



Combined Urban Services  
**Schedule "A" – Statement of Requirements**

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## **1.0 OBJECTIVE**

Canada Post requires a Contractor to provide Combined Urban Services (CUS) as included in this Statement of Requirements. Generally, and subject to the specific terms of the Agreement, the Contractor shall provide Mail collection and delivery services within the location specified as per Appendix 1 through 9.

The Contractor shall be entirely responsible for providing timely services, such as, but not limited to, same-day delivery of all Parcels tendered to the Contractor, timely delivery of Relay Bags, on-time Customer pick-ups, and clearance of Street Letter Boxes and Retail Postal Outlets.

Throughout the entire term of the Agreement, the Contractor shall be entirely responsible for adjusting Resources in order to accommodate volume fluctuations that occur. Volume fluctuations may occur on a daily, weekly, monthly, and/or annual basis.

*Canada Post reserves the right to amend, add to, and/or delete from, these specifications upon Notice to the Contractor. Payment to the Contractor will be in accordance with the rates as per Schedule "B".*

## 2.0 DEFINITIONS

**“Collect on Delivery” (COD)** - Refers to Mail items that require the collection of funds before delivery to the Customer.

**“Commercial Pick-up” (CPU)** – Refers to Mail items that are picked up directly from a Canada Post Customer. Commercial pick-ups will either be scheduled or on an on-demand basis.

**“Corporation”** – Refers to Canada Post.

**“Customer”** – Refers to all Canada Post customers; including businesses and individual consumers.

**“Customs Import Item”** - Refers to items that are imported into Canada, subject to duties and/or taxes, and subject to custom payments from the Customer. Such items may be identified with a customs postal import form and/or other means of identification.

**“CUS”** – Refers to Combined Urban Services.

**“Delivery Agent”** – Refers to a Canada Post employee that delivers Mail, such as, but not limited to, letters, publications, packets, and/or admail.

**“Delivery Notice Card” (DNC)** – Refers to a physical card left when delivery was attempted, but the Customer was not present or unable to receive the item. The DNC redirects the Customer to a Retail Post Outlet or Canada Post location for pick-up.

**“Depot”** – Refers to the Canada Post facility for which collection and delivery of mail takes place, and the location from which the Contractor operates the CUS service.

**“Depot Management”** – Refers to the Canada Post employee(s) for whom the Contractor shall communicate all operational requirements, such as the Local Area Superintendent.

**“Depot Transfer”** – Refers to the transfer of Mail from the Depot to a Retail Postal Outlet.

**“Direct”** – Refers to high Mail volume Customer where the Contractor shall make direct deliveries. Directs are typically delivered during the time for which the Contractor shall deliver Relay Bags and are defined by the listing as per Appendix 6.

**“Driver”** – Refers to Contractors’ employees/sub-contractors that will be performing the CUS duties.

**“Expedited Parcel”** – Refers to a quicker delivery service for which Customers can obtain delivery faster than that of a Regular Parcel.

**“Forward Sortation Area (FSA)** – Refers to a specific area within a major geographic region or province as determined by the first three letters of the postal code. The Forward Sortation Area provides the basis for the primary sorting of forward Mail.

**“Flex Delivery Mail”** – Refers to Mail items that are delivered directly to a Retail Post Outlet or Canada Post location. Refers to customers ordering on-line who want their Parcels shipped to a convenient post office location closer to their work, home, or other convenient locations. All Flex Delivery Mail shall be included as part of the Depot Transfer.

**“Large Volume Mailer” (LVM)** – Refers to pick-up of Mail directly from a Customer that typically sends or inducts a higher than average volume of Mail.

**“Large Volume Receiver” (LVR)** - Refers to delivery of Mail directly to a Customer that typically receives a higher than average volume of Mail.

**“Lead Hand”** – Refers to the Contractor’s key point of contact for the Corporation with respect to the day-to-day operations of the Service. This individual shall be readily accessible to Depot Management for on-site operational requirements, as necessary.

**“Letter Carrier Consolidation”** – Refers to large volumes of Mail being delivered to a single point of call or items that are cumbersome or difficult to handle. Such consolidations are typically tied bundles of mail, however, on occasion, there may be other formats due to varying circumstances. The consolidations are tendered to the Contractor for delivery.

**“Mail”** - means any message, information, funds or goods tendered for delivery by, or on behalf of, Canada Post as set forth in the Canada Post Corporation Act, as amended, and includes without restricting the generality of the foregoing, equipment and property of Canada Post and any other Item tendered by Canada Post for transportation.

**“Monotainer”** – Refers to a container used for bulk mail in transit between postal facilities and/or Customers. The size of an erect Monotainer is 1322mm X 1067mm X 1115mm. Depiction below:



**“Non-Signature Parcel”** – Refers to Priority™, Expedited™, Xpresspost™ and/or Regular Parcels, along with any other product introduced by Canada Post, where the item(s) do not require a signature.

**“Packet”** – Refers to a package under 200 cubic inches and weighs less than 3 pounds.

**“Parcel”** – Refers to a package weighing greater than or equal to 1.36kg (3 lbs) and/or greater than or equal to 3,277 cubic cm (200 cubic inches) in size.

**“Parcel Locker”** – Refers to a receptacle used by Canada Post, where Customers pick-up their Parcels and deposit their outgoing letter Mail.

**“Peak Season”** Refers to the period of approximately early November through mid-January for which Mail volumes significantly increase.

**“Priority Courier”** - Refers to a Canada Post product which typically provides Customers with next business day delivery service.

**“Portable Data Terminal” (PDT)** – Refers to hand-held devices used to scan barcodes, capture customer signatures, key in customer names, manage delivery status information, sort, transfer, and deliver packages, clear Street Letter Boxes (SLBs), and perform Commercial Pick-ups (CPU). Information captured by the PDT is transferred to the Canada Post database, which allows Customers to access up-to-date information regarding their barcoded items.

**“Regular Parcel”** – Refers to Parcels other than Priority™ Courier, Xpresspost™ and Expedited™ Parcel. The majority of Regular Parcels are not bar-coded.

**“Relay Bag”** – Refers to bags of Mail deposited to Relay Boxes for the purpose of supporting a Delivery Agent’s delivery route. Relay bags shall not exceed 50 lbs in weight.

**“Relay Box”** – Refers to a container used by Canada Post to store Relay Bags. See depiction below:



**“Retail Postal Outlet” (RPO)** - A Canada Post retail facility which may be either Canada Post or privately owned/operated. Privately owned facilities may be located in a host business, such as a commercial store.

**“Resource”** – Refers to the Contractor’s vehicles and/or Drivers that are required to effectively provide the Service.

**“Safe Drop” (Safe Dropping)** – Refers to the practice of leaving Parcels at the Customers door in authorized areas when the Customer is not available to accept the Parcel after attempted delivery.

**“Signature Parcel”** – Refers to Priority™, Expedited™, Xpresspost™ and/or Regular Parcels along with any other product introduced by Canada Post, where the item(s) require a signature.

**“Service”** – Refers to the Contractor’s obligations contained within this Statement of Requirements.

**“Street Letter Box” (SLB)** – Refers to a container used by Canada Post to receive Customer’s outgoing Mail. SLB’s may include boxes E-26, E-27 or E95. See depiction below:



**“Xpresspost™”** - Refers to a product which provides an alternative to Priority™ Courier with delivery from next business day (local) to 2 business days (National).

### 3.0 STATEMENT OF REQUIREMENTS

#### 3.1 RESOURCE REQUIREMENTS

##### 3.1.1 Type of Vehicle & Quantity

The minimum recommended quantity and type of vehicle(s) required during non-Peak Periods is listed in Appendix 1. Unless otherwise specified, the Appendix 1 specifications are minimum requirements and are to be used as general guidelines only. Vehicle Size and cube variations are possible as long as minimum requirements are met.

If, for any reason, the Contractor has to provide a substitute or replacement for the required vehicle, the substitute must meet or exceed the aforementioned requirements.

##### 3.1.2 Other Vehicle Requirements

The Contractor’s vehicles shall:

- be substantially visually free of rust and body damage;
- be able to pass the appropriate Provincial Safety Inspection during the term of the Agreement. At any time throughout the term of the agreement, the Contractor may be requested to provide proof of the above and update the vehicle to these standards at the Contractor’s expense;
- be licensed for the maximum legal G.V.W. All equipment must meet Federal, provincial, and municipal regulations governing the use and condition of such equipment, and;
- be furnished with a lock or locking mechanisms to assure that the vehicle and its contents are secure at all times;
- not use Canada Post trade-marks and logos without the express written consent of Canada Post, or unless required in the Agreement;
- not be parked on Canada Post property while the Service is not being performed (Example: Overnight storage), unless written consent has been provided by Canada Post;
- be liable for any damages incurred while parked on Canada Post property.

##### 3.1.3 Quantity of Resources

The Contractor shall adjust Resources to effectively manage volume variances that may occur daily, monthly, during Peak Periods and/or throughout the entire term of the Agreement. Resource adjustments may necessitate additional drivers and vehicles, overtime, or a combination of both. There will not be any additional compensation to the Contractor for Resource adjustments, unless otherwise stated in Schedule “B”.

Due to situations such as build-up of weekend Mail volumes, the Contractor’s operation plan shall take Resource adjustments into consideration on Mondays, or any other high than average volume days during the week, in order to assure that Parcels tendered to the Contractor are delivered by the end of day.

##### 3.1.4 Straight Truck Requirements

Where a dock-level straight truck is required, the following shall apply:

- Unless otherwise indicated in Appendix 1 for purpose of double stacking, the door’s opening shall be a minimum of 95 inches from the highest point of the floor to the lowest point of the open door;
- Vehicle Height to Dock Level must meet industry standards for loading/unloading from a standard 48” ground to dock floor level high dock unless otherwise specified in Appendix 1;
- Straight Trucks may be required to accept double stacked Canada Post Monotainers (refer to Appendix 1).

**3.2 BENCHMARK VOLUMES**

Refers to volume estimates that have been set forth as of the date of this Statement of Work and can be found in Appendix 10. The volumes will vary throughout the term of the Agreement and the Contractor shall adjust their Resources to effectively manage volume variances.

As the volumes, hours, and distances set forth are estimates only, the Corporation will not guarantee volume levels, daily hours of work, and/or distances driven.

The number of items tendered daily, for sort and delivery purposes, will vary seasonally and by day of the week. Refer to Appendix 10 for Estimated Parcel Volume Trends by Week and Estimated Parcel Volume Trends by Month.

**3.3 OPERATING SCHEDULE**

**Benchmark Operating Schedule**

Further to the items below, the Contractor shall refer to the Operating Schedule as per Appendix 9 as the guideline for normal operations.

**Weekday Services** – Business or Residential Deliveries – up to 21:00 hrs or business closing time. AM Departure times may vary depending on mail volumes. Priority™ Courier may occur prior to, and after, the delivery of all Relay Bags.

**Weekend Services** – The Contractor may be required to provide Services to Customers on weekends, as required by Canada Post. With the exception of the Peak Period, Weekend Deliveries will be on an as required basis and shall be pre-authorized by Canada Post. Where Weekend Services are taking place on a recurring basis during both peak and non-peak periods, further details shall be outlined in Appendix 9.

**Statutory Holidays** - Unless otherwise requested by the Corporation, the Contractor shall not be required to perform the Service on the following Statutory Holidays:

New Year's Day	Good Friday	Easter Monday
Victoria Day	St-Jean Baptiste Day (Quebec Only)	Canada Day
August Civic Holiday (Except Quebec)	Labour Day	Thanksgiving Day
Remembrance Day	Christmas Day	Boxing Day

The Contractor may be required to perform some partial Services on Easter Monday and Remembrance Day. Where the Contractor performs additional services on any Statutory, the Contractor shall be paid in accordance with Schedule “B” Rates.

### 3.4 SERVICE REQUIREMENTS - GENERAL

#### 3.4.1 Service Commitments

The Contractor shall:

- deliver all Parcels the same day for which they have been tendered to the Contractor;
- clear all Street Letter Boxes and Retail Postal Outlets in accordance with the times set forth in Appendix 3;
- complete Depot Transfers in accordance with the times set forth in Appendix 5.
- deliver all Relay Bags in a timely manner to assure that there are no disruptions to the Delivery Agent's route schedule;
- complete Customer pick-ups and deliveries on-time and in accordance with the scheduled pick-up and delivery requirements as per Appendix 4;
- complete all other duties in a timely manner, such as but not limited to Directs, LVR's, LVM's and Shuttles, and;
- Assure that the Mail is protected from theft, weather, and other damages (such as exposure to cigarette smoke).

#### 3.4.2 CUS Delivery Area

Normal CUS Delivery Area (within CUS FSA) - The Contractor shall provide the Service within a geographical area which is defined by a predetermined list of postal code Forward Sortation Area (FSA) as outlined in Appendix 8. This area is typically defined as the area which receives any mode of Delivery Agent delivery.

Normal CUS Pick-up Area is defined as the entire FSA when a portion of the FSA receives any mode of Delivery Agent and/or Suburban Services delivery. If there is partial Delivery Agent delivery in a FSA, then the Contractor will be required to make pick-ups with the whole FSA.

Outside CUS FSA Pick-up Area – The Contractor will be required to provide the Service for additional FSA's that are outside the Normal CUS Delivery Area. (Non-Delivery Agent FSA)

The Corporation reserves the right to, amend by Notice, add to, and/or delete areas and/or streets which make up the Normal CUS Delivery Area.

#### 3.4.3 Communications

The Contractor shall provide the Corporation with a single point of contact; a Lead Hand for which the Depot Management will have and maintain ongoing communications with respect to the day-to-day operations of the Service. The Contractor shall assure that all Drivers and Lead Hand can be reached by cell phone.

#### 3.4.4 Dress Code and Driver Behaviour

The Contractor's Drivers shall wear uniforms that are representative of the Contractor's company. Driver uniforms, including Contractor photo identification card, shall be worn by any individuals that are providing Services within the scope of this Agreement. All costs associated with providing and maintaining uniforms will be the sole responsibility of the Contractor.

While performing the Service, the Contractor's Drivers shall behave in a professional manner that sustains public trust and reinforces a positive image of Canada Post. The Contractor shall comply with the Corporation's Supplier Code of Conduct.



### 3.4.5 Scanning and PDT Requirements

The Contractor shall be provided Canada Post owned PDT's for use by its Drivers, in order to complete all required item scans. Each Driver shall login to the PDT using their own badge and unique user name and password. Sharing of user identification information is prohibited.

As the scanning data is used by the Corporation in order to attain the highest levels of Customer Service, the Contract shall be responsible to be compliant for all required scans. Scanning data may also be used to validate quantities which are directly related to the Contractor's compensation. PDT Requirements shall include, but are not limited to:

- Parcel Scanning, including out-for-delivery and delivery scan;
- Depot Sort Scan;
- Depot Transfer / Clearances;
- Customer Pick-ups, manifests;
- Street Letter Box Scan;
- Return the PDT and dock for charging and uploading at the end of each work day

### 3.4.6 Health and Safety Requirements

**Safety Attire** – The Contractor's Drivers shall wear C.S.A. approved safety footwear and reflective safety vests at all times while providing the Service.

**Hand/Dolly Cart** – For ease of handling mail, all Contractor vehicles shall be equipped with a Hand/Dolly Cart.

**Material Handling Equipment** – The Contractor's Drivers may be required to use Industrial low lift trucks or Motorized Material Handling Equipment (MMHE) in order to perform certain aspects of the Service. This requirement will be identified in Appendix 1. Where such is the case, the Contractor shall:

- Provide Drivers who are properly trained and certified in accordance to the Canada Labour Code ("Code") and the Canadian/Provincial Occupational Health and Safety Regulations ("COSH") level in the operation of industrial low lift trucks (Manual and Motorized Material Handling Equipment (MMHE), similar to LR7 and LW7, and;
- Utilize Canada Post MMHE at its own risk and shall indemnify and hold the Corporation harmless, pursuant to the indemnification provision set forth within the Agreement, with respect to any liability arising from such use, and;
- Assure that all Drivers utilizing MMHE possess a certification document that authenticates the Driver's valid certification. The Corporation may request such documentation at any time throughout the term of the Agreement. Failure to provide such documentation will result in the Contractor's Driver use of Canada Post MMHE being suspended.

**Site Specific Health & Safety Requirements** – The Contractor shall be required to comply with all site specific health and safety requirements. Prior to the commencement of the agreement, Depot Management, as part of the safety orientation to the facility, shall provide the Contractor with any site specific health and safety requirements, and may provide updates throughout the term of the agreement.

## 3.5 SERVICE REQUIREMENTS – MAIL

### 3.5.1 Presentation of Mail and Parcel Sortation

AM Extraction refers to the separation of Parcels, whereby Parcels are separated to differentiate Parcels to be delivered by the Delivery Agent, from Parcels that are to be delivered by the Contractor. The AM Extraction is typically performed by Canada Post employees, however the Contractor may be required to perform these duties. Where AM Extraction volumes as per Appendix 10 Benchmark Volumes are equal to zero, Canada Post employees will perform the AM Extraction.

Final Sortation refers to any sortation of Parcels into each of the individual Contractor delivery routes, as determined by the Contractor. All Final Sortation will be the Contractor's responsibility. The Contractor will determine optimal routes in order to attain efficient delivery.

Late Mail refers to Mail that on occasion is presented significantly late to the Contractor due to extraordinary circumstances, such as significant arrival delays due to adverse weather conditions. Mail is not considered late when there is no adverse effect to the Contractor's overall daily schedule or impact to delivery of Relay Bags. Where minor occasional delays occur, the Contractor will not be paid additional amounts for such delays.

### 3.5.2 Relay Boxes and Relay Bags

The Contractor shall deliver all Relay Bags to the respective Relay Boxes in accordance with Appendix 2 schedule. Relay Bags are placed into the Relay Box by the Contractor and securely stored there for the Delivery Agent. At the same time for which the Contract delivers full Relay Bags, the Contractor will also pick up the empty bags left by Delivery Agent from the previous work day for return to the Depot.

Weekly Relay Box Verification: Once a week, on a day determined by the Depot Management, all Relay boxes shall be visited to validate that there is no undelivered Mail left in the Relay Box.

Late Relay Bags: Relay bags are considered late when they are tendered to Contractor more than a half hour after the cut-off time outlined as per Appendix 9 and where the Driver has already commenced delivery of the scheduled relay bag run. Late Relay Bags are to be counted and entered on the daily report as separate entry to allow for appropriate identification. Due to the adverse implications to the Contractor's operations, the Contractor shall only be responsible to provide one return trip to the Depot for Late Relay Bags and subsequent Late Relay Bags shall be Canada Post's responsibility.

### 3.5.3 Letter Carrier Consolidations

All Letter Carrier Consolidations (Consolidations) shall be submitted by the Delivery Agent to Depot Management for approval to transfer to the Contractor. Upon written approval, the Consolidations shall be tendered to the Contractor during the timeframe for which Relay Bags are also tendered to the Contractor. The Contractor typically delivers Consolidations during the same time for which Relay Bags are being delivered. The Consolidations being tendered to the Contractor shall not contain any barcoded items, such as Expedited™, Xpresspost™ and Priority™ Parcels and Packets, or any combination thereof.

### 3.5.4 Shuttle Services

Shuttle Services will be defined by the Corporation and in accordance with the schedule outlined in Appendix 7. Shuttle Services may include tasks such as, but not limited to, pick-ups and/or deliveries, and may be within and/or outside the Normal CUS Delivery Area.

### 3.5.5 Commercial Receivers (Directs – Served at door)

The Contractor shall deliver Directs, which include various types of Mail, during the time for which the Contractor shall deliver Relay Bags. The location and any Customer specific instructions/requirements are defined by the listing as per Appendix 6. Directs may be in the format of bags or bins of Mail tagged and destined to specific Customers who require individual delivery.

Whereas normal scanning practices require the Contractor to scan each Parcel, the Contractor shall be required to only scan the manifest (Customer list) provided by Depot Management. Where Signature Parcels are included in the Direct delivery, the Contractor shall be required to obtain the Customer's signature.

### 3.5.6 Parcel Deliveries

The Contractor shall deliver all Parcels the same day for which they have been tendered by Canada Post to the Contractor. Parcel types include the following Priority™ Courier, Xpresspost™, Expedited™ Parcel and/or Regular Parcels, and may include bar-coded or non-bar-coded. The Contractor shall be required to perform all PDT scanning requirements that may pertain to Parcel delivery.

The Contractor shall attempt delivery to the Customer with all Parcel types. Attempting delivery shall include making reasonable attempts to reach a Customer face-to-face, which may include door knocking and/or ringing a door bell. Where a Customer is located in a complex such as a secure apartment building, the Contractor must ring a buzzer and thus give the Customer reasonable time to respond to meeting at the door. Where the Customer in an apartment building requests the Driver to bring the Parcel to the individual apartment unit, the Driver shall comply.

**Signature Parcel Deliveries** - Where a Signature Parcel delivery is required, the signature requirement may be identified with labeling on the Parcel and will be identified the Contractor scans the Parcel as out for delivery. Upon delivery to the Customer, the Contractor shall obtain the Customer's signature and record the signees name within the PDT. Where the Customer is not available at the time of attempted delivery, the Contractor shall follow the Carding process outlined below.

**Exchange of Funds Parcel (C.O.D. / Customs Items)** - Refers to Priority™ Courier, Expedited™, Xpresspost™ and/or Regular Parcels whereby an exchange of funds is required with the Customer, prior to delivery of the Parcel to the Customer. Exchange of funds may be in the form of C.O.D. or Customer Import Items. The Contractor shall only be required to perform Exchange of Funds for Customer Import Items only. Where the Contractor is tendered a C.O.D. items, the Contractor shall Card the item without attempting delivery.

Exchange of Funds Parcels will bear identification, such as a yellow COD label or a yellow Canada Customs label, and will indicate the amount and type of money to collect (example: cash, cheque – Only if specified on the delivery label). Funds collected for Customs Import Items must be remitted to the Depot Management the same day unless otherwise specified by Depot Management.

**Packets** - Are typically delivered by Canada Post employees. On occasion, the Contractor may be requested to deliver Packets. Where such situations arise, the Contractor shall be required to obtain Depot Management approval prior to delivery.

**Photo Identification Validation** - Some Parcels may require the Contractor to obtain and validate the Customer's identification. Where photo identification validation is required, the Parcel shipping label will include identification requirements. The validation process will include proof of age and/or identification of the Customer's name as per the Parcel labeling / shippers instructions and must be validated against a government issued photo identification. Where validation cannot be obtained, the Driver shall follow the Carding process.

Some items, such as alcohol or recreational cannabis mailed from a business to an individual, require the recipient to prove that they are of age of majority in order to receive their item. The process will include specific requirements for PDT entries. There are legal obligations attached to Proof of Age items such as the following:

- Proof of age items always require personal contact and a delivery attempt to the door as per the signature required procedure
- The item cannot be Safe-Dropped
- If the person answering the door appears younger than age 25, they must provide acceptable photo identification. Under no circumstances should we deliver to someone who does not meet the Proof-of-Age requirements.

Failure to comply with proof of age requirements may result in the Contractor being subjected to criminal offences under various government legislations. Specific to recreational cannabis deliveries, under the *Cannabis Act*, delivery to underage persons may be subject to criminal offences such as up to 14 years in jail.

**Safe Dropping** - The Safe Drop process is authorized if the following conditions are met:

- the delivery area is approved for Safe Drop; (The Contractor shall be provided a list of Safe Drop zones);
- the item does not require the collection of funds;
- the item does not require a signature;
- the item does not appear to be of obvious high value;
- the item is not perishable or does not appear to contain perishable items;
- the item is too large to fit the mail receptacle;
- the item does not bear a Proof of Age Required or Proof of Identification mentioned in the shipping label attention box (the item must be carded or treated as RTS);
- the item does not bear a Do Not Safe Drop mention in the shipping label attention box;
- after ringing the doorbell, knocking on the door and waiting an appropriate length of time, there is no response;
- there is an appropriate safe place available where the item will be sheltered from weather and not be seen by passers-by, for example:
  - inside a porch or storm door (if the item is left inside a storm door, make sure that the door is shut and will not swing open);
  - inside an enclosed porch;
  - in a Parcel Box;
  - left with the apartment building Superintendent, Security, Concierge or Administration Office; or
  - inside the car garage if the door is open.

Under no circumstances shall the Contractor leave a Parcel in an Apartment building foyer, entrance or Customer apartment hallway door.

**Parcel Locker Delivery** - Parcel Lockers are typically located at some apartment buildings. Where a Parcel Locker is available, the Contractor opens and delivers the Parcel, and completes a DNC which is to be returned to Depot Management so that the Delivery Agent can complete the process the following day. Where the Parcel Locker is full, check the endorsement date on each item already in the Parcel Locker and remove any item(s) that have been in the Parcel Locker for more than two delivery days. Parcels can be left in the Parcel Locker for up to five days only if space for new Parcels is not needed. After five days, any unclaimed Parcels are to be removed and Carded when the Contractor is performing SLB clearance requirements as per Appendix 3.

**DNC (Carding)** - Under no circumstances shall the Contractor initiate Carding without first attempting delivery. Carding shall be performed under varying circumstances and may include the following situations:

- Where a Customer signature and the Customer is not available at the time of attempted delivery, or;
- Where a required Exchange of Funds cannot be successfully completed at the time of attempted delivery, or;
- Where a proof of age requirement cannot be successfully completed at the time of attempted delivery, or;
- Where a C.O.D. has been tendered to the Contractor in error, or;
- Where a Safe Drop cannot be performed.

When the Carding process is required, the Contractor shall fill out the DNC and include information such as time of attempted delivery, Canada Post location where the customer can pick up the Parcel, and available times when the customer can pick up the Parcel. The DNC shall be affixed to a location such as the Customer's door or mailbox, and thus allow the Customer to easily have notice of the attempted delivery. If

the Contractor cannot obtain access to the Customer's location, the DNC shall be returned to Depot Management for next day delivery by the Delivery Agent.

### **3.5.7 Street Letter Box (SLB) Clearance**

The Contractor shall open and remove the Mail from specific boxes at specified times, as per the schedule of Appendix 3. Upon clearance of each SLB, the Contractor will perform an SLB barcode scan. The Mail is then returned back to the Depot prior to the collected Mail cut-off Time identified in Appendix 3. Where the Contractor clears multiple box sites with separate local versus regional/national Mail, segregation of Mail must be maintained. The Contractor shall also maintain separation of Letter Mail, Xpresspost™ and Priority™ Courier items.

### **3.5.8 Retail Postal Outlets (RPO)**

Depot Transfer – The Contractor shall deliver Mail from the Depot to all RPO in accordance with Appendix 5, and includes all types of Mail. Volumes may range from a few tubs, up to that of a full monotainer.

RPO Clearance – The Contractor shall pick up and clear the outgoing RPO Mail during the time for which the SLB Clearances are taking place in accordance with Appendix 3. This does not include the dropping off of CUS carded (DNC) items at the RPO.

### **3.5.9 Commercial Pick-up Stops**

The Contractor shall be responsible for picking up Mail from commercial Customers on a list provided daily through the PDTs. Commercial pick-ups may be either scheduled as per Appendix 4, or on-demand pick-ups taking place daily through the PDT or by phone. The Contractor shall be responsible for validating the shipping bill of lading provided by the Customer at the time of pick up. There may be the requirement for the Contractor to perform Commercial Pick-ups outside the CUS Delivery Area.

### **3.5.10 Large Volume Mailers and Large Volume Receivers**

The Contractor shall pick up from and/or drop off to, large volumes of Mail to/from the Large Volume Mailers/Receivers. LVM and LVR times may have specific Customer timeframes, or variable with a pre-defined window. Any applicable specific times and instructions for LVRs would be listed in Appendix 6, whereas LVMs are listed as per Appendix 4.

The Contractor shall be required to scan all Mail where required, which includes out for delivery scans for LVR and pick-up scans for LVM.

### **3.5.11 End of Day Mail Segregation**

All Mail collected shall be segregated by the Contractor to an area designated by Depot Management, which may include depositing the Mail into equipment such as bins or Monotainers. The segregation activities shall take place when the Contractor is off-loading their vehicle(s). As segregation requirements may vary by Depot, the Contractor shall be required to comply with any Depot specific requirements.

## **3.6 TRAINING**

### **3.6.1 Contractor Training Plan**

The Contractor shall develop and maintain a training program and manual for its Drivers that are providing the Service. The Contractor's training program may include security of mail, health and safety, scanning and PDT, ethical behaviour and documentation requirements. Throughout the term of the Agreement, the Contractor shall be responsible for training any new drivers with respect to all Service requirements, such as, but not limited to, scanning, Parcel delivery practices, and site specific health and safety.

### **3.6.2 Canada Post Training**

The Corporation shall provide the Contractor with an initial orientation and training prior to the commencement of the Agreement. This initial orientation and training shall include PDT training, Parcel delivery practices, site specific Safe Dropping procedures, site specific health and safety requirements, and any other items deemed necessary by the Depot Management. Training shall also include providing the Contractor with copies of any Canada Post corporate manuals that are deemed relevant and contain further details to which the Contractor shall comply.

Prior to the commencement of the Agreement, the Corporation will provide the Contractor with additional information such as geographical boundaries, DNC Carding maps / instructions, Commercial Pick-up detailed listing, and Safe Dropping boundary.

From time to time, Canada Post may present training opportunities owing to product changes or for refresher purposes. The Contractor and Drivers are expected to participate fully in all such opportunities.

### 3.7 SECURITY REQUIREMENTS

The Contractor shall comply with all security provisions set forth in Schedule “C” – Security Requirements.

Canada Post keys must be kept secured to the Driver at all times while on duty. Keys are to be returned to Depot Management at the end of each work day or while off duty. Loss of keys must immediately be reported to Depot Management and the Contractor shall be liable for any costs incurred by the Corporation.

Canada Post supplied photo identification for drivers will be issued to the Contractor’s Driver’s upon completion of the security clearance process. This photo ID must be worn at all times while performing Canada Post services.

Under no circumstances shall the Contractor take Parcels home at the end of the day. All undelivered Mail shall be returned to the Depot, and processed as per Canada Post guidelines set forth by Depot Management

### 3.8 REPORTING

#### Daily Report - Recording of Mail Volumes:

The Contractor shall record Mail volumes on a daily basis and provide the report to Depot Management. Depot Management shall provide the format and any site specific requirements for which this report shall comply. Depot Management shall review and verify volumes and stop information, followed by agreement and signoff by both Depot Management and the Contractor. Any discrepancies shall be promptly resolved between the Contractor and Depot Management.

#### Monthly Reports (Invoice)

The Contractor shall provide Depot Management a monthly report detailing the cumulative volumes as per the Daily Report, along with all corresponding Agreement rates and extended pricing totals. This monthly report shall accompany the Contractor’s monthly invoice.

#### Canada Post Reports

The Corporation may provide the Contractor with reports that include:

- Exception Reports such as SLB/RPO, CPU, Parcels (distribution delivery flash) daily;
- SLB/RPO clearance exception reports (weekly), and;
- on-time Customer pick-ups by driver for both scheduled and on-demand (weekly).
- Delivery Exception Report;
- Dispatch Report (Commercial Pick-ups) for offices on dispatch;
- Delivery Quality Alert

### 3.9 ADMINISTRATION

#### 3.9.1 Amendments

The Corporation may, from time to time, update this Statement of Requirements. Where such updates are deemed minor and do not have an impact to the Schedule “B” rates, at the sole discretion of the Corporation, such updates will be made by Notice to the Contractor. Such amendments by notice may include, but are not limited to:

- Benchmark Volume updates;
- Revised Operating Schedule;
- Additional stops, pick-ups and/or delivery locations as listed in Appendixes 1 through 13;
- Adjustments to the minimum number of vehicles, and/or;
- Reporting requirements;
- Update the Normal CUS Boundaries.

### 3.10 PERFORMANCE MANAGEMENT

#### Monthly Performance Reviews

The Depot Management shall hold a monthly meeting with the Contractor to review the past months performance, volumes, and reconciliation of invoices.

#### Key Performance Indicators (KPI)

The Corporation will evaluate the Contractor's performance by monitoring key performance indicators, such as, but not limited to, the following:

- Delivery of all Parcels on the same day for which they have been tendered to the Contractor;
- Delivery of all Relay Bags in accordance with the Operating Schedule;
- On-time Customer Pick-ups in accordance with the Operating Schedule;
- Customer Complaints;
- Security Compliance

### 3.11 PEAK SEASON REQUIREMENTS

As indicated in the Parcel Volume Trends found in Appendix 10, mail volumes will significantly increase commencing approximately early November, and continuing through approximately mid-January. The Depot Management shall work closely with the Contractor's Lead Hand / Supervisor to assist with Resource planning and mail volume forecasting. Such planning discussions should commence not later than August of each year so that Depot Management can assure that the Contractor is provided with an adequate number of PDT's for the necessary Scanning Requirements. Early planning discussions are also critical so that the Contractor can begin the process of securing additional Resources, which may include Drivers and vehicle rental reservations.

#### 3.11.1 Additional Resources

In order to maintain delivery compliance during this period, the Contractor shall:

- provide additional Resources as the Contractor deems necessary to fulfill all Service commitments;
- assure that all new Drivers are adequately trained on all necessary aspects of this Service, such as, but not limited to PTD's/Scanning, health & safety and security of Mail;
- provide, as required, Parcel delivery services on Saturdays and Sundays throughout the entire Peak Period;
- assure that all new drivers are security cleared in accordance with the security requirements set forth in Schedule "C";
- secure additional Resources, prior to the commencement of Peak Period, and;
- Cube vans may be utilized to perform non-Parcel services such as, but not limited to, RPO Clearances, LVM pick-ups and LVR deliveries.

**Additional Drivers** – Due to the fact that such additional Drivers may not be as efficient as the regular Drivers used during non-peak periods, the Contractor should take such inefficiencies into consideration in their Schedule "B" Rates.

**Vehicle Rentals** – Where the Contractor chooses to rent additional vehicles, it is strongly recommended that the Contractor secure such bookings several months prior to the commencement of the Peak Season, in order to assure that vehicles are available.

#### 3.11.2 Resource Management:



The Contractor’s efficient management of Resources is critical to attain the highest level of efficiency throughout Peak Season. In order to maximize efficiency, the Contractor may consider deploying their more experienced Drivers to Parcel deliveries to attain a higher rate (pieces per hour) of deliveries. Less experienced Drivers may be better suited for tasks such as RPO Clearances, Depot Transfers and SLB Clearances. The management of Resources is at the sole discretion of the Contractor.

**3.11.3 Adverse Weather Conditions**

Due to the likelihood of adverse weather conditions throughout the Peak Period which result in Contractor loss of efficiency, the Contractor should take such situations into consideration in their Schedule “B” Rates.

**3.11.4 RPO Clearances**

Due to increased volumes of Mail being inducted at RPO locations, additional clearances may be required in order to alleviate the build-up of mail volumes. Depot Management will determine when, and if a second daily clearance will commence.

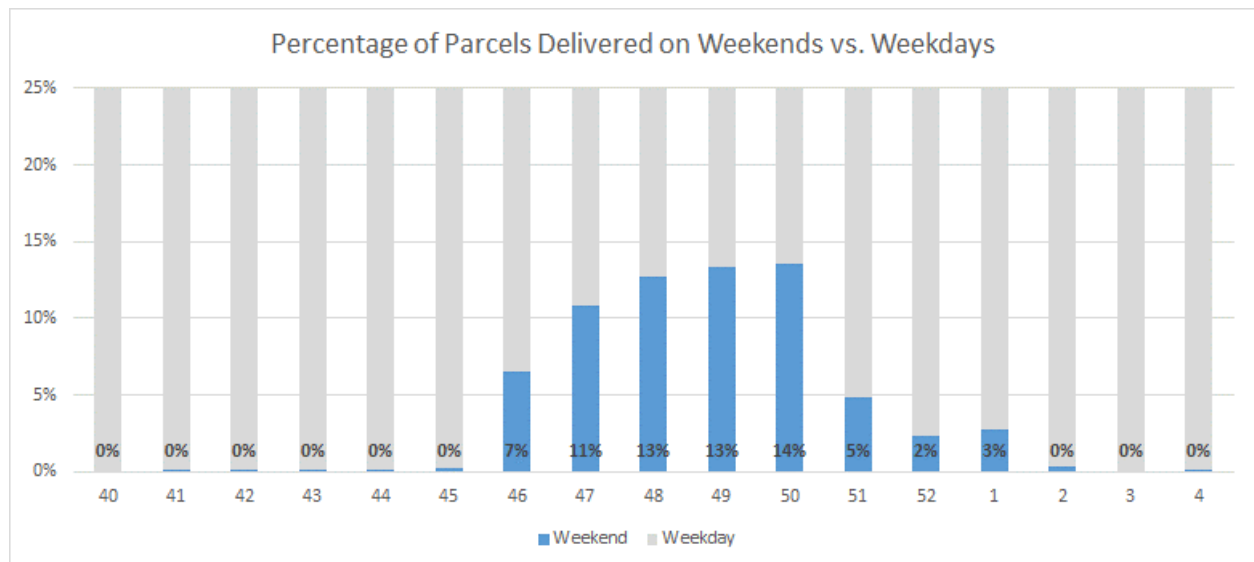
**3.11.5 Peak Season Trends:**

**Black Friday Weekend** – The United States Thanksgiving weekend is a significant period within the Peak Season, where online ordering increases significantly due to Black Friday and Cyber Monday promotions from online retailers. The Contractor shall plan for additional Resources commencing the week of “Black Friday” and for the entire week following, in order to assure that all Mail is delivered the same day for which it is tendered to the Contractor.

**The Week Preceding Christmas Day** – Mail volumes during the approximate seven days prior to December 25<sup>th</sup> can be among the highest volume days throughout the Peak Season. Given the Customers expectation that Parcels be delivered prior to Christmas Day, delivery of all Parcels on the same day for which they have been tendered to the Contractor is of the utmost importance. The Contractor shall plan the maximum Resources for the lead up to Christmas day, with anticipation that Parcel deliveries may be required into evening of Christmas Eve.

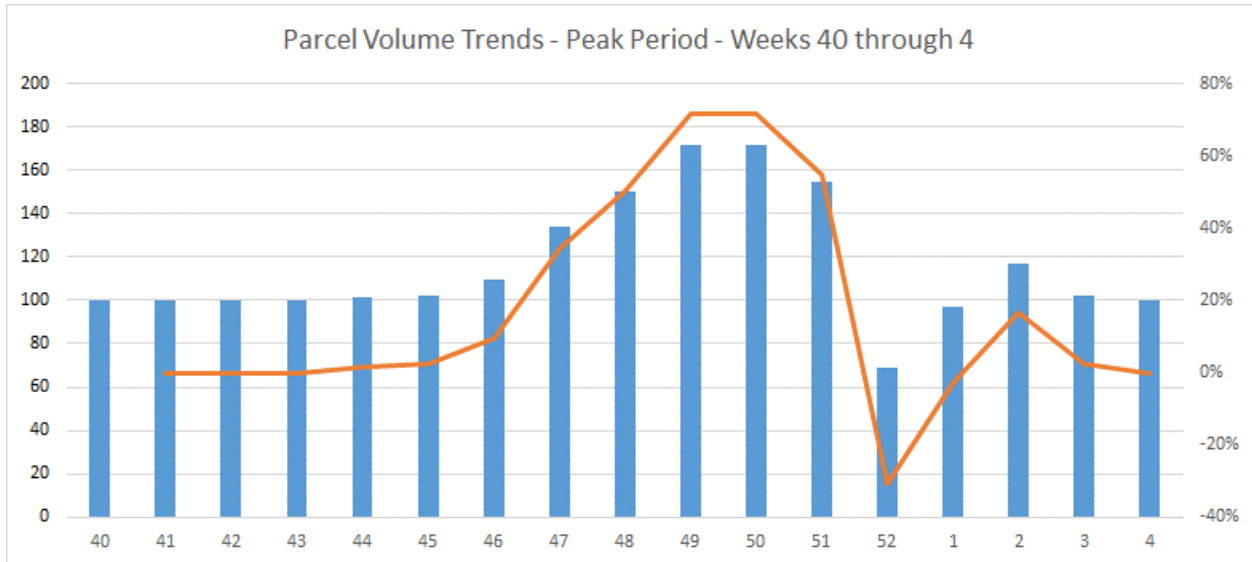
**Parcel Volume Trends** – For reference purposes only, the following charts depict national historical trends for Parcels delivered by CUS contractors. As trends will vary by year and location, the purpose of these charts is to provide the Contractor with a generalization of all CUS contractor expectations on a national scale.

The following chart depicts the total percentage of Parcels delivered on weekends versus weekdays. In the example below, week 46 being a representation of the week prior to Black Friday Weekend (Black Friday, Cyber Monday, et cetera), 7% of the week 46 Parcels were delivered on the weekend. Weekend deliveries continue to increase through to week 50 and taper off through weeks 51, 52 and 1 of the New Year.





The following chart depicts the total volume variance by week throughout weeks 40 through week 4. The example below suggests that for each 100 Parcels delivered during week 40, the Parcel volumes at the highest peak during weeks 49 and 50 are 60% higher, and return to normal by week 4 of the New Year.



**Parcel – Physical Properties**

Further to the increased parcel volumes, the average physical parcel size during Peak Season may increase by approximately four times that of the non-Peak Season period. As a result of both parcel count increases and physical parcel size increases, the combined vehicle capacity demands for services such as Parcel deliver, LVM, Directs and RPO clearances could be upwards of eight times greater than that of non-peak. As a result, the Contractor will be required to make significantly more trips to/from the Depot.