

April 13, 2006

Ms. Opal A. Dill  
President  
LAPO, Inc.  
396 North Lotus Isle Drive  
Portland, OR 97217-8071

RE: Supplier Disagreement Resolution Case No. OM06MT-07  
Award of HCR 96763

Dear Ms. Dill:

Your email of March 20 presented a disagreement as defined in 39 CFR Part 601 with respect to the award for mail transportation services in the state of Hawaii (HCR 96763). You would like an opportunity to provide service on HCR 96763, and you request that I re-evaluate the award of the contract.

I have examined the disagreement lodged with me as well as the information you provided. I have also examined the contracting officer's administrative file. Based on my examination of the facts presented to me, your disagreement is denied.

According to the information provided to me, you and your husband, Larry Dill, own and operate two mail transportation companies in the Western area. The two companies are Dill's Star Route, Inc. and LAPO, Inc. According to your disagreement, you objected to the USPS-Pacific Area considering what you deem to be derogatory past performance information from the Western DNO Seattle branch (Seattle Branch) about Dill's Star Route, Inc. You stated that you believe that the information from the Seattle Branch regarding your Dill's Star Route company was intentionally communicated in a way to reflect a poor reputation of both carrier companies, and has led the Contracting Officers to believe LAPO, Inc. and Dill's Star Route, Inc. are unable to operate any new contracts. As proof of your company's ability to operate a route successfully, you only offered for consideration, information regarding the present performance of LAPO, Inc.

In the administrative file provided by the Contracting Officer, it was determined that a debriefing took place between you and the Contracting Officer. During the debriefing, your offer was identified as not offering the best value to the Postal Service, citing serious past performance problems on routes you currently hold which are still under probation for poor performance, equipment deficiencies, and other service issues. You were also informed that your offer was found to be significantly below the USPS government estimate thereby calling into question your capability to perform and your understanding of what is required to perform services within the state of Hawaii.

It is my opinion that past performance on Dill's Star Route, Inc.'s routes (owned and operated by the same owners as LAPO, Inc.) was correctly considered and evaluated in the award of HCR 96763. The Postal Service awards contracts to offerors whose offers are deemed to offer the best value, including price and other factors. In this award decision, the following performance evaluation factors were used to evaluate the offers: Price, Schedule, Equipment, Supplier Capability, and Past Performance. A review of Past Performance on your Dill's Star Route, Inc. routes disclosed a

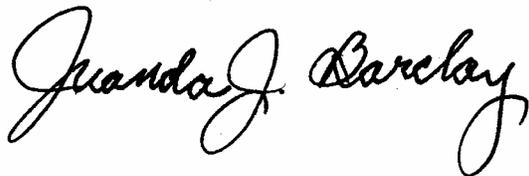
significant degree of poor performance and equipment deficiencies. For instance, both of your routes were renewed in July 2005 under a one year probationary condition and both routes continue to show performance issues along with continued equipment deficiencies. In January 2005, it was documented that a driver on one of your routes caused significant facility damage and in November 2005, a driver on another route lost nine containers of mail off the truck due to inadequate load restraints. Again, less than two years ago, it was documented that one of your drivers lost 16 containers of mail due to inadequate load restraints and failure to properly secure the load. The history of poor performance on all three routes operated by both Dill's Star Route, Inc. and LAPO, Inc. was considered significant and had a significant impact in evaluating your offer since both companies listed you, Opal Dill, as corporate president.

Price and Supplier's Capability was also considered in the evaluation of your offer. According to the Contracting Officer, a review of your overall price was significantly below the government estimate. The Contracting Officer further concluded that your offer failed to fully consider the cost of doing business in the state of Hawaii where the cost of the labor market is high and special operating taxes are typical.

I conclude that the information provided by the Contracting Officer at the Seattle Branch to be a valid and appropriate means to evaluate past performance. I find that the award of HCR 96763 was properly made by the Contracting Officer and it represented the best value to the Postal Service; therefore, your disagreement is denied and the award of HCR 96763 stands.

This is the Postal Service's final decision on this disagreement regarding HCR 96763 under 39 CFR 601.108(h).

Sincerely,

A handwritten signature in black ink that reads "Juanda J. Barclay". The signature is written in a cursive, flowing style.

Juanda J. Barclay, C.P.M., A.P.P.  
USPS Supplier Ombudsman

cc: John O'Keefe