

Memorandum of Agreement

Between

Federal Prison Industries, Inc. (UNICOR)

And

U.S. Army Corps of Engineers

May 16, 1996

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I. PURPOSE

This interagency agreement between Federal Prison Industries, Inc., also known by the trade name UNICOR, and the U.S. Army Corps of Engineers, from now on called the Corps, is entered to provide a coherent outline of responsibility and manufacturing guidelines for the production and shipment of signs to meet the mission requirements of both agencies.

This agreement is mutually binding upon each agency to the extent that it supports the accomplishment of the missions of both agencies. If performance of this agreement is not mutually satisfactory, this agreement becomes null and void thirty (30) days after issuance of written termination notice, which both parties will sign. In this case, UNICOR will grant clearance to allow the Corps to obtain signs from other sources.

II. DEFINITIONS

A. Custom signs: Any sign that differs in any respect from those illustrated in the Corps Sign Standards Manual, i.e. size, wording, etc.

B. Standard signs: Any sign that is illustrated in the Corps Sign Standards Manual.

C. Waterway Signs MCX: The Corps Mandatory Center of Expertise in St. Paul, Minnesota.

D. Waterway signage: Those specific Corps signs under Chapter 14; Lock, Dam and Waterway Signs of the Corps Sign Standards Manual EP 310-1-6a & 6b.

III. AUTHORITIES

This agreement is entered into pursuant to Section 4124 of Title 18, United States Code.

IV. UNICOR RESPONSIBILITIES

UNICOR is a mandatory source for the procurement of signs as referenced in the procurement regulations and procedures covered under Federal Acquisition Regulation (FAR), part 8, subpart 8.601 - 8.605. Its mission is to train and gainfully employ inmates of the Federal Bureau of Prisons. This is accomplished through the sale of products exclusively to Federal agencies and their contractors.

UNICOR agrees to the following items:

A. To fabricate screen print and die-cut signage products according to the approved design and format specifications of the Corps Sign Standards Manual EP 310-1-6a & 6b. Problems with fabrication, quality control, deviations from specifications, etc. will occur in no more than 5% of all sign orders.

B. To review annually, at a minimum, the price list for standard Corps signage and adjust prices according to current raw material prices and approved Corps sign specification changes. At least annually, UNICOR will provide a price list stating unit price and quantity discounts in hard copy and by updating the Sign Manager program price file. UNICOR will mail the hard copy price list to Corps projects using the Corps provided mailing list. They will send the computer file to the Corps National Sign Program Manager who will distribute it to Corps field offices.

C. In 95% of total cases, provide price quotes on Corps signs within two weeks of receipt of completed Sign Project Worksheet and from receipt of approved drawings from the Corps Waterway Signs MCX for waterway signs. Standard Sign prices are to be obtained from the published UNICOR price list provided to the Corps.

D. To provide a scale drawing of any custom sign along with the custom price quote.

E. To return any incomplete or non-approved (applies to Caution, Warning or Danger signs) sign order or worksheet to the issuing office and notify the National Sign Program Manager by letter or by fax transmittal. UNICOR will notify the Corps Waterway Signs MCX in the case of waterway signs with incomplete items and/or if engineered drawings do not include MCX review and approval.

F. To provide an order acknowledgment form within two working days of receipt of order to the contracting officer and point-of-contact (POC) listed on the purchase order.

G. To provide 95% of fabricated signs 45 days after receipt of a clearly defined purchase order for standard Corps signs and 60 days after receipt of clearly defined purchase order for waterway signs. Custom waterway signage delivery will be defined per quotation on a case-by-case basis and subject to availability of specialized raw materials.

H. To provide an itemized packing list (FPI Form 8) showing the unit breakdown of each carton/crate, cross referenced to the purchase order.

I. To provide for partial shipment of orders upon written request from the customer.

J. To expedite payment by mailing to the receiving location within 48 hours of shipment, a duplicate invoice that includes shipping charges.

K. To provide a response to concerns, issues or problems within two working days of notice by the Corps a total of 95% of the time.

L. To allow Corps personnel from the Waterway Signs MCX to periodically inspect sign fabrication facilities and manufacturing processes upon request for evaluating established standards for quality conformance and assurance. The Waterway Signs MCX will determine a quality conformance and assurance rating and will state what improvements are required to correct an unacceptable rating. The Waterway Signs MCX will determine the amount of time deemed satisfactory to correct an unacceptable rating. The Corps and/or the Waterway Signs MCX will notify UNICOR staff to obtain necessary security clearance five days before any site visit.

M. To provide a sign product specialist to review, administer, and provide price quotes for Corps sign orders. The sign specialist will develop expertise in Corps sign standards and will act as the POC for questions on Corps sign standards. The designated UNICOR POC will notify the Corps National Sign Program Manager of Corps production status via monthly written reports containing status of orders, status of quotations and customer complaint resolution.

V. CORPS RESPONSIBILITIES

The Corps agrees to the following items:

A. To provide UNICOR clear and concise fabrication specifications and a copy of the Sign Manager computer program. The Corps will provide updated software and notices of specification changes as they become available. Orders presenting deviation from specifications will have written approval by the Corps before submittal to UNICOR for manufacture.

B. To approve or reject scale drawings of custom signs at the project level within three working days of receipt from UNICOR.

C. To provide clear, concise and complete purchase orders to include the Corps Project Sign Order Worksheet completed by hand or by the Sign Manager software a total of 95% of the time. The Waterway Sign MCX will perform a technical review of 100% of district waterway sign engineered drawings. The Corps will develop and distribute guidance on what size and type of waterway signs will be exempt from MCX review, i.e. standard small panels such as lock chamber numbers, etc. Approved drawings will be included 100% of the time for quotations and fabrication of waterway signs.

D. To provide a POC and commercial telephone number on each purchase order for technical sign clarification purposes.

E. To inspect, accept, or reject a sign within three working days of delivery and after that, accept responsibility for shipping damages.

F. To pay a minimum of 95% of invoices for inspected and accepted signs within 30 days of receipt of invoice by the Finance and Accounting Office.

G. To specify in writing any request to expedite a purchase order and to pay a 15% premium for such expedited order handling.

H. To submit a minimum purchase order of one hundred dollars (\$ 100.00) for custom signs.

I. To provide advance payment of 40% of the total selling price to UNICOR to cover the cost of materials on all sign orders exceeding one hundred thousand dollars (\$100,000.)

J. To notify UNICOR of any sign quality problems at: UNICOR Sign Factory Manager, 3901 Kline Boulevard, Lompoc, CA 93436, (805) 735-6211 or via Fax (805) 735-4507.

K. To contact UNICOR Program Management for any disputes or waiver request at Federal Prison Industries, Inc., Sign Products Manager, 320 First Street N.W., Washington, D.C. 20534, (202) 508-8462/8599 or via Fax (202) 628-1897. The Waterway Signs MCX will be notified in the case of engineered waterway signs.

L. To provide schedules of prioritized waterway sign orders to UNICOR on a continual basis to ensure UNICOR meets the implementation deadlines.

VI. WARRANTY AGREEMENT

UNICOR has adopted a uniform guarantee for all products and specifically applies it to all signs provided to the Corps under this agreement. It reads: *"We take great pride in teaching inmates a good work ethic and marketable job skills in order to produce high quality goods and services our customers. We are committed to your complete and continual satisfaction. If, at any time, an item we have provided does not entirely meet your expectations, we will cheerfully and promptly repair or replace it, entirely at our expense."*

VII. AGREEMENT MODIFICATION

The interagency agreement, its text and content, can be modified or amended by either agency upon written agreement of both agencies. It will be subject to annual review by both agencies through the appropriate delegates at a mutually agreed upon time and location.

VIII. PROBLEM RESOLUTION

UNICOR and the Corps mutually agree that:

A. Any signs found to be of questionable workmanship will be replaced by UNICOR free of charge, including shipping, under the terms of the Escape Proof Guarantee described in Section VI of this agreement.

B. Monthly performance review meetings will be conducted, as necessary, between UNICOR and the Corps to monitor progress under this agreement and to resolve any issues and problems concerning the quality of sign manufacture and remedies.

C. UNICOR agrees to compensate the Corps for any sign that is unacceptable to the Corps by the terms of UNICOR's Program Statement on Liquidated Damages to the reasonable extent mutually agreed upon by both agencies. The term of this program statement and their applicability to signage are covered under Appendix A.

D. A waiver to procure specific signs from alternate sources of manufacture will be granted by UNICOR upon written request by the Corps and when UNICOR determines it cannot meet the reasonable purchase order requirements of the specific sign order.

E. In the event that significant problems/disputes should arise, UNICOR's and the Corps designated points of contact will meet at a mutually agreeable time and location to resolve the issue(s). A record of the issue(s) and resolution will be signed by both parties. This will serve as the official record of meeting and will be distributed to field elements as appropriate.

IX. IMPLEMENTATION

As a follow on to this agreement, a sign customer care group will be established and tasked with the responsibility of identifying and resolving problems that develop under this agreement. This group will be composed of Corps representatives from the

National Program, the Waterway Sign MCX, district sign program managers, and selected project sign program managers; and UNICOR representatives from the Central Office, Lompoc factory, Customer Service Center, and Product Support Center.

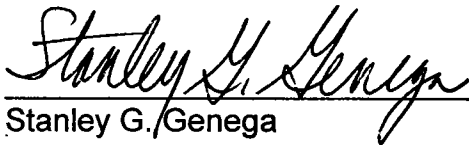
X. DOCUMENTATION

Regulations issued by the authorities governing both parties may, at any given time, contain requirements regarding the documentation necessary to place orders for signs.


XI. SIGNATURES

This MOA becomes effective upon the signatures of both agencies and will remain in effect until otherwise canceled or terminated.

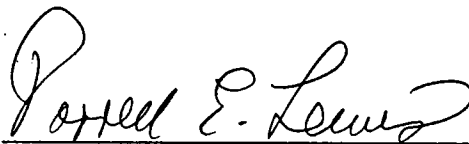
We have read and concur with these articles and guidelines contained in this MOA and signed it May 16, 1996.




Stanley G. Genega
Major General, USA
Director of Civil Works
U.S. Army Corps of Engineers



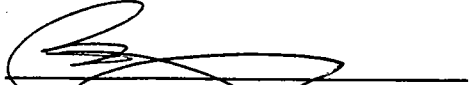
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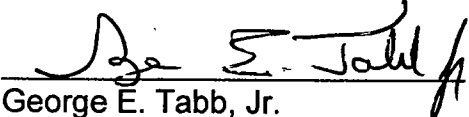
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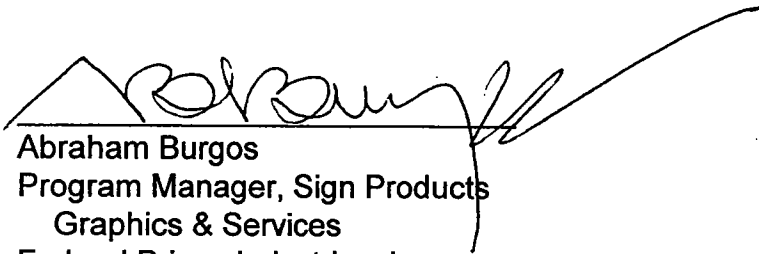
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Reserved

Liquidated Damages Claims Program Statement

to be added when completed by UNICOR