ (amount). This is payment in full of the share due the state licensing agency of vending machine income generated in buildings of the (name of installation) during the period (date) through (date).

The income to be shared under the provisions of the Randolph-Sheppard Act was produced in the following buildings:

<u>Building Name</u>	<u>Vending Machine Income</u>	<u>Amt. Due State Agency</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

(NOTE: The following paragraph may be used where there are other buildings, i.e., stations or branches, and there is no direct competition between the vending machines operated under contract and a blind vendor and the income was less than \$3,000 per year.)

In the remainder of the buildings operated by the (name of installation) there is no direct competition between vending machines operated under the control of the Postal Service and a blind vendor. Furthermore, the income from vending machines (as those terms are defined in 34 CFR, 395, the ED Regulations implementing the Randolph-Sheppard Amendments of 1974) was less than \$3,000 per year in each of the other buildings; therefore, income sharing is not required.

Your endorsement of our check will constitute satisfactory evidence of your receipt of this payment in the amount due for the period covered. You may expect subsequent payments of amounts due on a quarterly basis.

Please let me know by letter, or by telephone at (telephone no.), if there are any questions regarding this matter.

Sincerely,

(name of installation head)  
Enclosure  
cc: Human Resources Manager  
District

(Send Certified Mail-Return Receipt Requested.)



Date:

Ref:

Subj: Vending Machine Income

To: Disbursing Office  
San Mateo Management Support Service Center

Enclosed is a vending machine commission check in the amount of \$\_\_\_\_\_ for the period of (date) through (date). Payments are to be disbursed as follows:

Send a commission check in the amount of \$\_\_\_\_\_ to the state licensing agency:

(name), Director  
(name of state licensing agency)  
(address)  
(city, state, ZIP+4)

Send a commission check in the amount of \$\_\_\_\_\_ to the employee social and recreational committee:

(installation name)  
(address)  
(city, state, ZIP+4)

\_\_\_\_\_  
(name of installation head)

\_\_\_\_\_  
(title)

Enclosure  
cc: Manager, Human Resources  
(name of) District

**Sample Memo for Income Sharing for Office Without Statement of Account**  
Exhibit 433

# 5 Small Installations

## 51 CONTRACT EXCEPTION

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### 511 **Criteria**

Small installations may be exempted from the requirement to contract for food service when vending machines do not generate enough business to profit a commercial vendor or a blind licensee. However, both of the following conditions must be met:

- a. The possibility of contracting for the required food service has been considered by the installation head and no commercial vendor has indicated interest.
- b. The net commission from all the vending machines does not exceed \$1,000 per year.

### 512 **Written Request**

#### 512.1 **Content**

In requesting an exception, the installation head explains in detail how the installation meets both of the specified criteria and the type of vending operation being proposed. Some examples of operations that might be installed are:

- a. Vending machines owned and operated by a commercial vendor on a day-to-day basis.
- b. Vending machines leased by a vendor to an employee committee.
- c. Vending machines purchased by an employee committee.

#### 512.2 **Routing**

The installation head forwards the request to the district Human Resources manager. Managers of Headquarters field units submit requests to the manager of Corporate Personnel Operations.

**513 Approval**

After reviewing the written request, the district Human Resources manager may approve or grant an exception to the contracting requirement for field installations. The manager of Corporate Personnel Operations grants exceptions or approves requests for Headquarters field units.

**514 Effective Date**

When an exception is granted, the effective date is the first day of the postal quarter in which the installation head made the request.

**52 FUNDS DISBURSEMENT**

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**521 Profits**

Vending machines in small installations may produce a profit or may only provide a convenience to the employees. If profits are produced, an employee social and recreational committee is appointed to administer the funds (see the *Employee and Labor Relations Manual*, section 615).

**522 Service Employee**

A nominal fee may be paid from profits to an employee who services the vending machines. Service performed by a postal employee must be done during his or her off-duty hours.

**523 Operating Fee**

An operating fee of 1.5 percent of net sales must be paid to the Postal Service for the space and utilities provided when the total gross sales exceed \$5,000 per year.

**53 RECORDS**

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The district Human Resources manager maintains a record of field locations that are granted exceptions. The manager of Corporate Personnel Operations maintains the record for Headquarters field units.

# 6 Equipment and Maintenance

## 61 BUILDING SERVICES

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### 611 **Access**

The Postal Service permits contractors or concessionaires to have necessary use of existing freight elevators, corridors, passageways, and loading platforms.

### 612 **Utilities**

In vending facilities operated under the permit provisions of the Act, the Postal Service provides necessary approved utilities at its own expense. In those facilities not under permit provisions, the Postal Service:

- a. Provides necessary space, heating, air conditioning, lighting, ventilation, water and sewer facilities, and utility lines.
- b. Connects utility lines to postal and contractor-furnished equipment, except vending equipment.
- c. Provides utility outlets for vending machines, but will bear no other cost connected with the installation of vending machines.

### 613 **Cleaning**

#### 613.1 **Randolph-Sheppard Facilities**

The Postal Service waxes, repairs, and replaces floor coverings; cleans and repairs venetian blinds; cleans windows, and provides other related building services.

The Postal Service provides cleaning service in vending areas that remain open after working hours at the level of cleaning established for the building.

Cleaning at a higher level or in areas closed after working hours must be provided at the expense of the vending operator.

613.2 **Commercial Facilities**

Commercial vending facilities are cleaned according to provisions of the individual contracts.

614 **Telephones**

The contractor or concessionaire bears the expense of telephones used in the vending operation.

## 62 BUILDING STRUCTURE

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Subject to the provisions of individual contracts, the Postal Service maintains and repairs the building structure in and adjacent to concession areas. This maintenance includes:

- a. Utility lines and existing air conditioning and ventilation systems, all to the point of connection with concession equipment or to the point of outlet when concession areas are not so connected.
- b. Relamping and normal maintenance of lighting fixtures, space heating systems, floors and coverings, shades and venetian blinds, walls and ceilings (including painting).

## 63 REQUIREMENTS

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631 **State Licensing Agency Equipment**

The state licensing agency for the blind is obligated to furnish, repair, and replace all equipment for vending stands operated under the provisions of the Act. Equipment must be designed and arranged to facilitate sanitary operation and minimize congestion, hazards, and general maintenance. It must be adapted to the utility services that can be made available. When required, the Postal Service installs security screens on the windows of vending stands operated by the blind.

## 632 **Postal Service Equipment**

### 632.1 **Initial**

The Postal Service furnishes, installs, and connects all original food service equipment of a fixed or substantially permanent nature (except in vending facilities operated by the blind). The equipment may be modified for use with other food concessions as required for satisfactory operation.

With the written approval of the district Human Resources manager and within limits of the installation head's authorization for local purchase, installation heads may purchase refrigerators and microwave ovens from Postal Service funds for employee lunchrooms.

### 632.2 **Replacement**

The Postal Service replaces equipment and makes major repairs. Repairs or replacement of major component parts must be defined in each contract. Such repairs and replacement usually mean those that cost an amount equal to or exceeding 10 percent of the original cost of equipment, but not less than \$25.

## 633 **Contractor Equipment**

### 633.1 **Initial**

The contractor furnishes all necessary concession equipment that is not furnished by the Postal Service. All contractor-furnished equipment is subject to Postal Service approval. The contractor provides all cafeteria equipment and utensils of a *nonfixed* nature and replaces them as necessary.

### 633.2 **Replacement**

Subject to the provisions of the contract, the contractor maintains, repairs, and replaces equipment as necessary without expense to the Postal Service.

A contractor using Postal Service equipment maintains and makes minor repairs to equipment as provided in the contract. Also, a contractor must replace or repair, at his or her own expense, any Postal Service equipment that is damaged or destroyed through negligence.

## 64 REIMBURSEMENTS

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### 641 Services

Concessions, other than vending facilities operated by the blind, are required to reimburse the Postal Service for the following:

- a. Cleaning and waxing, including the cleaning of grease traps.
- b. Extermination of rodents and vermin within concession areas.
- c. Repair and service of concession equipment of all types.

### 642 Operating Fee

Contractors or concessionaires, blind or sighted, operating manual or vending food service facilities under contract, must pay the Postal Service the operating fee of 1.5 percent of net sales. This is in lieu of reimbursement for depreciation of equipment and for normal building services, such as space and utilities. The fee does not apply to vending facilities operated by the blind under permit.