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From: Commandant of the Marine Corps

To: Distribution List

Subj: MARINE CORPS COMMUNITY SERVICES BUSINESS OPERATIONS MANUAL

Ref: (a) MCO P1700.27B
(b) DOD Instruction 1330.09, "Armed Services Exchange Policy,"
December 7, 2005
(c) DOD Instruction 1330.21, "Armed Services Exchange Regulations,"
July 14, 2005
(d) DOD Instruction 1015.10, "Programs for Military Morale,
Welfare, and Recreation (MWR)," November 3, 1995
(e) MCO P4066.17
(f) 20 U.S.C. 6A
(g) 41 U.S.C. 46
(h) 10 U.S.C. 2492
(i) DOD Directive 5500.07, "Standards of Conduct," November 29, 2007
(j) MCO 1700.22E
(k) SECNAVINST 5100.13E
(l) DOD Directive 4105.67, "Nonappropriated Fund (NAF) Procurement
Policy," May 2, 2001
(m) DOD Instruction 4105.71, "Nonappropriated Fund (NAF) Procurement
Procedure," February 26, 2001
(n) MCO P7010.20
(o) MCO P10120.28G
(p) MCO P1020.34G
(q) MCO 7010.19
(r) NAVMED P-5010-2
(s) NAVMED P-5010-1
(t) SECNAVINST 5870.4A
(u) DOD Directive 5400.11, "DOD Privacy Program," May 8, 2007
(v) SECNAV M-5210.1
(w) Radiation Control for Health and Safety Act of 1968, October 1968
(x) Comprehensive Drug Abuse Prevention and Control Act of 1970,
October 27, 1970
(y) MIL-STD 3007B, "Standard Practice for Unified Facilities Criteria
and Unified Facilities Guide Specifications," April 1, 2002
(z) 42 U.S.C. 6374
(aa) 42 U.S.C. 7586
(ab) Executive Order 13249
(ac) 15 U.S.C. 1171

Encl: (1) Marine Corps Community Services Business Operations Manual

1. Situation. This Order provides policies and standards for Marine Corps Community Services (MCCS) Business Operations, the primary revenue generating operations and implements specific requirements contained in references (a) through (ac).

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

2. Mission. This Order implements relevant DOD and other directives from higher authority where appropriate. It contains the specific policy for retail and services operations, food, beverage, and lodging operations.

3. Execution. This Order reflects higher headquarters guidance and policy. Please review it in its entirety.

4. Administration and Logistics. Recommended changes to this Order should be forwarded to Deputy Commandant, Manpower and Reserve Affairs (DC, M&RA (MR)).

5. Command and Signal

a. Command. This Order is applicable to the Marine Corps Total Force.

b. Signal. This Order is effective the date signed.



R. S. COLEMAN
Deputy Commandant for
Manpower and Reserve Affairs

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RECORD OF CHANGES

Log completed change action as indicated.

Change Number	Date of Change	Date Entered	Signature of Person Incorporating Change

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Chapter 1

Business Operations Policy

1. General. This Order is designed to supplement reference (a). MCCS Business Operations consist of the exchange, services, food and beverage, and lodging activities. References (b), (c), and (d) assign responsibilities and prescribe procedures for operating and managing these businesses.

2. Policy. MCCS Business Operations will provide authorized patrons with goods and services at a fair price, with quality service, while providing a supplemental source of funding for other MCCS MWR programs.

3. Background. Business Operations provide commercial-type services at a fair price that represents a savings and also generates dividends for use by MCCS (MWR) activities. The Marine Corps Exchange shall be the primary resale activity on Marine Corps installations for non-food merchandise and patron services.

4. Scope. The AC/S or Director MCCS, hereafter referred to as the MCCS Director, and their subordinate staff are responsible for implementing and operating Business Operations at the installation level. Business Operations programs shall be provided through either direct operations or indirect operations (contract or public private venture (PPV)). If desired services are available in the local community, reduced pricing may be negotiated at those facilities for Marines and their family members.

5. Capabilities

a. Authorized Business Operations. MCCS Directors are authorized, but not limited, to operate or provide the following business operations:

(1) Marine Corps Exchange (MCX) Retail Operations: Main retail stores including branch stores, convenience/Marine Marts, service stations including fuel, auto repair, and merchandise, catalog sales, grocery stores, when specifically authorized, commercial military clothing and military clothing sales stores (MCSS), packaged alcoholic beverage stores, retail concessionaires (i. e. GNC), and tactical field exchanges.

(2) Services Operations: Barber shops, beauty shops, auto, truck, and trailer rental, cable and satellite television service, flower shops including flowers by wire, laundry, dry cleaning, Laundromats, network game centers, photographic studios, postal stores, tailor shops, watch repair, vending machines, both product and amusement, video rentals and recruit services. Upon approval by DC, M&RA (MR), unofficial personal telecommunications services (including Internet access and wireless/cellular services), medical services, and self-storage facilities may be provided. Additionally, overseas installations may sell new or factory certified cars and motorcycles. The above list is not all-inclusive.

(3) Food and Beverage (F&B) Operations: May include but is not limited to activities listed below as well as other food and hospitality related operations as approved by the DC, M&RA (MR).

(a) Club Program. Includes the following categories of membership services as well as hospitality support for official functions.

1. Full Service. Regular club service with wait staff to include dining, beverage and bar service, on and off premises catering on military installations, entertainment, social events, and other services normally associated with a club.

2. Limited Service. Snack Bar or grill service.

3. Lounge. Bar service only.

(b) Other Foodservice Program. Open to all authorized patrons. Includes restaurants, snack bars, brand name fast food, mobile canteens, and other services associated with a restaurant and entertainment center, and hospitality support for official functions.

(4) Unofficial Lodging Program. Facilities built, leased, acquired, maintained, managed, and operated primarily with MCCA NAFs (or contracted or acquired through NAF contracting process) for patrons who are in a leave or off-duty status. May also be used by individuals and families who are in a permanent change of station (PCS) or temporary additional duty status if non-MWR housing facilities or temporary housing is not available.

(a) Recreational Lodging (Cabins, Cottages, Trailers, Trailer and/or Recreational Vehicle (RV) Parks with Hook-Ups). Lodging for recreational use on the installation and at off-installation recreation sites.

(b) PCS Lodging Facilities. MWR programs may provide lodging needs for PCS personnel and their families. When these PCS needs are met by MWR operated facilities or the facilities are built and maintained by MWR NAFs, they shall be a part of the single MWR NAFI and shall operate as a Category C revenue generating activity. When such facilities are built and maintained or operated by other than the MWR program or exchange service, they shall be a separate fund, designated as a lodging or billeting fund, independent of the single MWR fund. These facilities are provided to meet the traveling needs of active duty members and their families who are in a PCS status and normally provide some type of kitchen facilities. Facilities may also be used by individuals who are in a temporary additional duty (TAD) status and other authorized patrons; however, PCS personnel have priority use. Official travel quarters are the primary source of quarters for TAD personnel and must be used if available.

(5) Public Private Ventures (upon approval by DC, M&RA (MR)): See paragraph 2004 of reference (a).

(6) Special Activities: Special activities are authorized in MCCA activities including:

(a) Amusement and/or recreation machines, such as slot machines, and other machines that return money or tokens redeemable in money are authorized in overseas areas, unless prohibited by host country agreement.

(b) Bingo may be played on installations within the U.S. that are fully ceded to the U.S. Government and on those installations that are not fully ceded when it is allowed within the local civil jurisdiction.

Activities outside the continental U.S. (OCONUS) may have bingo when allowed by host country laws or agreements.

(c) Raffles may be conducted on installations within CONUS and shall comply with applicable Federal law (installations located on ceded land must comply with applicable State law). OCONUS activities may conduct raffles when allowed by host country laws and agreements. Area counsels shall review all proposed raffles for legal sufficiency. Raffle promotions, ticket sales, and awarding prizes shall take place entirely on the sponsoring installation. Participation of local national personnel is prohibited. Raffles must cover all costs of conducting the raffle. Raffle tickets shall clearly state the maximum number of tickets offered for sale in the raffle. MCCS employees and their immediate families are not eligible to participate in MCCS sponsored raffles. This prohibition does not apply to vendor-sponsored raffles offered through MCCS activities over which MCCS has no control. Under no circumstances shall individuals directly involved in the sale of tickets or physical conduct of the raffle be given eligibility to participate. Every effort shall be made to prevent the perception of impropriety.

(d) Monte Carlo games and activities such as poker tournaments are authorized if they award non-monetary prizes. No reimbursement shall be made to patrons for unused or accumulated tickets, chips, etc. These events must be conducted entirely on the sponsoring installation. International agreements apply overseas.

b. Unauthorized Activities

(1) MCCS activities shall not operate the following: lotteries or sell lottery tickets; pull-tab bingo; sell or redeem chit books related to the sale of alcoholic beverages; award coupons for reduced prices on alcoholic beverages or tobacco products; or sell State excise tax-free products through vending machines. Generally samples of alcohol and tobacco products may not be distributed through MCCS activities; however, Business Operations activities are authorized to sponsor alcoholic beverage tasting events as promotional opportunities to introduce customers to various products.

(2) The operation of gaming devices on U.S. Government property or within the territorial jurisdiction of the United States is prohibited. Gaming devices are authorized at overseas activities where not in violation of U.S. laws, Status of Forces Agreements (SOFA), or local laws. Gaming devices may be operated only when specifically approved by the DC, M&RA (MR).

6. Profitability

a. All activities authorized for operation by Business Operations are classified as revenue-generators. Revenue-generating activities must at least break-even annually (including depreciation but excluding prorated common support functions). Prorated common support costs must be covered at the company level with the total net operating profit from all MCCS Business Operations. A financial position sufficient to cover the NAFIs requirements including necessary operating cash and inventories shall be maintained. Adequate operating capital must be maintained at all times. The watch list criteria contained in reference (a) will be used to monitor results.

7. Advertising and Promotion. MCCA must aggressively and routinely communicate the availability of the goods, services, and programs offered through all available means. MCCA advertising must target eligible users. It shall not reflect unfavorably on MCCA, the Marine Corps, the Department of the Navy, the DOD, the Federal Government, or commercial enterprises offering similar goods and services. Reference (a) provides guidance in chapter 9 of this Order. Additional guidance for the exchange may be found in references (c) and (d).

8. Asset Protection. Each MCCA Director is required to establish an asset protection program for their business operations that will safeguard assets, inventory, and assure data integrity. The program will insure that adequate security measures and controls are in place for safeguarding MCCA assets. The emphasis shall be on prevention of internal and external theft. Additional guidance may be found in chapter 3, paragraph 14 of this Order and in reference (e).

9. Contracts with Government Agencies. MCCA may enter into contracts or other agreements with other elements of DOD or other Federal agencies to provide or obtain goods and services when beneficial to the efficient management and operation of the NAFI system. Contracts or agreements between NAFIs and other DOD or Federal agencies shall be limited to NAFIs supporting the exchange, MWR, and lodging. These contracts or agreements shall only be made to provide goods or services specifically authorized for these organizations per applicable Marine Corps and higher headquarters directives or that are inherent to their internal operations. These NAFIs shall not enter into contracts or agreements that will result in the loss of jobs pursuant to references (f) and (g), or small business program. Prior to entering any contract or agreement per reference (h), the MCCA Director shall insure that the NAFI will financially benefit from it. All sales to other Federal agencies will be at full price. (Note: Items and/or services purchased from MCCA with unit funds are authorized a 10 percent discount on everything except tobacco and alcohol products.)

10. Standards of Conduct. Reference (i) provides the standards of conduct that apply to all DOD components, including NAFIs. Department Heads, Managers, Supervisors, and Buyers are required to have annual ethics training and may be required to file annual Confidential Financial Disclosure Report (OGE Form 450) with their designated ethics counselor. The purpose of filing is to identify conflicts of interest.

11. Pricing Policy. Pricing, with the exception of centrally procured retail merchandise, is the responsibility of each MCCA Director. Pricing shall be the same for all patrons of retail, services, food and beverage, or temporary lodging activities. No authorized patron shall receive special prices or privileges not available to other patrons. This does not prohibit tailoring unique promotions to major target groups (families, single personnel, independent duty personnel and retirees, etc.) as a means of increasing sales or participation. Special prices and privileges shall not be given to food and beverage functions designated as "Commander Sponsored." Pricing for recreational lodging may be differentiated by rank.

12. Alcoholic Beverage Sale and Consumption. The following applies to MCX and Club facilities; additional guidance is available in chapter 6 (Retail)

and in chapter 11 (Food & Beverage)) of this Order, and in reference (j).

a. Drinking Age

(1) The minimum drinking age on a USMC installation located in the United States is 21 years. The minimum drinking age overseas will be based on the host nation's drinking age, international treaties and agreements, and on the local situation as determined by the local installation commander but in no case shall it be below the age of 18. Minimum drinking age means the minimum age established for persons who may purchase, possess, or consume alcoholic beverages.

(2) The commander of a USMC installation may waive the requirement of subparagraph (1) above but not lower than 18; if such commander determines that the exemption is justified by special circumstances. Special circumstances are those infrequent, non-routine military occasions when an entire unit, as a group, marks at a military installation a uniquely military occasion such as the conclusion of arduous military duty or the anniversary of the establishment of a military service or organization. The event must be held on a military installation. The commander shall insure that appropriate controls are in place to prevent endangering Military Service members or the surrounding community.

b. Wholesale or Retail Dealer Tax. Each installation NAFT is a separate business enterprise and, in the case of alcoholic beverages, shall pay only one wholesale dealer tax (if it sells only at wholesale) or one retail dealer tax (if it sells only at retail) regardless of the number of annexes it operates.

13. Tobacco Sales. Prices of tobacco products sold in military resale outlets in the U.S., its territories and possessions, shall be no higher than the most competitive commercial price in the local community and no lower than 5 percent below the most competitive commercial price in the local community. Tobacco shall not be priced below the cost to the exchange. Prices of tobacco products sold in overseas military retail outlets shall be within the range of prices established for military retail system stores located in the U.S. Additional guidance on tobacco may be found in reference (c).

14. Firearms and Ammunition Sales Personnel. The MCCS is prohibited from employing individuals in any position requiring access to firearms and/or ammunition who have been convicted of a misdemeanor crime of domestic violence, or a felony crime of domestic violence adjudged on or after 27 November 2002. Candidates for such positions must submit a completed DD Form 2760, "Qualification to Possess Firearms or Ammunition" before a final job offer can be made.

15. Military Clothing Sales Store (MCSS). Congress directed the exchanges to administer the MCSS and that they would receive management fee. Marine Corps Exchanges operate MCSSs as a fee for service operation for the Deputy Commandant, Installation and Logistics (DC, I&L) and shall be fully reimbursed with APF. See chapter 8 of this Order for additional information.

16. Contractor Taxes. All contractors and vendors are responsible for payment of all Federal, State, host country, and local taxes applicable to

the property, income, and transactions of the contractor/vendor. When required by applicable laws and regulations, patron service contractors will collect and remit sales taxes to the State.

17. Smoke Free Facilities. MCCS Facilities shall be smoke free in accordance with reference (k).

Chapter 2

Retail Buying and Merchandising

1. General. Marine Corps Exchanges shall function at maximum efficiency to assure a comprehensive selection of authorized goods from the open market, balanced to customer demand and consistent with the mission of MCX retail operations. MCX retail operations are revenue generating Category C MWR activities. They have a dual mission of providing authorized patrons with articles and services necessary for their health, comfort and convenience, while providing a supplemental source of funding for MCCC MWR programs.

2. Standardization Efforts. The DC, M&RA (MR) has identified the need to standardize system-wide buying efforts, marketing and advertising, distribution, store layouts and fixtures. The goal is to reduce overhead in relation to sales, increase income via volume purchasing, streamline distribution, and increase customer service via standard merchandising and promotional efforts.

3. Responsibilities

a. The following responsibilities are assigned for merchandise buying and store operations.

(1) DC, M&RA (MR) Responsibilities

(a) Develop and implement the MCX buying and merchandising strategy including establishing collaborative requirements for assortments, pricing, and retail contracts.

1. Assortment Methodology

a. Define assortments based on historical data, market trends, outside industry performance to include industry data, Customer Satisfaction Index (CSI)/Associate Satisfaction Index (ASI) data, and geographical uniqueness.

b. Cluster commands for merchandise inventory purchases where applicable to accommodate base demographics as well as category/item sales volume.

c. Set Master Stock Assortments to tie back to merchandise inventory plans.

d. Base changes on selling and profitability data.

e. Exceptions that occur will be managed collaboratively.

2. Pricing

a. Set retail prices based on the goal to protect overall department/category gross margin performance while considering competitors' pricing.

b. Set prices to ensure market basket savings to patrons.

3. Retail Contracts. Negotiate central retail contracts considering "all stores" as a starting point in the negotiations.

4. Metrics

a. Total Sales and Gross Margin annual performance compared to the financial plan.

b. Achieve a price survey minimum of 15% savings on a shopping basket.

(b) Develop and implement cooperative efforts with sister Services or third party vendors.

(c) Develop and implement the MCX supply chain strategy.

(d) Develop and implement new technology capital investment.

(e) Establish standards of excellence and measure installation compliance.

(2) MCCS Directors Responsibilities

(a) Operational control of the store.

(b) Execute defined standards.

(c) Sell the merchandise and conduct general and administrative support to the installation MCX.

(d) Develop and implement front-line initiatives.

(e) Improve Associate and Customer satisfaction. The CBO will work collaboratively with local command to resolve merchandise related issues.

4. Centralized Buying

a. Centralized buying is the term used to refer to leveraged buying decisions for the MCX made by the DC, M&RA (MR) buying office. The objective of this Centralized Buying Office (CBO) is to leverage the cost of goods through volume buys, eliminate duplication of labor, and offer patrons the styles and products desired at the best value while maintaining customer segmentation based on local demographics. The CBO shall determine by installation, stock assortments based on installation sales history, Customer Satisfaction Index (CSI) survey results, and industry trends.

b. The CBO is organized into three broad categories, with retail buyers specializing in each area: hardlines, softlines, and consumables. Buyers must demonstrate knowledge of the retail buying function including review and evaluation of vendor products, price negotiation, placement of merchandise orders, product distribution, advertising, sales per square foot, stock turns, inventory control, and analysis of business trends.

c. Buyers in the CBO will work closely with MCX store managers and divisional sales managers (DSM) to ensure patron desired merchandise is

provided at each installation, and that unique features of each MCX activity are considered. CBO buyers request stock assortment input and feedback from MCX store managers and DSMs.

d. Buyers in the CBO shall:

(1) Build relationships with the top suppliers in the various markets and work closely with them to negotiate the best possible prices and trade discounts.

(2) Place orders with sufficient lead-time to ensure the best selection, best price, and on-time delivery of the merchandise.

(3) Execute all retail purchases in writing and in accordance with the DOD NAF procurement policies contained in reference (l) and DOD NAF procurement procedures contained in reference (m).

(4) Comply with the Standards of Conduct.

5. Buyer Authority. CBO buyers commit MCX funds for the purchase of retail merchandise. This authority to negotiate and enter the MCX into NAF U.S. Government contracts is granted in their position description.

6. Installation Level Buying

a. Local MCX store managers and DSMs may purchase retail merchandise for their MCX activities based upon the following:

(1) The MCCS Director, Head of Business Operations, or Head of Retail has approved funding for the merchandise purchase in advance.

(2) Buying authority is included in the individual's position description.

(3) Purchase will comply with the requirements of this Order.

b. The MCCS contracting officer or purchasing agent may perform this duty if authorized in their DC, M&RA (MR) Certificate of Appointment. These one-time purchase orders or contracts are expected to be an exception for emergency requirements, such as when a convenience store runs out of perishable items. If this situation occurs, the MCX store manager will advise the CBO so corrective action may be taken against the vendor and/or a new contract may be put in place.

7. Non-Retail Procurement Authority

a. CBO and installation level managers and department heads may not purchase non-retail items or services, unless this authority is specifically delegated to them through the D/C, M&RA (MR) Certificate of Appointment. The authority to procure equipment and supplies, professional and support services, construction, as well as contracted revenue-generating operations, is limited to MCCS contracting officers and purchasing agents if delegated such authority in a Certificate of Appointment.

b. If an MCCS retail item will not be sold through the MCX or is not available for purchase through the automated MCX system, the MCCS contracting officer or purchasing agent will purchase the non-MCX retail merchandise. If

the necessary procurement authority is not available at the installation level, procurement assistance is available from DC M&RA (MR).

c. Per paragraph 6.b. above, limited MCX retail items may be purchased on an exception basis by MCCS contracting officers and purchasing agents.

8. Merchandising. Retail merchandising is the term used to refer to the methods, practices and operations conducted to promote and sustain certain categories of goods. This includes determining what assortment of merchandise is to be carried at each installation and in each department for customer satisfaction and store profitability.

9. Merchandise Selection

a. Selecting merchandise to stock is a merchandise management function of the CBO. Selection will be comparable to practices and procedures in the commercial retail trade.

b. Merchandise shall consist of standard commercial products readily available in the retail trade. DC, M&RA (MR), may approve the purchase of items manufactured to MCX specifications.

c. When brand is a factor in customer acceptance and quality of two or more brands are judged comparable, the buyer shall purchase the one that offers the best value.

d. When brand is not a factor in customer acceptance, the buyer shall research the market for items, styles, and models acceptable for competition among various sources.

10. Retail Sales Policy

a. MCX will provide all merchandise that is required or desired by the command and authorized by reference (c). Customer convenience and satisfaction, as well as economic feasibility and profitability, shall be determining factors as to the specific items of merchandise offered for sale.

b. Unless authorized by contract, direct sale or procurement of any item from vendors to a retail patron is prohibited. Direct sale or procurement from retail patrons to vendors is prohibited.

11. Pricing Policy for Retail Merchandise. The buyer shall be responsible for setting initial retail prices. Merchandise sold through MCX activities shall be priced in a uniform manner at a fair price consistent with the primary mission of providing authorized patrons with articles and services necessary for their health, comfort, and convenience. An annual price survey will be conducted to measure patron savings. The MCX Price Savings metric is 15% savings on a market basket mix.

12. Measures of Effectiveness (MOE). MCX retail MOEs have been developed to establish a common basis for planning, measuring, and providing customer services. These MOEs are designed to provide a minimum level of operational performance at each installation. They are based on industry best business practices commonly used in the commercial retail industry and have been adjusted for military application. The following MOEs have been established for MCX buying and merchandising:

a. Inventory turns will be planned considering store cluster history and industry benchmarks. Merchandise inventories shall be maintained in direct relation to sales. Additionally stock to sales ratios will vary each month with higher stock to sales ratios during low sales months. Typical ratios may vary between 2.5 to 4.0. Stock to sales ratios show a measure at one point in time. Inventory turns shall be used as the measure for yearly inventory management.

Target Range	From	To
Small Store	3.00	3.57
Medium Store	3.25	4.17
Large Store	3.53	4.45
X Large Store	3.98	4.55

b. Gross margin will be planned considering store cluster history and industry benchmarks. The gross margin shall fall between the following ranges:

Target Range	From	To
Small Store	18.00	20.00
Medium Store	20.00	21.00
Large Store	21.00	23.00
X Large Store	22.00	23.00

13. Three-Tiered Value Pricing Strategy. The MCX offers a three-tiered value pricing strategy. Pricing in all three value programs are set by the CBO and will be consistent at all stores. All exchanges will support this strategy and ensure all associates are knowledgeable about the details and store presentation standards.

a. Components of the three-tiered value pricing programs are:

(1) "1775" is the MCX exclusive private label line in clothing and accessories. These well-made items offer today's fashions at modest prices. Merchandise will have opening price points compared to commercial retailers' opening price point on private label merchandise.

(2) "Another Corps Value" is the MCX branded value offering. Items include hardlines and softlines, and provide name brands at guaranteed lowest price.

(3) "Exchange Select" is the MCX generic offering in consumables. It offers an alternative to brand name consumable merchandise at a substantial savings with quality equal to the national brand equivalent.

14. Markdown Policy

a. A markdown is a reduction from the previously established retail-selling price of an item. Markdowns shall be taken on merchandise that is not selling or is aged. These goods shall be priced in a sufficiently attractive manner to ensure immediate movement of the stock concerned. Fashion items shall be marked down on a reasonable, consistent schedule in conjunction with major retailers, and never be carried over or packed away for subsequent seasons. Price changes are an important aspect of store merchandising and retail accounting.

b. The CBO is responsible for establishing price movement and the MCX activities are responsible for marking and signing the merchandise. First markdowns should remain within classification and in its parent department. First markdowns should be moved from the front primary location. All second and third markdowns should be moved to the back of the department and displayed by size.

15. Quality Standards. MCX policy is to purchase quality merchandise in the price lines selected to stock. Buyers shall ensure that standards applicable to the commodities being purchased are included in orders and contracts, e.g., labeling requirements, flammability standards, and safety standards. Some specific requirements are:

a. Precious metals shall specify the metal content (e.g., 14kt gold) and require that it be stamped on the items.

b. Military clothing, insignia, and accessories shall be purchased from firms listed in the "Commercial Sources Book for Approved Marine Corps Items."

c. Electrical items purchased shall be manufactured according to Underwriters Laboratories, Inc. (UL) standards or equivalent and shall carry the UL or equivalent seal or listing mark.

d. Manufacturers of microwave ovens and television receivers sold in the United States shall comply with reference (w) and implementing regulation concerning safety standards and first-purchase information.

e. Clothing shall have permanent care labels affixed to each garment. Fiber content and country of origin labels shall be durably attached to stay on the garment until purchased by a customer.

f. Seasonal decorations shall be flame retardant or noncombustible according to National Fire Protection Association definitions.

g. Pesticide and fungicide contracts shall include a provision requiring compliance with United States Environmental Protection Agency regulations.

h. Purchase documents shall contain adequate item descriptions to enable inspectors at receiving points to determine that the items delivered are in fact the items purchased. The buyer is responsible for deciding disposition of rejected items. They may be rejected, screened for acceptable items, or accepted with a cost reduction, depending on the degree of nonconformance.

i. "Cut label" or refurbished merchandise from the vendor is prohibited.

16. Product Recall. In the event of a product recall the corrective action plan is as follows:

a. The vendor of the defective product notifies the appropriate MCX product category buyer and provides information on the item(s) to be recalled along with customer recall information, such as the defect identified, the hazards associated with the defect, and corrective action.

b. Upon receipt of the information from the vendor, the MCX employs its central merchandising system to ascertain whether the recalled product(s)

are sold at our exchanges. The store manager or DSM of the impacted exchanges are promptly provided the recall information to ensure removal of the defective product(s) from the distribution chain (i.e., store shelves and warehouses). The recalled products are returned in accordance with manufacturer instructions.

c. To reach owners of recalled products and motivate them to respond to a recall, impacted exchanges promptly post product recall notices in conspicuous locations. Additionally, MCX store managers, DSMs and MCCS Public Affairs staff work with installation newspapers and websites to ensure recall notices are widely disseminated.

17. Free Goods and Promotional Offers

a. Manufacturers occasionally make special promotional offers that give purchasers more for their money although the list price is maintained. These include such offers as free-goods sales, two-for-one sales, and penny sales. Sales promotion offers are usually limited to a specified period. MCX policy is to obtain, where possible, a direct price reduction instead of free goods; however, buyers may accept special merchandise offers when the price reductions are not available.

b. Buyers are authorized to purchase merchandise when coupons, sweepstakes, or contests are available, if they bring added customer value.

18. Buying Process. Per reference (n), MCX merchandise will be purchased using either a unilateral document (requiring only the signature of the buyer) or a bilateral document (requiring the signature of both the buyer and contractor). Unilateral orders, such as a purchase order, are preferred; however, a bilateral contract is required when the contract calls for strict delivery schedules, items are manufactured to specification, or when determined to be in the best interest of the MCX.

19. Merchandise Sources. MCX merchandise may not be purchased from individuals or firms who:

a. Are on the GSA publication "Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs" (www.epls.gov), or on similar lists of offshore suppliers published by installation commanders.

b. Are active duty military personnel or civilian employees of the Government, unless it is determined there is no potential for or apparent conflict of interest. The same applies when purchasing from or contracting with immediate family members of military personnel or MCCS/MCX employees. Consult MCCS Counsel for guidance.

20. Separation of Functions. To ensure the integrity of the procurement process, the buyer may not engage in receiving and/or invoice payment functions, or report to personnel responsible for those functions.

21. Conducting Negotiations. The buyer will conduct negotiated procurements. This allows give and take, clarifying assumptions and positions, or persuasion. These negotiations usually apply to price, delivery schedule, return practices, and product specifications. Negotiations may be written or oral.

22. Purchase Orders. A purchase order (PO) is usually a unilateral purchase document for the future delivery of retail merchandise. A PO obligates the MCX to pay the vendor the amount stated on the purchase order, if the vendor performs in accordance with the terms of the order. A PO may be made bilateral by having the contractor sign the PO, which makes it binding upon the contractor to perform in accordance with the terms of the PO.

23. Direct Delivery Agreements

a. All MCX Direct Delivery Agreements (DDAs) will be bilateral and written in a contract format developed by DC, M&RA (MR). A DDA is a simplified agreement used for vendors that deliver merchandise directly to an activity on a daily, weekly, or other periodic basis and not processed through the warehouse. Direct delivery items may include, but are not limited to, pre-recorded music, newspapers, periodicals, gift wrap, greeting cards, fishing tackle, resale food items, cosmetics, sewing notions, pet supplies, pre-mixed beverages, photo finishing, toys, hobby items, and automotive supplies and accessories. Any segment of business agreed upon by local Command and the CBO that is needed on a high frequency basis and varied assortment may be considered for a DDA.

b. DDAs shall detail authorized items to be carried and the cost price of each item. Exchanges are responsible for enforcing assortment and pricing identified on direct delivery contracts. Any changes made to CBO issued DDAs will be made through the CBO. DDAs may also include performance of related support services, such as shelf stocking. A "Terminate for Convenience" clause will be included in all DDAs.

c. Installation level DDA contracts may be issued for perishable items or locally manufactured items unique to the area.

24. Blanket Purchase Agreements

a. All MCX Blanket Purchase Agreements (BPAs) will be bilateral and written in a contract format developed by DC, M&RA (MR). A Blanket Purchase Agreement (BPA) is a simplified agreement used to meet recurring requirements that occur frequently but not as predictable or so regular as Direct Delivery Agreements (DDA). BPAs are used for vendors that deliver merchandise directly and not processed through the warehouse. Buyers must evaluate the number of POs issued or frequency of DDA deliveries to determine if a BPA type contract is more administratively efficient. BPAs may also include performance of related support services, such as shelf stocking.

b. The types of merchandise that may be purchased through a DDA may also be purchased through a BPA. Installation level BPAs may be issued for perishable items or locally manufactured items unique to the area.

25. Guaranteed Sales Contracts

a. Per the terms of a guaranteed sales contract, MCX receives the merchandise into inventory and the vendor agrees to accept return of all unsold quantities for credit after a designated period of time.

b. Each guaranteed sales contract shall be bilateral and will insure that the vendor agrees to accept return of unsold merchandise by a specified date, for reimbursement or credit at the option of the MCX. Title to merchandise initially passes to MCX according to the prescribed shipping

terms in the order; however, the order shall specify that when returns are made, title (and risk of loss) pass back to the vendor. The buyer shall negotiate transportation and handling costs for unsold items returned to the vendor. Normally, the vendor is responsible for return costs. Before negotiating a guaranteed sales contract (and before actually initiating a return), the buyer shall ensure the vendor is financially capable of reimbursing the MCX for merchandise that may be returned under the guaranteed sale provision. The buyer is responsible for ensuring that unsold items are returned by the specified date and a request is made for reimbursement or credit, as appropriate according to the terms of the guaranteed sales contract.

26. Purchase on Consignment. A purchase on consignment is a purchase where the vendor retains title to the merchandise until sold. Title passes to MCX and then to the customer at the time of sale. MCX pays the vendor for the quantities sold. Offers of consignment merchandise should be carefully scrutinized to ensure such merchandise meets quality standards and is priced to be competitive with comparable merchandise in other retail establishments. Return procedures should be negotiated with the vendor at the time of the contract and be in compliance with current MCX policy. Consignment agreements shall not preclude exchanges from participating with system-wide circulars and one-time buys from other vendors.

27. Contract Clauses

a. All MCX purchase orders, agreements and contracts, regardless of the format used, require specific clauses be included. MCX orders, agreements and contracts will include the following mandatory clauses: Changes, Examination of Records, Dispute Resolution, and Termination. See reference (k) for the MCX Disputes clause. All MCX orders and contracts will identify the responsible NAFTI, and will state that no appropriated funds of the U.S. shall become due or payable to the contractor. Questions may be referred to MCCS Counsel.

b. To ensure the necessary contract clauses are included, the current MCX Contract Clauses (sometimes referred to as General Provisions) will be attached to the order, agreement or contract, or be made available to the contractor via a reference to an MCX Internet link.

28. Trademark Items. United States registered trademark items shall be purchased directly from trademark owners or authorized distributors. Counterfeit items bearing registered trademark logos shall not be purchased and sold by the MCX. The sale of counterfeit trademarked merchandise by MCX direct or indirect operations violates MCX policy as well as United States and Host Nation laws. Counterfeit trademarked merchandise results in illegal profiting at the expense of the registered trademark owner. It is the duty of all MCX buyers and associates to insure that products sold, either directly or indirectly, are authentic and the MCX is not illegally profiting at the expense of the legitimate exchange business partners.

29. Buying Retail Food Items. Chapter 5 of reference (n) provides guidance on the procurement of food items. The conditions established in reference (n) for purchasing food products from approved sources and related sanitary and wholesomeness requirements apply to MCX purchase of retail food items.

30. Return of Unsold Merchandise to Vendors. Unless provided for in the initial contract, the MCX has no right to return unsold (not defective or nonconforming) merchandise to a vendor without prior approval. This does not preclude the MCX from negotiating with a vendor for the return of excess merchandise. Return of defective and/or nonconforming merchandise will not be considered as prejudicing future purchases from the vendor unless it constitutes a breach of contract or it is a refusal to honor a specific agreement to accept return of items.

31. Private Label or Directly Imported Merchandise

a. All MCX suppliers/manufacturers (vendors) and their suppliers/manufacturers (subcontractors) that provide private label or directly imported merchandise, shall assess their practices for compliance with the following Social Responsibility and Labor Standards:

(1) Child Labor. Contractors and subcontractors shall not employ any person under the age of 14 years, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age will apply.

(2) Forced Labor. Contractors and subcontractors shall not use forced or other compulsory labor in the manufacture of products. Contractors and subcontractors shall not require employees to lodge "deposits" and/or identity papers upon commencing employment with the company.

(3) Working Hours. Contractors and subcontractors shall comply with applicable local laws on working hours.

(4) Compensation and Benefits. Contractors and subcontractors shall ensure that wages paid for a standard workweek are consistent with local/national laws.

(5) Disciplinary Practice. Contractors and subcontractors shall not engage in or support the use of corporal punishment, mental or physical coercion, and/or verbal abuse.

(6) Freedom of Association & Right to Collective Bargaining. Contractors and subcontractors shall respect the right of all employees to form and join trade unions of their choice, consistent with prevailing local/national law and to bargain collectively, without any activity that impedes or suppresses freedom of association. Contractors and subcontractors shall ensure that representatives of such employees are not subject to discrimination and such representatives have access to their members in the workplace.

(7) Discrimination. Contractors and subcontractors shall be consistent with local laws regarding discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, maternity status, union membership, or political affiliation.

(8) Safe and Healthy Workplace. Contractors and subcontractors shall provide employees with a safe and healthy workplace in compliance with local laws.

b. All Contractors and subcontractors that provide private label or directly imported merchandise, shall:

- (1) Comply with these standards at no additional cost to MCX.
 - (2) Promptly comply with all requests for information and/or take all actions MCX deems necessary to bring contractor and their subcontractors into compliance with these standards.
 - (3) Identify all subcontractors and foreign production facilities, and certify in writing that each facility operates in compliance with all applicable labor laws. A letter must be signed by a senior official stating that any facility used to produce private label or directly imported merchandise provided to MCX will operate in compliance with all applicable labor laws.
 - (4) Provide evidence, deemed by MCX to be adequate, to prove that each production facility that is (or that will be) producing such merchandise, is in compliance with these standards. MCX, in its sole and exclusive discretion, exercises the right to determine the adequacy of evidence provided. Proof of compliance may be established by presenting evidence showing:
 - (a) Certification/approval by Social Accountability International (SAI), Worldwide Responsible Apparel Production and/or Amana Ltd. ("Link Label"). Evidence of "certification/approval" by one of these organizations is preferred.
 - (b) Active participation in the social responsibility program of: Clean Clothes Campaign, Fair Labor Association, and/or Fair Wear Foundation.
 - (c) Certification/approval by a nationally recognized private sector retailer or brand name company, provided that adequate supporting information is submitted, including proof that all merchandise produced in the facility is made in compliance with the standards.
 - (d) Certification/approval by one of the military exchanges, such as the Army and Air Force Exchange Service (AAFES) or the Navy Exchange Command (NEXCOM). Where certification/approval has already been granted, documentary evidence of certification or approval will suffice. Where approval is based upon reports provided by an independent vendor or other third party retained by MCX, the contractor shall reimburse MCX for the cost of each such review.
 - (e) Acceptance of certification/approval or program participation by organizations other than those specifically listed above, shall be at the sole discretion of MCX.
 - (5) Post these standards in the appropriate local language(s), in a location accessible by production facility workers that make MCX private label or directly imported merchandise.
 - (6) Maintain current records of sufficient detail to enable MCX to determine their compliance with these standards maintain these records per reference (v) SSIC 4066.1a, and make all such records available upon request of MCX or its authorized agents.
- c. To ensure compliance with these standards, MCX reserves the right to:

(1) Conduct unannounced on-site inspections of its contractors' and their subcontractors' production facilities to verify compliance with this clause. Such inspections may be conducted by MCX, by AAFES or NEXCOM, or by a third party designated by MCX.

(2) Rely on judicial or administrative findings issued by competent Government entities, courts, administrative bodies, as well as upon similar determinations or actions undertaken by cognizant non-governmental or private entities, regarding the conduct of any particular contractor or country.

(3) Require that a contractor representative(s) attend a course(s) on Social Responsibility and Labor Standards, such as those offered by Social Accountability International (SAI), at the contractor's expense.

d. Failure of a contractor and/or subcontractor to comply with these standards will result in notification being issued, and a reasonable time provided in which to comply. The amount of time provided (solely at the discretion of MCX) will be based upon the nature of the failure. MCX reserves the right to suspend performance on current contracts and/or not place any additional contracts with any such contractor until compliance is proven.

(1) MCX may, in its sole discretion, terminate for default, any or all contracts, upon receipt of any judicial or administrative findings issued by competent Government entities, courts, or administrative bodies, or similar determinations by cognizant non-governmental or private entities, indicating that a facility being used by a contractor or subcontractor has violated applicable labor laws, and that the contractor has failed to take action to correct the violation. If such contracts are terminated, all shipments from that facility will be suspended. Termination for default will be dealt with in accordance with the MCX General Provisions clause entitled "Termination for Default." The grounds for termination will be in addition to, and not in lieu of other reasons for termination for default, such as, but not limited to nonperformance.

(2) MCX reserves the right to cease doing business immediately with any contractor that loses certification received from another entity (for example, an independent certifying organization, a major retailer, and/or a major brand name company).

32. Restrictions on Buying and Resale

a. Medical Items. Any drugs, devices, or medical items which are medically susceptible to inappropriate use or which require prescription shall not be stocked or sold. Authorized drug products stocked and sold shall be according to the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970, reference (x). All authorized items stocked and sold shall be properly labeled pursuant to Department of Health and Human Services, Food and Drug Administration regulations. Guidance regarding provisions of the Act and medical products to be sold should be requested from the station medical authorities.

b. Fire Extinguishers. Fire extinguishers that do not bear the approval label of recognized testing laboratories shall not be procured for resale or use in retail outlets.

c. All products containing ephedrine alkaloids (ephedra), anabolic steroids, to include tetrahydrogestrinone (THG), and pseudoephedrine (PSE) are not authorized for sale at any MCX.

33. System-wide Contracts. Installation level MCCS contracting officers/purchasing agents will place local orders for system-wide MCX, MCCS, or other DOD NAFFI contracts when participation is mandatory.

34. Retiring Purchase Files. When a contract or order for retail merchandise expires, the file will be retired as stated in reference (k).

Chapter 3

Retail Operations and Store Merchandising

1. Retail Operations. Retail operations is the term used to describe the overall management of the retail enterprise. This includes store merchandising, customer relations, employee management and fiduciary accountability.

2. Store Merchandising. Store merchandising refers to the operational execution of product placement in the store to maximize sales. Exchanges will utilize the MCX approved merchandising standards, visual standards, signing standards and store checklists for effective store merchandise presentation.

3. Retail Heads and Store Managers. Retail Heads and Store Managers must demonstrate knowledge of store operations to include profit and loss management, selling and general expense control, store merchandise standards, employee development, and customer service management.

a. Exchange managers shall be responsible for the merchandise that is to be displayed within each department with logical adjacencies to allow for easy access by patrons. Merchandise shall be displayed by natural classifications and/or by size, type, and color, within these classifications. New products will be displayed in a forward position in the department. Best business practices for merchandise display shall be utilized and MCX merchandise training supported. Space allocation of departments shall be based on gross margin return on investment (GMROI) and gross margin return on selling square feet (GMROF) analyses. MCX Store Standards will be executed to ensure an appropriate store appearance and to maximize sales.

b. Stores shall provide a clean and comfortable environment with courteous customer service to maintain patron loyalty. Stores shall use the "From Their Eyes" checklist to ensure they are meeting customer intercept standards.

c. The Centralized Buying Office is responsible for establishing price movement on markdowns and the exchanges are responsible for marking and signing the merchandise. First markdowns should remain within classification and in its parent department. First markdowns should be moved from the front primary location. All second and third markdowns should be moved to the back of the department and sized. Exchanges are responsible for using the signing standards and ensuring the MCX three-tiered value-pricing program is signed throughout the store.

4. Measures of Effectiveness (MOE). MCX retail MOEs have been developed to establish a common basis for planning, measuring, and providing customer services. The following MOEs have been established for MCX retail operations:

a. Net operating profit as a percent to sales: a minimum of 3 percent at the end of the fiscal year.

b. Inventory shortage as a percent to sales of 1.00 percent or less at the end of the fiscal year. Physical inventories will be conducted annually in accordance with DC, M&RA (MR) procedures.

- c. Gross margin return on inventory (GMROI) of 1.0 or more.
 - d. The MCX Main Store shall open a minimum of 60 hours over seven days.
 - e. MCX Marine Marts shall open a minimum of 70 hours over seven days.
5. Postage Stamps. Postage Stamps sold at any Marine Corps Exchange store will be sold at face value with no additional markup.
6. Gift Card Program. Marine Corps Exchange activities are authorized to sell gift cards that may be used to purchase merchandise at MCX retail activities. The gift cards may also be used as prizes for customers and as awards for MCCS employees. AAFES and NEXCOM will accept MCX gift cards, and MCX retail activities will accept AAFES and NEXCOM gift cards. The MCCS Director shall institute appropriate control programs for gift cards.
7. Percent Off Sales
- a. Retail stores shall not promote entire storewide "percent off" sales. "Percent off" sales may be used to promote a specific subclass of merchandise for a limited period of time. Occasional scratch-off savings promotions are permitted.
 - b. No person or group of people shall receive special prices or privileges not available to other patrons.
 - c. Retail operations or persons employed or assigned to a retail activity shall not compile, publish, or maintain any discount list or any equivalent thereof, nor shall any signs or advertisements regarding any such retailers offering merchandise or services be posted or distributed in the MCX.
8. Department of Agriculture Food Stamp Program. The MCCS Director may authorize retail outlets to apply to the local Department of Agriculture, Food and Nutrition Service Office, for authorization to accept and redeem food stamps.
9. Home Layaways. Home Layaways are not authorized. Only those commands that were offering Home Layaways as of 1 July 2007 may continue to offer Home Layaway with a waiver from DC, M&RA (MR).
10. Refunds and Return of Goods by Patrons
- a. Marine Corps policy is "Satisfaction Guaranteed." Refunds of the full purchase price, or a satisfactory adjustment, shall be made on merchandise in cases of customer dissatisfaction, upon presentation of proof of purchase. This policy is applicable throughout the military retail systems and is to be extended to authorized persons, provided the unsatisfactory merchandise is authorized to be sold, even though it was not purchased in the exchange at which the patron is seeking a refund or an adjustment. Unless a transaction of this nature causes a significant financial loss to the adjusting retail outlet, no attempt should be made to seek reimbursement from the exchange that initially sold the item.
 - b. Requests for refunds without a receipt are subject to management approval. All refunds over \$5 without a receipt will be refunded on an MCX Refund Card if available, or otherwise cash refunds or credit refunds will be

given subject to management approval. In all cases when the customer does not have a receipt, and the item has been on sale during the last 60 days, the sale price will be refunded.

c. Attractively designed signs or plaques reflecting the basic policy of "Satisfaction Guaranteed" will be prominently displayed. This sign shall read at a minimum: "If for any reason you are not completely satisfied with your merchandise, simply return it in its original condition with your receipt, original packaging, and accessories within 45 days, and we will gladly repair it, replace it, or give you a refund."

d. The following exceptions apply:

(1) Computers, computer equipment, electronics (includes iPods and MP3 players), and unopened software must be returned within 14 days.

(2) Pre-recorded movies, music, and video games are returnable in original unopened factory sealed packaging. If defective, it will be exchanged for an identical item.

(3) The guarantee does not apply to rifles, shotguns, handguns, ammunition, and mixed paint.

(4) Items that may be associated with the transmission of disease, such as underclothing, bathing suits, hosiery, athletic supporters, and electric razors that have been in direct contact with the surface of the skin or body orifice or shows evidence of prior use, will not be accepted for return or exchange unless they are defective or still in unopened package. In the event such items are accepted, they will not be offered for resale.

(5) Diamond jewelry is subject to appraisal before a refund may be given.

e. "As is" and clearance merchandise shall be treated the same as any other merchandise being returned.

f. After 45 days, merchandise will not be accepted as a return; however, the MCX will assist the customer in returning defective merchandise under warranty for service.

g. Credit card transactions must be credited to original credit card used for sales transaction.

h. All MCX employee refunds must have an original sales receipt. In cases without a receipt a supervisor's approval is required before a refund can occur. All refunds without a receipt will be refunded on an MCX Refund Card. In all cases when the employee does not have a receipt, and the item has been on sale during the last 60 days, the sale price will be refunded on an MCX Refund Card.

i. Any refund transactions being made from a NAVMC 00604 (R11-02) form will be for exchange only. Under no circumstances will money be given back.

j. Exchanges will use standard register tape with the MCX logo and refund policy printed on the back.

k. The Marine Corps policy of "Satisfaction Guaranteed" also applies to merchandise purchased from retail concession and consignment vendors. All concession and consignment contracts will specify the required refund and warranty policy, and require compliance by the vendor.

11. Warranty and Quality Control of Concessionaire Goods. Marine Corps Exchange activities which have agreements with concessionaires shall require that they guarantee that items furnished shall be merchantable and fit and sufficient for the use intended and are not "seconds" as the term is normally understood in the trade. The warranty shall survive acceptance by Marine Corps Community Services (MCCS) of the items and is in addition to other warranties of additional scope given by the contractor to MCCS. Refunds of the full purchase price, or a satisfactory adjustment, shall be made on merchandise in cases of customer dissatisfaction, upon presentation of proof of purchase. This policy is applicable throughout the military retail systems and is to be extended to authorized persons, provided the unsatisfactory merchandise is authorized to be sold, even though it was not purchased in the exchange at which the patron is seeking a refund or an adjustment.

12. Disposition of Obsolete or Damaged Goods. The activity manager will review and approve for proper disposition all merchandise and supplies that are obsolete, damaged, or spoiled to such an extent as to be non-salable or beyond economical repair.

13. Military Honor and Decency Act

a. The Military Honor and Decency Act of 1996 requires that the DOD Resale Activities Board of Review review material offered for sale or rental by the exchanges to determine if such material is sexually explicit. The current lists of materials may be reviewed on the MCCS Intranet under MRX Honor and Decency Act.

b. The following definitions are provided:

(1) Sexually Explicit Material. Material in which the dominant theme is the depiction of nudity, including sexual or excretory activities of organs, in a lascivious way.

(2) Dominant Theme. A theme of any material that is superior in power, influence, and importance to all other themes in the material combined.

(3) Lascivious. Lewd and intended or designed to elicit a sexual response.

(4) Material. An audio recording, film or video recording, or periodical with visual depictions produced in any medium.

c. If the Board determines that any material offered is sexually explicit, such material shall be withdrawn from all outlets where it is sold or rented and returned to distributors or suppliers, and shall not be purchased absent further action from the Board.

d. If any buyer or manager of a retail store has reason to believe that material offered for sale or rental may be sexually explicit, as defined above, they shall request a determination from DC, M&RA (MR) about such material.

14. Asset Protection. Exception reporting (Fraud Watch, Register Detail and Retail Merchandising System Exception Reports) shall be monitored daily at the local MCX as well as by DC, M&RA (MR) to ensure adherence to policy and procedures. Any irregular activity should be passed on to the local Asset Protection office for further investigation. Any significant (over \$5000 net loss) instances of improprieties occurring relative to the operation of MCCA activities will be forwarded to (DC M&RA (MR)) in accordance with paragraph 9805.2 of reference (a) with a copy to the Business Operations Asset Protection Analyst.

15. Firearms Sales. Each installation MCCA that sells firearms must:

a. Obtain a license to sell firearms and ammunition from the Department of Treasury, Bureau of Alcohol, Tobacco, and Firearms (ATF).

b. Comply with all notices and instructions provided by ATF.

c. Ensure all sales of firearms and ammunition conform to State and Federal laws and regulations. Overseas activities shall also conform to applicable local and SOFA requirements.

d. Complete all documents required by ATF and maintain on file for 20 years. These files will be made available for inspection by authorized ATF representatives and used for responses to ATF or Federal Bureau of Investigation (FBI) inquiries.

e. All patrons purchasing a firearm shall be subject to background checks and approval by the appropriate State officials.

f. Require patrons to be at least 21 years of age to purchase a handgun or handgun ammunition.

g. Require patrons to be at least 18 years of age to purchase a rifle, shotgun, or ammunition.

h. Require patrons purchasing a handgun to be a resident of the state in which the installation is located or to provide a copy of their permanent change of station orders as verification of residence.

i. Require two forms of identification from each patron.

j. Inform patrons that firearms are non-returnable.

k. If a patron purchases multiple handguns then ATF Form 3310.4 must be completed and submitted to the ATF. It is the responsibility of the Command to abide by local and State laws that deal with multiple firearm purchases.

l. Firearms may be shipped from one dealer to another, it is the responsibility of the Command to follow all shipping requirements set forth in both State and Federal laws.

m. Once the purchase of the firearm is complete, a member of management will carry the firearm to the front exit where the patron will take possession outside the building.

16. Display and Storage of Firearms and Ammunition

a. Display and storage of firearms and ammunition is highly sensitive and shall be subject to exacting and stringent security measures. All firearms displayed on the sales floor will have a trigger lock or lever lock properly attached. At no time shall a relaxed or neglectful atmosphere exist when controlling, storing, or accounting for weapons and ammunition. Sales associates selected to receive and sign for firearms and ammunition, must be approved by submitting a DD2760 form "Qualification to Possess Firearms or Ammunition".

b. Once a firearm is received the Supervisor, Firearm Specialist or Manager must take possession of the item. The firearm is to be logged in the record book and properly secured. At no time will a firearm delivered to the store be left in the stock room unsecured.

c. Supervisors will ensure the following minimum standards of physical security in the receiving, display, and storage of firearms and ammunition are achieved:

(1) The designated associates with the responsibility to receive and sign for firearms will match the serial number of the firearm to those listed on the invoice. If the serial numbers do not match then the vendor must be notified immediately.

(2) Firearms will be removed from display racks in sales areas during non-operating hours and stored in a secure area. Firearms that are displayed in authorized secure cases do not have to move the firearms each night. These are cases where the upper display section is lowered into the bottom secure portion of the display or a steel-rolling door is lowered from the front and secured to the base.

(3) Only authorized personnel are allowed in areas where firearms and ammunition are stored.

(4) Firearms will be stored in a secure area, separate from ammunition. Protect all windows, ventilators, and other openings to the storage space with iron bars. Doors to storage spaces will be properly secured. The activity manager or authorized official shall maintain custody of keys. Duplicate keys shall be kept in a sealed envelope in an approved safe.

(5) Storage spaces will be equipped with an intrusion alarm connected by direct wire to a monitoring location that is constantly attended and capable of dispatching a response force to point of alarm within minutes. The alarm systems shall have line circuit supervision capability that shall detect any attempt to circumvent the system.

(6) Adequate exterior lighting is required to illuminate all doors, windows, and similar opening of buildings in which firearms and ammunition are stored.

d. In addition to the above physical requirements, all new construction of firearms and ammunition storage areas shall meet the following requirements:

(1) Expander metal panel security mesh shall be installed in walls and ceilings between metal studs and drywall.

(2) Motion detectors shall be installed inside storage area.

(3) Door magnet alarm sensors shall be installed on all exit and entrance doors of storage area.

(4) General Services Administration (GSA) approved class V safes with a minimum gross weight of 600 lbs. shall be used for weapons and ammunition storage.

(5) Security cameras shall be installed and fixed on gun safes and storage doors and recorded at all times. Security tapes shall be maintained per reference (v) SSIC 1630.5.

17. Inventory of Firearms and Ammunition

a. Daily. The designated associate shall count all firearms, including those that have been sold and held for pick-up. The designated associate shall review the previous day's transfers (sale or receiving) to ensure the Firearms Log Book and ATF 4473 forms are filled out and signed properly.

b. Weekly. The designated associate shall count all firearms and verify each by serial number. The activity manager or other designated official shall verify this associate's count.

c. Discrepancies in the daily or weekly inventory shall be reported to the activity manager or designated official and the Asset Protection Manager. If a discrepancy cannot be reconciled within 24 hours ATF officials shall be notified by phone to report the missing firearm and within 48 hours ATF Form F 3310.11 must be submitted. The must be notified. An incident report shall be prepared and sent to the Business Operation Asset Protection Analyst at DC, M&RA (MR). The Command should also notify NCIS or PMO to start an official investigation.

18. Tobacco Policy. Marine Corps Exchanges shall support the DOD goals to communicate to Service members that tobacco use is detrimental to health and readiness. The following shall apply to the sale of tobacco products.

a. State tax-free tobacco products shall be sold only to those individuals, organizations, and activities entitled to unlimited exchange privileges. The quantities of State tax-free tobacco products sold must be reasonable and for the use of authorized exchange patrons.

b. Tobacco (including smokeless tobacco) shall not be sold to anyone less than 18 years of age. A customer's identification shall be checked, if the buyer's age is not known to be over 18, and appears to be under 27.

c. Resale activities shall not: sell single cigarettes or packs containing fewer than 20 cigarettes; provide free samples of any tobacco products, give any gift or "give away" item in exchange for a tobacco "proof of purchase" or as part of a tobacco sale; or sell tobacco products other than a face-to-face exchange, with no self service at the check-out register (i.e., sales may not be made by vending machine or mail).

d. Activities shall not enter into any new merchandise display or promotion agreements, or exercise any options in existing agreements that provide for any increase in total tobacco shelf-space. This provision does not prohibit coupons, or incentives that allocate shelf-space among brands, so long as the total shelf-space is not increased.

e. Activities shall not use self-service promotional displays or accept incentives to increase the total number of tobacco displays. Incentives may only be accepted to reallocate existing tobacco shelf-space among tobacco brands.

f. Activities shall only adopt promotional practices for tobacco products that reflect general commercial practices (e.g., no military-only coupons or other promotions unique to the military or military resale system).

g. Exchanges shall endeavor to display tobacco cessation products in areas that provide visibility and opportunity to customers who desire to change their tobacco habits. Smoking cessation products shall be priced below the local competitive price.

h. Prices of tobacco products sold in the United States, its territories and possessions, shall be no higher than the most competitive commercial price in the local community and no lower than 5 percent below the most competitive commercial price in the local community.

i. Prices of tobacco products sold in overseas retail outlets shall be within the range of prices established for MCX stores located in the United States.

j. To ensure tobacco prices are within these goals, selling activities shall survey local competitors quarterly for premium and value priced products.

k. Tobacco shall not be priced below the cost to the exchange.

Chapter 4

Customer Relations

1. General. Customer Relations is the term used to refer to methods and practices conducted to develop and sustain a loyal relationship with the patron base. Exchanges will use the annual Customer Satisfaction Index (CSI) as the MCX organizational metric for customer satisfaction and the Associate Satisfaction Index (ASI) as the organizational metric for associate satisfaction. Exchanges will develop annual action plans specific to their identified opportunities.

a. Exchanges will develop strategies to retain as many customers as possible through customer service and appropriate problem resolution. The CBO will work collaboratively with local command in developing problem resolution related to merchandise issues.

b. Preventing problems is important but equally important is the resolution once a problem occurs. Associates should be empowered to resolve issues at the lowest level to increase customer satisfaction. Positive problem resolution leads to higher customer satisfaction and in turn drives loyalty.

c. Positive customer relations and Core Values have a lot in common: "Treat customers as you want to be treated - simply put, with respect, integrity and commitment".

d. Exchanges will ensure all associates are trained with the MCCS "World Class Customer Service" standards and that they utilize these standards daily.

2. Measures of Effectiveness (MOE). MCX retail MOEs have been developed to establish a common basis for planning, measuring, and providing customer services. The following MOEs have been established for MCX customer relations:

a. Customer satisfaction will be measured by the CSI survey annually. The effectiveness of each exchange will be based on progressive improvement over prior year and position in relation to system average. Each installation MCX will develop an action plan in response to the annual CSI survey. The MOE is that the CSI is at or above the most recent installation three-year average.

b. Associate satisfaction will be measured by the ASI survey annually and the effectiveness of each exchange will be based on progressive improvement over prior year and position in relation to system average. Each installation MCX will develop an action plan in response to the annual ASI survey. The MOE is that the ASI is at or above the most recent installation three-year average.

c. A Mystery Shopper Program will provide each MCX retail operation an unbiased customer assessment of service provided during a visit. Each visit by the mystery shopper is scored and the installation and DC, M&RA (MR) will monitor these scores. The effectiveness of each exchange will be based on progressive improvement over prior year and position in relation to system average.

3. Price Match Guarantee Program

a. All exchanges shall adhere to the MCX standardized Price Match Guarantee Program. This Program guarantees that the MCX shall match any competitor's current, locally advertised price on any identical item sold. It also includes a 14-day price match guarantee on any item purchased from any MCX and subsequently sold at a lower price by the MCX or a local competitor. All signage and print media that promotes, advertises, or represents the MCX Price Match Guarantee Program will be standardized accordingly.

b. The defined MCX Price Match Guarantee Program follows:

(1) When a customer informs an MCX associate that the MCX price is up to \$5 higher than a competitor's and the sales associate confirms the item is identical to the compared MCX item, the price match guarantee may be approved immediately with no further proof required.

(2) For a sell price difference greater than \$5, the customer is required to bring in a current ad from the local market area and request the same price as the advertised item. Local market is defined as the geographic area shopped by local MCX customers, generally within a 50-mile radius of the MCX.

(3) Upon the customer's request, the MCX Site will refund the difference for an item purchased within 14 days from the MCX and subsequently sold at a lower price by the MCX or any local competitor. This includes any item in a MCX circular or local MCX sale event. This is processed as a price difference through the EPOS.

(4) Double or triple coupons, clearance items, percent and dollar off items, going out of business sales, "Early Bird" Pricing, Membership Clubs, Internet prices, and commissary prices are excluded from the Price Match Guarantee Program. Also excluded are gasoline, special orders and tobacco. Store and vendor rebates are excluded from the program as well.

(5) The new price to the customer will be exactly the same as the competitor's price. On-hand stock will not be marked down.

(6) The MCX will match the pricing of the Exchange Mail Order Catalog with the exception of those items purchased from overseas suppliers for which custom charges are applied. Such items are annotated in the Exchange Catalog.

c. Items must be identical for the customer to receive the Price Match Guarantee price. The merchandise must be the same brand, manufacturer, and model number, identical to the item carried by the MCX. For softlines, an identical item doesn't have to be the same size or color as long as it's the same brand and style. If the associate is uncertain whether or not an item is identical, common sense shall be used. The benefit of the doubt should be given to the customers, ensuring the credibility of the program.

d. If a competitor's ad includes the quantity a customer can buy at the advertised price, the MCX will maintain the same quantity limitations.

Chapter 5

MCX Brand Integrity

1. General. The MCX Brand Strategy is a combination of the tangible and intangible factors that describe what an authorized patron thinks and feels about the MCX. Brand describes not only how the store looks, but also the customer service the MCX associates provide. It begins at the curb and carries through to every MCX touch point with the customer.

a. Exchange managers will assure the knowledge and commitment of all employees of the MCX Brand Strategy. Brand Strategy is what we do everyday to address customer needs. Experiences provided are the substance of the Brand.

b. Brand strategy is integrated into the MCX core strengths and the Marine Corps image and values:

(1) Strengths

- (a) Brand names.
- (b) Value offerings.
- (c) Emotional connection to the Marine and the Marine Corps.

(2) Image and Values

- (a) The environment should be crisp and clean and reflect pride.
- (b) Customers should be treated with respect and integrity.

c. The MCX mission statement and store manager posters shall be posted prominently in all retail locations.

d. Exchanges will educate associates on the corporate MCX Brand and Standards of Excellence utilizing the corporate "Heroes" video, merchandising standards, visual standards, signing standards and the MCX store checklists. Exchanges will ensure attendance of appropriate associates at all training seminars/conferences that pertain to their designated position.

e. Exchanges shall ensure the MCX Brand, store standards and standards of excellence reflect the pride associated with, and deserving of, the Marine Corps culture.

f. DC, M&RA (MR) will recognize exchange excellence with an annual Spirit and Pride Award. Criteria for the award are supported by the MOEs.

g. DC, M&RA (MR) will recognize associates who provide superior customer service with an Everyday Hero Award.

2. Facility Standards

a. Exchanges will utilize the MCX Design Standard Guidelines in all retail new construction and remodel/renovation projects. The ultimate goal of the Design Guidelines is to establish minimum standards for commercial

efficiency by which planners, design professionals, and building contractors can understand the conceptual criteria and make consistent decisions in resolving issues related to the architectural elements of the retail environment. The guidelines are intended to be flexible and adaptable depending on demographic, regional, or current retail requirements. They are not designed to produce "cookie cutter" stores. The "Branding" of Marine Corps Exchanges should carry through the entire customer shopping experience. Convenience should be maximized for the customer. The MCX should be the "nucleus of the community" on base and create a unique shopping experience for Marines and their families.

b. Exchanges will maintain and repair facilities as appropriate for renovation standards and consumer retail industry. Facilities should be renovated or refreshed every 7 years.

c. MCX facility design standards shall be in compliance with reference (y).

Chapter 6

Package Stores

1. Mission. These stores provide retail sales of packaged alcoholic beverages (wines, distilled spirits, and malt beverages) and related items to authorized patrons in unopened containers for consumption at a place other than the place of sale.

2. Responsible Use of Alcohol. The Marine Corps policy on Alcoholic Beverage Control (ABC) measures and programs for the purpose of protecting individuals, and preserving unit readiness is contained in reference (g).

3. Package Store Operations. Where a package store operation is authorized for an installation, the exchange may operate in an independent facility; or, merge the alcoholic beverage operation with other exchange activities provided the installation commander concurs, the stock and displays are segregated, and all inventory controls, ration controls, signage required for alcoholic beverages are in effect.

4. Possession of Alcoholic Beverages. Packaged alcoholic beverage sales outlets are operated solely for the benefit of authorized customers. Authorized purchasers shall not sell, exchange, or otherwise divert packaged alcoholic beverages to unauthorized personnel.

5. Establishment and Continued Operation

a. The sale of packaged alcoholic beverages is authorized only at those commands that have been previously approved by DC, M&RA (MR).

b. Before authorizing the establishment of a package store, DC, M&RA (MR) will consider the following pertinent factors:

(1) Estimated number of authorized patrons per outlet.

(2) Importance of estimated contributions of package store profits to providing, maintaining, and operating MCCA MWR activities.

(3) Availability of wholesome family social clubs to military personnel in the local civilian community.

(4) Geographical inconveniences.

(5) Limitations of nonmilitary sources.

(6) Disciplinary and control problems due to restrictions imposed by local law and regulations.

(7) Highway safety.

(8) Location and distance of nearest military package store and reasons that the use of this facility is not feasible.

(9) A digest of the attitudes of community authorities or civic organizations toward establishment of a package sales outlet, including the circumstances of the contacts and the dates on which they occurred should be

made. This digest should consist of a summary of any written comments received from individuals and agents such as local mayors, heads of prominent civic groups or Chambers of Commerce, State legislators, Members of the Congress, or other Government officials. Speculative assessments of prospective community attitudes shall not satisfy this requirement. The use of available command channels is encouraged.

c. An information copy of this review shall be submitted to DC, M&RA (MR) for each action approving the establishment of sales outlets for packaged alcoholic beverages, including the determinations and findings made in accordance with the criteria as stated above. The notification shall be submitted to DC, M&RA (MR) 120 days prior to the establishment to provide for advance notification to Congress.

d. In overseas areas, the sale of packaged alcoholic beverages may be approved by DC, M&RA (MR) provided such sales do not contradict treaties, SOFA, and local government agreements.

e. DC, M&RA (MR) shall conduct a triennial review of each package store in the United States to determine the need for its continued operation. The evaluation shall consider the factors required to establish a package store, except subparagraph 5.b.(9) above.

6. Alcoholic Beverage Labeling. The provisions of the Alcoholic Beverage Labeling Act of 1988, shall apply to all alcoholic beverages sold in all exchange activities. This includes the requirement that alcoholic beverages purchased off shore carry labels as required of United States procured products.

7. Nonalcoholic and Alcoholic-Type Beverages. Nonalcoholic (alcoholic beverages substitute) package sales will be carried only in exchange facilities. Due to the disparity in State laws on the classification of "nonalcoholic" these products will be sold only to those customers authorized to purchase alcoholic beverages.

8. Purchase and Distribution of Distilled Beverages

a. Alcoholic beverage purchases for resale shall be made from the most competitive source and distributed in the most economical manner, price, and all other matters considered. The determination of the most economical method of distributing distilled spirits to stores shall consider all components of distribution costs incurred in distributing beverages to the stores including all management, logistics, administration, depreciation, utilities, inventory carrying, handling, and distribution costs. In Hawaii, alcoholic beverages shall be purchased and delivery accepted from a source within the State.

b. Malt beverages and wine shall be purchased, and delivery accepted from a source within the State in which the military installation is located.

c. The Department of Defense resale activities are not subject to State and local laws, regulations, control, or taxation. It is DOD policy to cooperate with State and local officials to the degree that their duties relate to the provisions of this Order. The factors to be considered in paragraph 5 above shall not be construed as meaning any submission to State control, nor shall cooperation be construed or represented as an admission of

any legal obligation to submit to State control, pay State or local taxes, or purchase distilled spirits within geographical boundaries or at prices or from suppliers prescribed by any State.

9. Pricing of Distilled Spirits in the United States. Prices of distilled spirits sold in the United States and the District of Columbia may be discounted no more than 10 percent less than the best local shelf price in Alcohol Beverage Control (ABC) States and 5 percent less than the best shelf price in non-ABC States.

10. Pricing of Distilled Spirits Overseas. Distilled spirits sold outside the United States and the District of Columbia shall be priced within the range of prices established for exchange stores in the United States unless the same alcoholic beverages are sold locally for less. Those alcoholic beverages may be sold for 10 percent less than the best local shelf price.

11. Overseas Wine Sales. In accordance with reference (c), Marine Corps Exchanges outside the United States engaged principally in selling alcoholic beverages will, in general, give equitable treatment to American produced wines, in terms of selection, distribution, and price, when compared with wines produced by the host nation. The exchange shall:

a. Work with United States wine producers to assist and facilitate the supply and marketing of United States produced wines in package stores outside the United States. Each package store shall separately and/or prominently identify or display United States produced wines.

b. Carry a representative number of American wines in each category and price level that compares with the selection of the host-nation wines.

c. Ensure that the percentage of markup on host-country wines shall be equal to or more than the percentage of markup on American-produced wines.

d. If there is conflict between this policy and a Status of Forces Agreement (SOFA) or other country-to-country agreement, the latter shall prevail.

12. In-House Promotion of Alcoholic Beverage Sales. Coupons, bag stuffers, free samples, or any other media used to promote or advertise the sale or consumption of specific brands of alcoholic beverage are prohibited. Examples include, but are not limited to, cents-off coupons, chit books, courtesy cards, slips, coupon books, and product samples designed to reduce the normal retail sales price charged by package beverage stores as established above. This does not prevent conducting on-premise beverage tasting.

13. Commercial Promotion of Alcoholic Beverage Sales. Exchanges are not authorized to participate in any type of alcoholic beverage promotion sponsored by commercial enterprises that are directed or targeted primarily or exclusively at the military community (uniformed or retired personnel, either on active duty or serving in any category of a Reserve component, and their dependents). Examples of promotions include, but are not limited to, sweepstakes, lucky number events, bottle-top redemption, premiums, discount coupons, or providing sample products. This does not prevent conducting on-premise beverage tasting. Package beverage stores may participate in promotions available to the general public at large.

Chapter 7

Automotive Service Stations

1. General. The operation of an automotive service station and the extent of services provided shall depend upon patron demand. The service station repair department shall not make major repairs such as engine overhaul, transmission repair, valve work, etc. Major automotive repair work may be done only at overseas locations. Fuel, oil, and repair services shall be made available to private vehicles of authorized patrons. The sale of fuel to authorized patrons using a rental vehicle (with a valid rental agreement) or other vehicle, which may display some form of commercial lettering, and is utilized for the authorized patron's own transportation, or for the transportation of the authorized patron and other individuals in a carpool, is authorized. The sale of fuel and motor oil in reasonable quantities for other than automotive usage is authorized.

2. Service Station Standards. Marine Corps service station activities shall use the following standards for planning, measuring, and providing services.

a. Scope. The service stations provide fuel, related merchandise, and repair services to meet customer demand.

b. Hours of Operation. Service stations shall operate a minimum of 50 hours over 7 days.

c. Facilities and Equipment

(1) Remodel. Every 7 years.

(2) Renovation. Every 15 years.

(3) Maintenance and Replacement of Fuel Tanks. Fuel tanks must be in compliance with Federal and State and local regulations.

3. State and Local Fuel Tax Recovery. State tax is not applicable on fuel used in MCCS vehicles and shall be recovered if paid.

4. Separate Accountability Control. Wherever fuel pumps and auto repair shops are operated as a combined unit, separate accountability shall be maintained to determine the efficiency of each operation.

5. Alternative Fuels. Exchanges may sell alternative fuels to the general public in compliance with references (z), (aa) and (ab).

6. Contracted Automotive Repair Services. Auto repair and quick oil change and lube services are convenience services that perform corrective or preventative maintenance on personally owned vehicles. These services will be reported under Services cost center 7747 when provided under contract.

Chapter 8

Military Clothing Sales Stores (MCSS)

1. Scope. In 1981, Congress directed the exchanges to administer the MCSS and the exchanges would receive a Military Clothing Management Fee (MCMF) from appropriated funds to cover operating expenses. The MCSS is operated under the cognizance of the MCCS retail operations. The MCMF is a Marine Corps supply function/responsibility. DC, I&L is responsible for individual uniform clothing policy and provides regulations and guidance on the administration of individual clothing. The Commander, Marine Corps Systems Command (MARCORSYSCOM) is responsible for research, development and acquisition of both individually retained and organizational items of individual field clothing and equipment as directed by CMC. Specific responsibilities are provided in reference (o).
2. Operations. Authorized MCSSs sell/issue military uniforms and accessories procured through the Defense Supply Center, Philadelphia (DSCP) at the price established by DSCP on 1 October each year. Commercial uniforms and accessories may be sold in the same MCSS with DSCP issue-type uniforms when it is advantageous to the patron, the Marine Corps and the command. DSCP and commercial clothing may not be mixed, but should be presented adjacent to each other. Additionally, recovered clothing (RC) may be sold, as authorized by paragraph 6004 of reference (o).
3. Replenishment. Replenishing DSCP uniforms shall be done per the Military Standard Requisitioning and Issue Procedures (MILSTRIP).
4. Marine Corps Stock Fund (MCSF). The MCSF loan to the exchange system is on a money value basis. A Consolidated Memorandum Receipt (CMR) representing the total reconciled value of the original stock fund transfer, as well as subsequent changes, shall be maintained based on annual price change adjustments for each location. If the MCSF exceeds MCSS operating requirements, DC, M&RA (MR) shall reimburse the MCSF and the CMR shall be adjusted. MCSS operating requirements are set forth in reference (o).
5. Inventories. Physical inventories for the MCSS shall be conducted the same as for other resale activities. The 30 September price change inventory shall be used to adjust DSCP sell prices and record inventory increases/decreases.
6. Reconciliation of the MCSF Liability. Reconciliation of MCSF liability shall be completed 31 August each year or whenever a change occurs.
7. Additional Stock Funds. Additional stock fund authority may be obtained if the average inventory is 15 percent or more, below average sales.
8. Management Fee. MCSS accounting procedures for the management fee are contained in reference (q).
9. Other Support. The MCSS shall furnish authorized in-stock uniforms and accessories including medals, ribbons, awards, and insignia for burial of deceased active duty Navy or Marine Corps personnel (officer and enlisted) if

the decedent's uniforms are not available or suitable for burial purposes. MCSS will be reimbursed using the clothing allowance functional account number 72048.

10. Obsolete and Excess Items. DC, I&L (LP) may declare DSCP uniform items obsolete with the concurrence of MARCOMSYSCOM, who shall direct disposal and reduction of the CMR. During periods of extreme item shortages, MCSS shall redistribute assets as directed by MARCOMSYSCOM. Additionally, reference (m) requires that defective or inferior commercial uniforms and accessories be immediately reported to DC, M&RA (MR).

11. Authorized Customers

a. Authority to purchase uniforms and accessories shall be as prescribed in paragraph 5004 of reference (o).

b. Dependents acting as agents for officers, enlisted personnel, and retirees, to the extent they are authorized to purchase and wear uniforms and accessories, may purchase these items from the MCSS upon presentation of proper identification.

c. The commander shall establish procedures to ensure that only eligible persons purchase items of uniform clothing and accessories.

12. Mail Order Sales

a. DSCP. Mail order sales of DSCP uniforms shall be conducted by the MCSS at Camp Lejeune and Camp Pendleton based on unit orders (NAVMC 00604 (R11-02)) in support of supplemental issues and the Reserves. Nationally recognized credit cards may be used to pay for mail orders. DSCP uniforms can also be ordered through the Navy Uniform Support Center by calling 1-800-368-4088 or online at www.nexnet.nexweb.org.

b. Commercial

(1) Mail order sales of Marine Corps uniforms and accessories (including officers' calling cards) are authorized when approved by the activity commander.

(2) Mail orders for uniforms and accessories received by any command that does not sell those items should be referred to the nearest Marine Corps command that does.

(3) Mail order sales of Marine Corps uniforms and accessories may be made only to personnel of the United States Marine Corps, United States Navy attached to Marine units, Marine Corps Reserve and retired Marines, and shall be limited to those items which the patron is authorized to wear or use.

(4) Mail order sales of Marine Corps uniforms and accessories may be conducted on a cash-with-the-order, approved credit cards or deferred payment basis, as approved by the commander. Shipping and handling costs shall be borne by the patron.

13. Stock Levels and Pricing. The MCSS manager shall maintain the stock level and stock assortment, based on demand using MILSTRIP procedures. Sell prices for DSCP uniforms and accessories are prescribed by DSCP.

14. Alterations. DSCP uniforms, including recovered clothing, shall be altered for enlisted personnel at the time of sale/issue at no cost to the Marine. Gratuitous alteration costs shall not exceed 50 percent of the unit price of the item. DSCP clothing altered at government expense and unclaimed for 120 days shall be returned to stock. Unserviceable clothing, due to alterations, shall be disposed of by normal survey procedures. Alterations of commercially purchased uniforms are the responsibility of the individual.

15. Customer Refunds. Cash refunds may be made for DSCP new and unused clothing, which may be returned to stock. Refunds shall be accompanied by a receipt and shall not be made for used clothing, or clothing that has been altered. See chapter 3, paragraph 10 of this Order for additional refund guidelines.

16. Repairs and Replacements

a. Replacing the initial Government furnished property and equipment shall be the responsibility of the MCSS. APF shall be used to the maximum extent possible. Paragraph 5005 of reference (o) provides detailed information.

b. Replacement for catastrophic loss of military stock fund clothing and accessories, store equipment, fixtures, or facilities provided through APF, which are attributed to acts of God, such as flood, tornado, fire, severe weather, or other causes, will be made from Appropriated Funds (APF) upon approval of DC, M&RA (MR).

17. Disposition of Obsolete Uniforms. In the event any stock item of commercially procured Marine Corps uniform or uniform accessory becomes obsolete by order of the DC, I&L (LP), the item shall be removed from sale immediately and a claim for a reimbursement submitted to DC, M&RA (MR).

18. Uniforms and Uniform Accessories

a. Items of Marine Corps uniform clothing and accessories may not be stocked and sold unless the items are approved and authorized by the DC, I&L (LP), except those items specifically excluded from approval by reference (1).

b. A separate listing (with sources and approval numbers indicated) of those approved items which may be procured outside the Marine Corps Supply System and sold in retail outlets is maintained by MARCORSSYSCOM.

19. Other Regulations. Additional amplifying information and guidance may be found in figure 8-1.

Regulations applicable to management and information necessary for successful operation of the MCSS are defined in the following directives:

1. DOD 4000.25-1-M, "Military Standard Requisitioning and Issue Procedures (MILSTRIP) Order", April 28, 2004
2. DOD 4000.25-2-M, "Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP) Order", September 2001
3. DOD 4000.25-7-M, "Military Standard Billing System (MILSBILLS) Order", March 31, 2004
4. MCBul 10120, Fiscal Year (FY) Individual Clothing Allowances
5. MCO P1020.34G w/CH1-4, "Marine Corps Uniform Regulations", 31 Mar 03
6. MCO 4400.16G w/CH1-3, "Uniform Material Movement and Issue Priority System", 19 Jun 85
7. MCO 4400.137A, "Special Measurement Clothing and Footwear, Orthopedic Footwear, Guidons, Streamers, and Flags", 21 Mar 89
8. MCO P4400.150E w/Erratum CH 1-2, "Consumer-Level Supply Policy Order", 21 Jun 99
9. MCO P4400.151B w/CH 1, "Intermediate-Level Supply Policy Management Order", 9 Jul 92
10. MCO 4430.3, "Reporting of Item and Packaging Discrepancies", 9 Jul 92
11. MCO P4610.19, "Reporting of Transportation Discrepancies in Shipments", 30 September 1992
12. MCO 4855.10B, "Product Quality Deficiency Report (PQDR)", 26 Jan 93
13. DOD 7000.14-R, DOD Financial Management Regulations
14. MCO P10120.28G, "Individual Clothing Regulations", 8 July 05
15. TM 10120-15/1 Technical Order for Uniform Fitting and Alteration
16. MCO 10120.31F Introduction of New Clothing and Textile (C&T) Items into the Department of Defense (DOD) Supply System, 2 May 89

Figure 8-1.--Additional MCSS Information and Guidance

Chapter 9

Shipping & Receiving of Retail Merchandise

1. Shipping Policy. The Centralized Buying Office (CBO) shall instruct vendors/shippers to utilize the DC, M&RA (MR) centrally contracted freight company for routing instructions prior to the shipping of resale merchandise.

2. Shipping Noncompliance Fee. All vendors/shippers shall comply with all written shipping instructions. Any vendor/shipper that does not comply shall be charged a \$200 noncompliance-processing fee by the CBO in addition to freight charges over and above the freight charges that would have been incurred if routed in accordance with the MCX freight routing guidelines.

3. Receiving

a. Exchanges are required to follow receiving procedures in support of the merchandising system. All receipts must have proper documentation. Receiving may be at the store, warehouse or an alternate site.

b. Exchanges shall ensure the following minimum-security measures and controls are in place at the warehouse.

(1) Rollup doors remain secured when not receiving merchandise.

(2) Locally determined high ticket merchandise and tobacco are secured in locked cages.

(3) At a minimum a Closed Circuit Television (CCTV) or electronic surveillance camera, with continuous recording, shall be mounted to monitor the receiving areas, docks, open fenced areas, and container storage. Recording tapes or surveillance footage shall be maintained per reference (v) SSIC 1630.5.

(4) Item scanning equipment is secured at the end of each shift.

(5) Keys to the warehouse and lock-ups are logged and maintained by the Warehouse Manager.

(6) All deliveries leaving the warehouse are sealed and logged, then verified at the receiving facility.

c. The MOE for store receiving is to receive merchandise within three days of delivery. Merchandise that will have a shelf label (gondola merchandise) or signed (towel wall) should not be ticketed for efficiency.

4. Inspections. Contracts for merchandise, equipment, and supplies shall contain a clause giving the MCX the right to inspect and accept or reject items in order to ensure that the MCX receives exactly what it purchased.

5. Defects. Defects in the product can constitute grounds for rejection of the item. Patent defects, such as items damaged in shipment or items with parts clearly missing, are generally evident upon the initial inspection. Latent defects are not often evident upon first visual inspection and may not be noted until after the item has been accepted and paid for. Since latent defects occur more often with equipment than with ordinary merchandise or supplies, all equipment ordered should be put through a test run upon receipt to ensure that it works as it is expected to. A full inspection shall be accomplished promptly in order to ensure that any defects are reported to the

contractor within a reasonable period of time. A prompt inspection should also reveal concealed shortages or damage that was not evident upon initial receipt. Any shortages, defects or damage noted shall be reported to the buyer and third party freight contractor immediately to allow timely corrective action.

6. Nonconforming Items. Nonconforming items are not necessarily defective. For example, brown socks are ordered, but blue socks are delivered. Acceptance of nonconforming items is discouraged but not prohibited, and the buyer is responsible for their acceptance or rejection. At the discretion of the buyer, a \$200 non-compliance fee for deviations from the purchase order may be charged.

7. Acceptance. Once items have been accepted, the acceptance is considered final (unless otherwise provided in the contract) except for latent defects, fraud, or gross mistakes amounting to fraud. If MCX intends to void an acceptance because of a latent defect, it shall prove that the defect exists, existed at the time of acceptance, and was not evident at the time of acceptance. MCX activities shall consult with the regional MCCA Counsel prior to accusing a contractor of fraud.

8. Warranties. The kinds of defects covered under a warranty depend upon the warranty clause. The defects covered in the typical warranty clause are those of defects in material and workmanship. If the defect discovered is covered under the warranty, it does not matter whether it is called a patent or a latent defect, since the contractor has warranted the items to be free from defects and is liable for their correction or replacement. The contractor is liable under the warranty clause for only the defects covered by the warranty.

9. Return of Goods to Vendors. Return of goods to vendors shall be coordinated with buyers for appropriate disposition with proper documentation, and processed in accordance with merchandise system requirements.

10. Preservation of Stock. The inventory management accounting method of "first in, first out" will be followed for all stock, especially in the case of perishable items.

11. Shipment Refusal. Refusing shipments due to damage of some or all of the freight or items "free astray" (items were received and signed for by the carrier at origin, but some of the freight was separated from the rest of the shipment) can lead to increased freight costs, additional charges for storage, reconsignment and accessorial charges, partial payments to vendors and potential credit hold situations. Exchanges are to accept the shipment from the carrier and then file a claim for the damaged or missing merchandise.

Chapter 10

Services Operations Policy

1. General. Services operations primary purpose is to perform an identifiable task rather than furnish an end item of supply. Services operations may sell ancillary products similar to those sold in commercial firms, if such items are authorized for exchange resale.

a. MCCS Services operations include barber and beauty shops, vending, optical shops, laundry, dry cleaning and tailoring, auto and truck rental, video rental and various other patron services. They must be located in high traffic areas to support customers and to be profitable. Figure 10-1 contains a list of authorized Services operations.

b. The quality of service provided to MCCS patrons will be comparable to the highest standards available in the commercial sector. The MCCS Director, or their designated representative, will ensure that such standards are maintained.

c. Services operations are revenue-generating activities and will be priced to achieve at an operating profit goal of a minimum of 15 percent of sales.

2. Services Operations Requiring DC, M&RA (MR) Authorization

a. Unofficial Personal Telecommunications Services. Personal telecommunications services (PTS) encompass a significant number of services that include voice, wireless, video, and data (both wired and wireless) services. PTS are provided to patrons through concessionaire license agreements. The current central license agreement is managed by DC, M&RA (MR) as an umbrella agreement covering various telecommunications services. DC, M&RA (MR) approval must be granted prior to Commands offering these services outside of the PTS License Agreements.

b. Pharmacies and Medical Concessions. Pharmacies and medical services such as optometry, dental clinics, and audiology services may be offered to supplement local medical services. Congressional approval must be granted prior to offering these services through MCCS.

c. Mini-Storage. Mini-storage facilities may be offered to the patron for storage. Congressional approval is required prior to offering this service.

3. Direct vs. Indirect Operations. Services may be provided as direct or as indirect (contract) operations. Paragraph 2004 of reference (a) provides additional information on direct and indirect operations. Technical, operational and contracting assistance regarding direct and indirect operations are available from DC, M&RA (MR).

a. Under a direct operation, the service is managed by MCCS; the individuals performing the services are MCCS employees; and all support requirements (equipment, accounting, purchase of resale items, etc) are provided by MCCS.

b. Under an indirect operation, all or a portion of the service is contracted to a commercial firm. Reference (n) provides information on contracting policies and procedures for indirect service operations. MCCS Services managers should consult with their local Contracting Officer and the regional MCCS Counsel for any questions they have regarding contracted operations.

4. Concession Contracts

a. Concession contracts grant a concessionaire the right to provide a specific service or to sell a particular type of item in a designated location for a specific period of time. The actual work may be done inside the MCCS facility or outside the military installation, or a combination of the two.

b. In concession contracts the contractor (concessionaire) pays a fee to MCCS. Concession contracts shall be awarded in terms of a percentage of gross proceeds, unless a flat fee is more advantageous. A percentage of gross sales commission is preferable except in the case of low dollar volume, where a flat fee is more advantageous, or in a case where the service is required, but no one provides an offer, and a contract is awarded based on negotiations with an interested party. Concession contracts are usually awarded for a minimum of one year, and are generally subject to the Service Contract Act.

5. Vending Contracts. Vending contracts are similar to concession contracts in that they also generate revenue and are subject to the Service Contract Act, although many large vending firms have Collective Bargaining Agreements in place.

a. Under a standard Vending Contract for food and beverage items, the concessionaire owns the vending machines, owns the product in the machine and services the machine. A vending contract can also be for an MCCS owned machine, and the competition is for the product cost and or servicing the machines. The prices of the items vended are determined by MCCS, and are not a factor in negotiations with the contractor. The contractor may be required to restock the vending machines, or deliver the product to a central MCCS location where it is restocked by MCCS personnel.

b. Under a Vending Machine Rental and Service contract, MCCS rents machines, purchases restocking services, and buys a product from the contractor. MCCS sets the prices of the items vended. Competition is on the product cost and machine rental and service charge.

c. The Personal and Family Readiness Division (DC, M&RA (MR)) has standard formats for simple vending solicitations and contracts that may be used by Marine Reserve units. The sample formats include instructions to help simplify negotiations and award. Warranted personnel at the Reserve unit should solicit and award contracts to local or regional vending contractors. Direct questions or requests for a non-appropriated fund MCCS Contracting Officer warrant to DC, M&RA (MR).

d. Contracts for video and arcade games, as well as "kiddie rides", are usually similar to Vending Machine Rental and Service contracts (unless the machine is owned by MCCS). Contracts for rented machines will specify the frequency of machine rotation.

6. Agency Contracts

a. In an agency contract, M CCS acts for or represents the contractor in a transaction with the customer. The contractor is the principal, and M CCS is the agent. M CCS accepts patron orders for services or items on behalf of the contractor who then fills the order. In some cases, M CCS may rent the contractor's items to the patron. In both cases, the M CCS accepts payment from the patron. M CCS liability is limited to that of an agent. M CCS shall not contract to perform any obligations of the principal. M CCS sends monies and taxes collected minus commission to the contractor.

b. The commission to M CCS will be competed in agency contracts. Agency contracts are considered an indirect operation for M CCS reporting purposes.

7. Short Term Commodity Sales Concessions. This is a noncompetitive concession contract for the display and sale of merchandise from temporarily assigned space. It is primarily used for the sale of handicraft items and other merchandise customarily sold at craft fairs or in conjunction with promotional programs at commercial shopping centers and malls. These concessions generally operate for 15 days or less; however, the contract may be negotiated for intermittent or regularly scheduled periods during a one-year period. Item restrictions and cost price limitations applicable to M CCS retail facilities apply to commodity concessions.

8. Concession Contract Requirements. In addition to the contract requirements listed in reference (n), clauses concerning the following, regardless of the service under contract, are required:

a. Identify the commission as a percentage of total sales or a fixed amount, as appropriate, and the method and time of payment.

b. Require the concessionaire to conspicuously post a price list for all goods or services available. The concessionaire must adhere to the prices specified.

c. Require the concessionaire to furnish cash registers or similar business machines and pre-numbered sales slips approved by the activity manager, or that the concessionaire use equipment and sale slips furnished by the M CCS.

d. Require the concessionaire to keep complete and accurate records of all transactions and to ring all sales in the customer's view. Records of transactions shall be maintained per reference (v) SSIC 4069.3 or 3b as appropriate.

e. Identify reports that the concessionaire must provide to the M CCS.

f. Require the concessionaire to safeguard all assets in his or her possession in which the M CCS or the Government has an interest.

g. Require the concessionaire to certify the integrity of his or her financial records and reports. All records and reports shall be maintained per reference (v).

h. Provide M CCS the authority to audit or inspect (or to have audited or inspected) the records, premises, and operations of the concessionaire for the purpose of ensuring contract compliance.

i. Require separate physical inventories to be taken of all MCCS and Government owned equipment at the time that the concessionaire occupies the premises and annually thereafter, and on the final day of contract performance. Inventories shall be maintained per reference (v) SSIC 4066.5.

j. Provide notice of veterinary inspection when food products are sold in the activity.

k. The concessionaire will honor the patron "Satisfaction Guarantee" policy of the Exchange.

9. Claims by Patrons

a. The Marine Corps policy of "Satisfaction Guaranteed" applies to goods and services purchased from concession, vending, and agency contractors, as well as short-term commodity concessionaires. All contracts will specify the refund and warranty policy, and require compliance by the contractor.

b. The Services Director/Manager is required to act on behalf of authorized patrons in the settlement of claims with contractors. An MCCS patron shall not be required or directed to deal solely with the contractor providing the service for settlement of a bona fide claim. Services operations personnel shall make every effort to expeditiously and completely satisfy all reasonable claims.

c. If a product sold through a direct or indirect operation is recalled, the facility manager/contractor will notify the Services Manager/Director or MCCS contracting officer for corrective action. See chapter 2, paragraph 16 of this Order for additional guidance.

10. Barbers and Beauticians

a. Individuals providing barber or beauty services in the United States must possess a valid and current State barber, cosmetology, or beautician license from one of the 50 States or the District of Columbia.

b. This licensing requirement is waived for any present employees, including employees of a successor concessionaire, provided there is no break in service of over 90 days and such employment was in the 50 United States or the District of Columbia and complies with the contract in effect at the time employment began.

c. All licenses will be kept current and maintained on file by the concession/activity manager, and will be readily available for inspection.

d. Overseas installations should set minimum requirements for the licensing or certification of barbers' and beauticians' qualifications.

e. In areas where there is a shortage of licensed barbers, activities may establish a training program to train licensed beauticians to cut men's hair. The program must be monitored and the trainees closely supervised during this period of training. A local certificate may be issued to the individual upon satisfactory completion of the training and may be used in lieu of the State license at the activity.

11. Employee Uniforms. Uniforms for barbers and beauticians shall be worn while working. Suitable uniforms may be worn by customer service personnel

in vending and other service activities when prescribed by management. For direct operations, the uniforms shall be MCCS owned or rented and shall be laundered at the expense of the operation. A sufficient number of uniforms shall be available to provide employees with clean uniforms at all times. Normally, three changes a week per employee are required, depending on the type of work performed.

12. Sanitation. Reference (s) provides the minimum requirements for sanitation for barber and beauty shops aboard Navy and Marine Corps installations. Each barber and beauty shop must post a copy of section II of reference (r) in a conspicuous place. Operators are expected to read, understand, and comply with these requirements.

13. Disposition of Unclaimed Finished Work

a. Attempts to locate owners of unclaimed articles shall be initiated 60 days after the date on which the articles were received by a service facility. If the address of the owner is known, the owner shall be advised that such property shall be disposed of by sale 120 days from the day of receipt of the work. Any relocated person requesting that unclaimed work be forwarded to him shall be advised of the amount of charges due plus postage and insurance fees. When payment in the correct amount is received, the unclaimed work shall be forwarded via insured parcel post.

b. Ninety-days after the receipt of the work, a list of owners who have not yet redeemed their property shall be posted conspicuously in the appropriate service activity.

c. One hundred and twenty days after the receipt of the work, all unclaimed articles should be disposed of by sale. Personal items such as photographs (developed rolls of film), used underclothing or footwear at laundry, dry cleaning and repair facilities, etc., shall be disposed of by survey. Items not disposed of during the sale may be held over for the next sale or disposed of by survey if it is apparent that they are not saleable.

d. Individually-owned property of authorized patrons abandoned with a concessionaire shall be disposed of by the concessionaire according to the applicable provisions of the laws of the State in which the activity is located. The concessionaire shall make diligent efforts to locate the present whereabouts of the owner of such property before taking steps to dispose of such property.

e. When installation personnel are required to perform missions which necessitate their departure for indefinite periods of time or when there is prior knowledge of their return, these disposition procedures may be waived.

f. A record of all pertinent information regarding the disposal of unclaimed work shall be maintained per reference (v) SSIC 4066.4.

g. Prior to sale of unclaimed uniform clothing, the name shall be removed/obliterated from the uniform.

14. Vending Sales. All vending machines, to include product, music, amusement (excluding slot machines), rides and redemption machines, operated either directly by the MCCS or under contract shall be reported in the appropriate vending (7000 series) cost center. All vending machines will be

equipped with bill validators, or be located in a bank of vending machines with a change machine. All vending machines must be capable of accepting and dispensing dollar coins and must post signs indicating that they do so.

15. Vending Safety. All cold drink vending machines (regardless of weight) and all multi-line vending machines having an empty weight in excess of 700 pounds shall be firmly anchored or secured to the floor or wall at the time of installation. An industry standard mounting bracket shall be used to prevent vending machine tipovers due to misuse and abuse. All vending machines shall have a safety label warning of the hazards of tipping or rocking. The warning label shall be displayed near the coin slot.

16. Vending Energy Conservation. Marine Corps Installation Strategic Plans identify energy reduction goals as important strategies for cost effective support of training and mission execution. The primary goal is to reduce energy consumption by 20 percent by 2016 from a 2003 baseline.

a. Direct Operations. Ensure all cold drink vending machines meet the Energy Star specifications for energy efficiency or be equipped with an energy conservation device such as USA Technologies VendingMizer prior to 2016.

b. Indirect Operations. Ensure all cold drink vending contracts include contracting language that requires the successful offeror to provide vending machines meeting the Energy Star specifications for energy efficiency or that are equipped with an energy conservation device such as USA Technologies VendingMizer.

c. Additional information on the Energy Star program is available from <http://www.energystar.gov/>.

17. Cigarette Vending. The sale of tobacco products in vending machines is prohibited by Navy and Marine Corps tobacco policy contained in eference (k).

18. Malt Beverage Vending. Installation commanders are authorized to permit the sale of malt beverages at bachelor officers' and staff noncommissioned officers' quarters for on-premises consumption through vending machines which are under constant supervision to ensure the purchaser meets the required drinking age. See reference (j) for additional information on alcoholic beverage control.

19. Contract Audits. The Services Manager will conduct periodic validation of the sales and commission reports submitted by each indirect contractor. These reports provide the basis on which the MCCS commission is calculated and paid. The goal of these audits is to ensure the accurate gathering, reporting, and calculation of sales and commission payments. While these audits should be conducted randomly, each contractor should be audited a minimum of once every twenty-four months.

a. Contractors shall be notified in writing two weeks in advance of conducting the audit and the specific accounting period to be audited shall be included in this notification.

b. Contractors are asked to provide commission reports, daily sales reports, register or computer detail reports, vending meter readings or route printout reports, and any other documentation used to support the sales and commission amount submitted to the MCCS for the period subject to the audit.

c. Audits can be time consuming, with the largest issue being the familiarity with the information being provided. Interviews with the contractor may be required to fully understand some business practices.

d. Audit findings should be discussed with the contractor prior to finalizing and documenting the audit.

e. Audit findings are reported to your Financial Management Branch with copies sent to your Contracting Office for the contractor's file.

f. Satisfactory findings close the audit. Unsatisfactory findings will result in additional attention, which may include a "Cure or Show Cause" letter being issued by the Contracting Officer to ensure contract compliance.

20. Designation of Contracting Officer's Representative. To aid in the contract administration function, especially where contract performance is remote from the contracting officer's location or program expertise is required, the Contracting Officer may appoint a Contracting Officer's Representative (COR).

a. CORs are primarily liaisons between the contractor and the contracting officer on technical matters relating to the contract. CORs have no authority other than that which has been delegated to them by the Contracting Officer.

b. The COR will be selected by the head of the requiring activity, and is usually an individual involved in developing the solicitation specifications, and may have participated in the contract evaluation process.

c. A COR appointment will be made in writing and designated by name and title of position. When it is necessary to change the terms of the appointment, it will be done in an amendment to the appointment or by the issuance of a new appointment. The COR will certify acknowledgement of the appointment letter to indicate an understanding and acceptance of the COR duties and responsibilities.

d. A COR is not delegated authority to make any commitments or changes that affect price, quality, quantity, delivery or other terms and conditions of the contract and may not award a contract or agree to or issue a change to a contract. A Contracting Officer may authorize a COR to make minor changes, not involving the above items, and to resolve problems as long as such authorizations are not prohibited by the contract. The COR will refer contract interpretation questions to the Contracting Officer.

e. Upon designating a COR, the contracting officer will provide the COR with a complete copy of the contract, the appointment letter, and any other relevant materials. The contracting officer and COR should jointly develop a contractor surveillance plan to ensure the contractor's performance conforms to contract requirements, is periodically evaluated based on contract criteria, and shortcomings are dealt with expeditiously. The surveillance plan may include such items as timeliness, cleanliness, courtesy to patrons, etc, as required by the contract.

f. COR duties and responsibilities may not be transferred or re-delegated to another, unless designated by the Contracting Officer.

Art and Frame Shops	New Car/Motorcycle Sales ²
Barber Shops	Optical Shops
Beauty Shops	Personal Telecommunication Services ¹
Cable/Satellite Television	Photo Studios
Car Rental	Plastic Laminating
Car Wash	Recruit Services:
Contracted Auto Services	Class Photos and Videos
Electronic Funds Transfer	Class Books
Electronics Repair	Class Rings
Engraving	Shoe Repair Services
Equipment Rental	Shoe Shine Services
Film Processing	Tailor Shops
Flower Shops	Taxi and Bus Service
Flowers by Wire	Truck & Trailer Rental
Gift Wrapping	Vending
Hunting & Fishing License	Amusement
Imprinting	Music
Income Tax Preparation	Product
Key Duplication	Video Rental
Laundry and Dry Cleaning	Watch and Jewelry Repair
Laundromats	
Mail Center	
Medical and Dental Concessions (including Pharmacies) ¹	
Mini-Storage Facilities ¹	
Money Orders/Travelers Checks	

Figure 10-1.--Authorized Service Businesses

¹ Require DC, M&RA (MR) approval

² Overseas only

Chapter 11

Food and Beverage Policy

1. General. The Marine Corps food and beverage activities are established to promote the well being, morale, camaraderie, and wholesome use of leisure time for Marines, their families, and other eligible patrons. They are the primary source of resale food and beverage service for personnel on Marine Corps installations. They are revenue generating Category C MWR activities.

a. Clubs will support Marine Corps missions by providing:

(1) Gathering places of Marines to promote socialization, mentorship, camaraderie, unit-cohesion, personal and family readiness, retention, and improved quality of life for Marines and their families, retirees, civilian Marines, and other eligible patrons.

(2) Facilities for mission support and professional military education (PME) events. Mission support services provided to the Marine Corps institution will not be borne by NAF. Installation commanders are charged with tracking mission support costs and reimbursing them with APF (other than food and beverage). Mission support events include, but are not limited to: PMEs, safety stand-downs, pre-deployment briefs, family readiness activities, community relations meetings, etc.

(3) Customer driven food, beverage, catering, and entertainment services.

b. Club Configuration

(1) Clubs may operate under many different configurations. The number and types of clubs, patronage, hours of operation, and the mix of services provided may differ at each installation and are driven by the needs of the Marine Corps institution, location, demographics, and customer demand balanced with financial fiduciary responsibility. Each installation should periodically assess their club program. Focus will be to validate existing club operations and initiate action to update as required.

(2) When an area of a current club facility is re-designated to a Category A, mission sustaining or Category B community support facility, its designation in the installation's facility records must be changed to reflect the conversion.

2. Food and Beverage Operations

a. Operations shall reflect professional, quality service, and offer food and beverage programs that meet the desires of the patrons, and are in line with Marine Corps guidance with regard to alcohol deglamorization. Operations shall serve quality products and be competitive with operations in the civilian sector. Menu items shall be current, offer variety, and include health-conscious alternatives to standard items. Programs shall be in keeping with current trends and meet patrons' needs. Service shall be professional and function smoothly and efficiently.

b. No authorized patron shall receive special prices or privileges not available to other patrons. This does not prohibit tailoring unique promotions to major target groups (families, single personnel, retirees,

etc.) as a means of increasing participation. Special prices and privileges shall not be given to functions designated as "Commander Sponsored."

3. Food and Beverage Standards. Food and beverage standards have been developed to establish a common basis for planning, measuring, and providing services. The standards are designed to provide a minimum level of expectations at each installation throughout the Marine Corps. The standards are measurable, commonly used in the commercial food and beverage industry, and readily available. They have been adjusted for military application. If a food activity is operated as a licensee of a branded concept, the activity will adhere to the franchise standards. The standards are divided into categories as follows:

a. Scope. Each installation shall have conveniently located food activities that can adequately provide food service. The hours and days of the operations are established in accordance to the needs of the local installation.

b. Facilities and Equipment

(1) Renovation. Develop a long-range improvement plan for facility renovations and replacement of furniture and equipment. Facilities should be renovated or refreshed at least every seven years.

(2) Sanitation Compliance Scores. Each activity must not have more than three critical findings on a sanitation inspection report as contained in reference (t).

(3) Equipment. Preventative maintenance for all kitchen equipment and regular repair of furniture and fixtures is required. Equipment is replaced as needed when it is no longer cost effective to repair.

c. Human Resources

(1) Staffing. Each Food and Beverage location needs to evaluate its areas of service, services style, and hours of operation to determine the most effective staffing model to reach the appropriate labor cost percentage.

(2) Training. In addition to skill specific training, all employees are required to have customer service and current sanitation and/or alcohol responsibility training depending on their position. All employees should attend MCCS sponsored courses appropriate to their position.

d. Financial

(1) Food and Beverage Net Operating Profit. The standard for net income before depreciation is five percent of total food service activities' sales.

(2) Full Service Activities Food Cost Percentage. Full service activities shall maintain a food cost percentage between 37 percent and 42 percent.

(3) Full Service Activities Beverage Cost Percentage. Full service activities shall maintain a beverage cost percentage between 25 percent and 30 percent.

(4) Full Service Activities Food Labor Cost Percentage. Full service activities shall maintain a food labor cost percentage between 40 percent and 45 percent of sales including benefits. The installation commander can waive this standard for clubs when the determination is made that they are a requirement for mission support, yet the demographics are not sufficient to adequately support operations.

(5) Full Service Activities Beverage Labor Cost Percentage. Full service activities shall maintain a beverage labor cost percentage between 25 percent and 30 percent of sales. This percentage may be adjusted per 3.d.(4) above.

(6) Full Service Activities Prime Cost Percentage. Full service activities shall maintain a prime cost percentage of less than 77 percent. This is the combination of food and labor costs percentages. This percentage may be adjusted per 3.4.(4) above.

(7) Limited Service Activities Food Cost Percentage. Limited service activities shall maintain a food cost percentage between 30 percent and 35 percent.

(8) Limited Service Activities Food Labor Cost Percentage. Limited service activities shall maintain a food labor cost percentage between 30 percent and 35 percent of sales. This percentage may be adjusted per 3.d.(4) above.

(9) Limited Service Activities Prime Cost Percentage. Limited service activities shall maintain a prime cost percentage of less than 65 percent. This percentage may be adjusted per 3.d.(4) above.

e. Customer Satisfaction. All activities shall maintain a high level of customer satisfaction by:

(1) Customer Feedback. Each activity shall insure a mechanism exists and is readily available for patrons to provide feedback.

(2) Customer Satisfaction Index (CSI) and Associate Satisfaction Index (ASI). MCCS conducts customer and associate surveys by installation that result in customer and associate satisfaction indexes. Food and beverage activities will develop and implement action plans to correct deficiencies revealed by the surveys. Activities will strive continuously to improve their CSI and ASI ratings.

4. Measures of Effectiveness

a. Food and beverage programs will be supported by a well trained, empowered workforce; well maintained facilities; a marketing program which identifies customers' needs and tailors promotions to these needs; and standards of operation which achieve a high level of customer satisfaction. Food and beverage services will be designed with quality, financial, and customer service goals in mind.

b. A method to measure effectiveness will be established to evaluate program performance. Installation commanders will determine the desired criteria used to measure their program. The following are examples of criteria that might be used to measure program success:

- (1) Mission support functions (number of mission support functions and attendees).
- (2) Percentage of eligible expenses to APF reimbursement.
- (3) Program participation (patron counts by service area to include catering and special events).
- (4) Employee training and turnover.
- (5) Customer satisfaction (regular comments cards, surveys, focus groups with management interaction, and biennial ASI/CSI survey results).
- (6) Cost of labor.
- (7) Cost of goods sold.
- (8) Overhead expenses as a percentage of sales.
- (9) Net profit as a percentage of sales.
- (10) Sanitation reports.

5. Club Membership and Patronage Eligibility

- a. All officer and enlisted personnel, active duty, retired, and reserve, are members of the respective clubs based on their rank. Civilian Marines are members based on their civilian grade.
- b. Honorary membership may be extended to individuals deemed appropriate by the commander.
- c. Adult family members of regular and honorary members shall be afforded the same patron privileges as their sponsors.
- d. Dues will not be charged in clubs. In-house credit systems will not be established. Commercial credit cards (American Express, Visa, Master Card, Discover) will be accepted for the payment of goods and services.
- e. Reciprocal patron privileges shall be extended to adult family members of Marine Corps and other Services personnel who are in a unit deployment status. Persons on temporary duty to the installation may use the appropriate club facilities.
- f. If appropriate grade clubs are not in operation, civilian personnel assigned to, or employed on, the installation may use an available club facility for lunch, even though they are not club members.

6. Advisory Councils. The installation commander may establish club advisory councils and publish club constitution and by-laws conforming to this Order and other pertinent regulations.

7. Group Meetings and Social Functions

- a. Food and beverage facilities may be used by civic groups or other associations as determined by the commander. Reference (a) provides further details.

b. A room rental fee will be charged for group meetings and social functions when food and beverage is not served or food and beverage minimums are not met. This includes mission support events, command sponsored training, meetings, and social functions.

8. Catering Service

a. Food and beverage activities may cater parties, offering food, nonalcoholic and alcoholic beverages (other than packaged alcoholic beverages) to authorized patrons on the installation. The catering or delivery of any service off base is prohibited.

b. Pre-priced catering contracts, signed by an activity representative and authorized host, shall be executed for all private parties and mission support events.

(1) The pre-priced catering contract will indicate method of payment and the event host will be responsible to assure payment obligations are met.

(2) The contract for mission support events will be used as a record of the event and to document the costs for reimbursement, as appropriate And shall be maintained per reference (v) SSIC 7010.1.

c. A service charge may be added to the cost of the catering event and will be included on the contract. The activity may retain all, a portion, or none of the service charge and distribute the remainder to staff working the event. The amount and distribution of the service charge will be determined locally.

d. Catering contract forms may be obtained from DC, M&RA (MR). All contracts must be pre-numbered and used in numerical sequence. A log showing each contract number, the activity the contracts are issued to, and the signature of the person receiving the contracts shall be maintained. The pre-numbered contracts shall be issued in consecutive blocks and the completed contracts checked against the issue. Activities may use computer-generated contracts that automatically provide individual contract numbers.

9. Entertainment

a. Discretion, modesty, and good taste must be used in the selection of all entertainment produced or contracted by management for all authorized patrons, to include private parties. Entertainment should never be offensive or cause embarrassment to the patron or command. A service fee for special entertainment may be charged.

b. Contracts for entertainment services will be issued by the MCCS contracting officer or purchasing agent. Based on the type of contract requested, entertainers may be scheduled for recurring dates or as a one-time event.

10. Bingo

a. Bingo is authorized in business operations activities in the United States, its territories, and possessions. Bingo operations must conform to State and local laws, unless played on an installation under exclusive Federal jurisdiction. In overseas areas, international agreements apply.

b. Games will be conducted as recreational in nature, not as lotteries or gambling events.

c. Participation in bingo games shall be limited to authorized patrons and their bona fide guests. On-duty employees of the activity and their immediate families shall not take part in bingo games or accept prizes awarded at the event. This also applies to volunteers serving as bingo callers and monitors.

d. Bingo will be self-supporting, operating on at least a breakeven basis. Bingo prizes may be cash or merchandise. Merchandise may be obtained through commercial sponsorship from commercial vendors under a formal agreement.

e. Receipts from bingo card sales will be controlled using a register along with a Retail Accountability Worksheet. All bingo cards (regular, throw-away, or punch-out) and card machines will be pre-numbered. Hard cards will be date stamped. At the end of the bingo program, the cashier will reconcile unused bingo cards, card machines, and Retail Accountability Worksheet. A manager will reconcile cash receipts and the Retail Accountability Worksheet to the register.

f. An Internal Revenue form W-2G shall be prepared for any player who wins \$1,200 or more in cash, merchandise, or a combination thereof in a single bingo game. Winnings over several games need not be aggregated for this purpose.

g. Routine announcements on bingo may be published in installation newspaper solely to keep the membership informed.

h. Commanders may permit private organizations to conduct one bingo game per evening of regularly scheduled bingo. The private organization will operate the entire game to include selling the cards, collecting money, and awarding prizes.

11. Monte Carlo (Las Vegas) and Poker/Texas Hold 'Em Events. Monte Carlo and poker games may be played in Marine Corps food and hospitality activities. In the United States, its territories, and possessions, these events must conform to State and local laws unless played on an installation under exclusive Federal jurisdiction. In overseas areas, international agreements apply.

a. The events are scheduled and played exclusively for patron entertainment and do not provide monetary gain in the form of legal tender. This does not preclude the award of prizes (non-monetary). Only play money, tickets, chits or chips shall be used as "money" in the games. The use of legal currency is prohibited. Once a patron purchases the necessary playing instrument for use to participate in the games, no reimbursement for unused instruments will be made.

b. Employees of the activity and their families shall not take part in games or accept prizes awarded at the event. This also applies to volunteers.

c. Only authorized patrons and their guests shall be allowed to play Monte Carlo and poker games.

d. Instruments (play money, tickets, chits or chips) can be obtained through the purchase of food or beverage sales; however, prices for items sold shall not be increased over regular prices.

12. Gaming Devices

a. Authority. The operation of gaming devices on United States Government property or within the territorial jurisdiction of the United States is prohibited by law per reference (ac) of this Order. Gaming devices are authorized at overseas activities where not in violation of United States laws, status of forces agreements, or local laws. Gaming devices may be operated only when specifically approved by the DC, M&RA (MR).

b. Purchase

(1) Purchases of gaming devices are restricted to United States manufacturers and require approval by the DC, M&RA (MR).

(2) Installment purchased, rented, leased, or concessionaire owned gaming devices are not authorized. Offers of a new model machine for trial purposes require prior approval from the DC, M&RA (MR). Unless authorized by the DC, M&RA (MR), maintenance contracts with private firms are prohibited.

(3) Electronic parts, other than chips, may be procured locally if more readily available (e.g. relays, transistors, etc.).

c. Types of Gaming Devices

(1) Coin operated gaming machines will not be used within the Marine Corps. All gaming machines will be the electronic, player card type, with maintenance readout capabilities. All machines shall be automatic payment type, except jackpots and other winnings reportable under IRS guidelines.

(2) Maintenance readout cards must be given highest possible security and control, as well as limited to the minimum number of cards possible to insure the integrity of the gaming program is maintained. Knowledge of maintenance access codes will be limited to those individuals who have the need to know and access codes will be updated when individual employment is terminated. Appropriate documentation of those individuals in possession of maintenance access codes will also be handled as controllable items and appropriate storage and security procedures must be in effect.

(3) All machines shall be equipped at the factory with electronic non-resettable meters. These meters shall not be altered in any way.

(4) Machines shall be set at the factory to return a minimum of 93 percent plus or minus 1 percent. Such practices as allowing baby jackpots, or any other award not controlled by a meter are prohibited.

d. Jackpots. The amounts of jackpots and other payouts or machine awards shall be clearly displayed on the machine. Payouts exceeding IRS maximum automatic payment amount must be properly documented and hand paid.

e. Disposal of Gaming Devices. Disposal will be by destruction, trade, transfer, or sale. Property records shall contain a permanent record of disposition of each machine by make, model, and serial number. Proper records shall be maintained per reference (v) SSIC 4400.4.

f. Regulations for Play

(1) Minors and employees (while on duty in the activity where employed) are prohibited from playing gaming machines. Foreign national

civilians who are in the activity as guests of authorized patrons may be permitted to play the gaming machines if not prohibited by status of forces agreements. Extending privileges to host national guests outside of the categories set forth in the local status of forces agreements must be approved by the host nation.

(2) A gaming machine payout certificate shall be prepared for each payment for machine failure and the manual-pay portion of progressive jackpots. Persons receiving a malfunction payout must show the manager an official identification card.

g. Controls

(1) Meters and Readings. All gaming machines must have tamper-proof, non-resettable meter capability to record income, payouts, and maintenance access as well as electronically downloaded information to a RPM route accounting system or further analysis and to make certain the machine operates within prescribed payout limits.

(2) Keys. There shall be at least two sets of keys for access to the gaming and player redemption machines; one key for access to the repair mechanism, and another key for access to the cash box. Appropriate security procedures, to include separation of keys, must be in effect so as not to jeopardize the integrity of the gaming program.

(3) Gaming Machine Payout Fund. The purpose of this fund is to make payouts for machine pay failures, to supply player card redemption machine hoppers, and to pay the manual-pay portion of jackpots. This imprest fund will be established at a predetermined level from the "cash in bank" account.

(4) Repairs and Maintenance. Gaming machines will be maintained and repaired by non-appropriated fund employees (Marine Corps and/or Army) or service representatives of the machine vendor.

13. Exhibiting Copyrighted Video Recordings

a. Copyrighted video recordings may only be shown with the permission of the copyright owner except as prescribed in this paragraph. Requests for permission of the copyright owner shall be written as described in reference (r) on copyrighted sound and video recordings.

b. 8mm video recordings may be shown to small groups at activities in isolated areas or with deployed units. However, if adequate commercial video programming is available, whether by off-air or cable system, 8mm video showings are prohibited.

c. Duplication of 8mm video recordings is prohibited.

d. Admission fees for 8mm video exhibitions are prohibited.

e. Resale of 8mm video recordings is prohibited.

f. Exhibitions that may offend or embarrass patrons or the Marine Corps are prohibited.

14. Loan of Property. Hospitality activities may loan or charge maintenance fees for dinnerware, glassware, flatware, etc., to patrons and other authorized installation activities. The activity loaning the property shall be fully compensated for any loss of or damage to its property by the patron or activity shown on the receipt for the property at the time of damage or loss. The compensation shall be no less than the replacement value of the property or an amount determined by the food and beverage management. Party equipment may also be available from the equipment rental facilities.

15. Employment of Enlisted Military Personnel. Enlisted military personnel, including MCCS specialists, may be employed after duty hours in a flexible status.

16. Menu

a. All full service food activities shall have attractive, professional looking menus specifically designed for dining room, children and catering activities. These menus will contain items current in the industry.

b. All daily buffets shall be controlled by a cyclic menu.

c. Snack bars will have attractive, professionally constructed, easily readable menu boards.

d. In pricing menu items, consideration will be given to the total cost of the item, prices in local community, anticipated item popularity, and profit objectives.

17. Purchases

a. Requirements for food and beverages, equipment, supplies, and support services (such as janitorial or kitchen equipment repair) will be forwarded to the MCCS contracting officer or purchasing agent for procurement action. Based on the type of contract requested, items may be set up for delivery or service on a regular schedule, or as a one-time occurrence. Where applicable, participation in system-wide contracts, such as the Joint Services Prime Vendor contract, is recommended.

b. See chapter 5 of reference (n) regarding approved sources and related sanitary or wholesomeness requirements for the purchase of food items.

18. Food Service Controls

a. Food service activities shall develop and use standardized recipes for every food and beverage item served.

b. Written purchase specifications shall be developed for all meat, seafood, convenience food, staples, and canned goods used in the activity. Copies of specifications should be given to the vendors and purchasing agents for compliance and used by receiving personnel for verification of in-coming goods.

c. An item cost card (manual or electronic version) shall be prepared for each menu item. The card will show all portion ingredient costs (based

on a standardized recipe), total cost of item, item selling price, and gross profit percentage. The item cost card shall be reviewed and updated at least semi-annually.

d. Portion sizes of all food and beverage items shall be determined and carefully monitored to insure accuracy. The portion size is reflected both on the item cost card and standardized recipe.

e. Activities shall develop and use standard plating and portioning guides for all menu items.

f. Daily production sheets shall be used in the preparation of menu and buffet items.

g. High cost entree control sheets shall be used for expensive menu items.

h. Daily scatter sheets or point of sale (POS) generated daily reports shall be maintained as a record of all food items served, for monitoring menu mix, and as a source of continual feedback of customer preferences and market demands. At least monthly, the accumulated scatter sheets for the period will be extended, or a POS generated report created, to determine an ideal food cost for comparison with the actual food costs. Daily scatter sheets or point of sale shall be maintained per reference (v) SSIC 4069.1.

19. Storeroom Controls

a. Every purchase must be inspected for quality, quantity, compliance with specifications, and weight against the invoice, which accompanies the order and the purchase order. Vendors shall not be permitted access to inventories on hand to determine an order.

b. Receiving personnel shall sign and date all invoices and delivery tickets. Each perishable item received shall be marked with the day's date and unit price before being stored. First in/first out method of stock rotation shall be used.

c. All items received should be immediately stored in clean, secured, designated areas. No refrigeration or dry storage items shall be on the floor. A refrigeration log shall be maintained to reflect twice a day temperature readings. Freezers must be kept at 0 degrees F or less, and refrigeration boxes between 32 and 36 degrees F.

d. There shall be only one active key to storage areas and this key shall be in the possession of the person who is held responsible for the locked space.

20. Inventories. A physical inventory of all food and beverage items shall be taken at the end of each accounting period.

21. Surveys. All surveyed items shall be accounted for by the use of a Certificate of Disposition, NAVCOMPT Form 2212, or a Merchandise/Property Survey Record, form MCCS 438-1. Food and beverage which is spoiled and/or damaged due to mechanical failure or accident, shall be surveyed. This does not include left over items from over production or over purchase. The MCCS Director shall establish an internal control procedure to verify and approve items being surveyed. Surveys are not a part of the department's cost of goods sold but shall be charged to the appropriate direct expense account. Survey records shall be maintained per reference (v) SSIC 4069.2.

22. Guest Checks. The duplicate guest check system or POS kitchen receipt shall be used in full-service dining activities. Cooks shall never issue food without a guest check or receipt. For activities not using a point-of-sale system, the customer copy and galley copy shall be cross-referenced with each other and with cash register totals after each meal period. Snack bar operations will use a single prenumbered guest check rather than a duplicate check. The use of a point-of-sale system may preclude this requirement.

23. Employee Meals. Food and hospitality activity employees engaged in actual preparation and service of food and beverage items may be provided a free, or subsidized at less than regular menu price, meal immediately prior to, during, or immediately following the day's work period, provided the day's meal qualifies under the IRS "convenience of the employer" rule. To qualify, the meal must be served on the employer's premises, the employee must be required to eat the meal without substitution, and there is no other dining facility readily available where the employee may eat. Incumbents in the following associated positions are excluded from this "free meal" provision: exempt managerial personnel, administrative support/patron services personnel, drivers, warehousemen, and janitors. For those activity employees not authorized free meals, an "employee meal" price may be established to cover prime costs.

24 Bringing in Food and Beverages. No food or beverages intended for consumption in a food and beverage facility may be brought into the activity by patrons or groups. The only exception may be wedding or specialty cakes that the activity cannot produce itself. No food from catering events may be taken away.

25. Beverage Controls

a. The same principles that have been stated for food cost controls apply to beverage cost controls.

b. A recipe card index (manual or electronic version) shall be established for the bar. A card on each standard type of drink served should list the cost of the ingredients, the pour cost (PC) percentage, and the selling price.

c. Each bar station shall be a separate business operation, requiring all beverages and supplies to be issued to each bar station from the beverage central storeroom or directly delivered from the package store. A par stock on each bar station shall be established. When a requisition is prepared for the bar, authorization is limited to bringing the stock up to par.

d. A standard 1-ounce (30ml) portion for highball-type drinks shall be established and controlled using a predetermined measuring device. The standard would not preclude the use of a greater or lesser amount as called for by a recipe for a mixed or cocktail-type drink.

e. The methods for pricing beverages shall be the same as for food. Divide the cost of the ingredients by the desired PC percent, compare prices in the community and determine profit objectives.

f. Weekly bar retail accountability is mandatory for all activities selling more than \$1,000 per week in alcoholic beverages. A monthly bar retail accountability is mandatory for all activities selling less than

\$1,000 per week in alcoholic beverages. All overages or shortages of 5 percent or more shall be investigated. Retail accountability shall be done as often as necessary whenever a problem is detected.

26. Sale, Possession, and Consumption of Alcoholic Beverages

a. The sale of alcoholic beverages for on-premise consumption is limited to food and hospitality activities. The sale of packaged malt beverages for off-premise consumption is also permitted at a sales price not less than the exchange price.

b. The minimum drinking age on a USMC installation located in the United States is 21 years. See chapter 1, paragraph 12 of this Order for additional information on the minimum drinking age overseas and for special circumstances.

c. Reduced price periods (Happy Hours) are limited to no more than two hours per day. Prices will not be reduced by more than 25 percent. When prices of alcoholic beverages are reduced, prices of nonalcoholic beverages will also be reduced. Offering complimentary food during happy hour enhances the event and may serve to make beverage price reductions unnecessary.

d. All employees serving alcoholic beverages shall be trained in the legal consequences of the dram shop acts and shall receive annual training in responsible service of alcohol. Also see reference (j) for additional information on alcoholic beverage control.

e. Control instructions are as follows:

(1) Serving alcoholic beverages to anyone who is, or appears to be, intoxicated is prohibited.

(2) Alcohol drinking contests are prohibited.

(3) Activities shall not engage in "last call" and other countdown techniques designed to promote last minute alcohol sales.

(4) The serving of "doubles" without doubling the price is not authorized.

(5) Patrons or groups may not bring private stock beverages into the activity for consumption.

(6) Snack or other food items shall be available.

(7) Nonalcoholic specialty drinks and beers shall be offered on beverage menus.

(8) The Marine Corps Designated Driver Program is designed to promote responsible use of alcohol. The goal of the program is to prevent MCCS patrons from driving while intoxicated and potentially injuring themselves and others by appointing one member of the group to remain alcohol-free and who will receive complimentary non-alcoholic beverages while serving in this role. A Designated Driver Program will be implemented in all locations serving alcoholic beverages.

f. Alcoholic beverages shall not be given away or sold for less than cost except as follows:

(1) Alcoholic beverages combined with food service promotions, or group functions may be served providing patrons are offered a nonalcoholic substitute.

(2) A complimentary bottle of wine (or nonalcoholic substitute) may be presented to customers to accompany dinner on their wedding anniversaries, birthdays, and similar occasions.

(3) Conducting on-premise alcoholic beverage tasting events is authorized.

27. Special Business Expense

a. Food and beverage managers are permitted certain prerogatives when performing official duties incidental to the administration and operation of their activities. These unique prerogatives are special business expenses and include complimentary food items, competitive shopping, and internal meal sampling.

(1) Complimentary Food Items. In keeping with private industry business practices, food service managers are permitted to extend complimentary food and nonalcoholic beverage items to selected patrons when this act of goodwill will promote the foodservice and contributes to better customer relations and satisfaction. Management shall ensure that proper safeguards are in place to adequately control expenditures. A written record of all transactions, such as a guest check, shall be maintained. These should include the name of the patron, a description of the item(s) and the signature of the manager who provided the complimentary item. The item cost is transferred to promotional expenses. All complimentary transaction records shall be maintained per reference(v) SSIC 4069.1.

(2) Competitive Shopping. The cost of market research is authorized for food service managers to improve their operations. Examples of expenses are: Cost of comparative shopping to try new products, dining out at other military clubs or restaurants to learn about and maintain a working knowledge of competitive operations, and reviewing entertainment offered in the local area. The frequency for market research trips shall be approved by the business operations director in advance. We recommend, however, that market research be conducted at least once a month. Management personnel shall record and maintain the results of each visit. The menu of each location visited should be obtained, if possible, for analysis and future reference. Market research records shall be maintained per reference (v) SSIC 4069.1.

(a) Alcoholic Beverages. The purchase of packaged alcoholic beverages is prohibited. The purchase of alcoholic beverages by the drink in a responsible manner is permitted.

(b) Guests. The purchase of meals or other items for guests is prohibited.

(c) Documentation. Management personnel should use petty cash, and then submit a request of reimbursement of the fund. Attached to the petty cash voucher shall be an accurate and complete documentation of all expenses. Receipts for each expense are required; they shall include the date, reason for the expense, amount of the expense and signature of the manager.

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(3) Internal Meal Sampling. Managers are permitted to eat sample meals in their facility or other food and beverage activities for quality assurance purposes. Pre-established quality standards for both food and service must be in place and checked. Sample meals will be tested against the standards to insure they are prepared, presented, and served properly. The tested meals will be varied to include all menu items and/or specials. Quality assurance shall be accomplished during regular meal periods and will not include alcoholic beverages. Management shall record and maintain the finding of each test for historical and reference purposes per reference (v) SSIC 4069.1.

b. Limitations. The dollar amount for special business expenses and the activities to which it applies shall be set by the MCCS Director.

c. Approval. An itemized listing of the actual expenditures shall be prepared each month for review and approval by the MCCS Director.

Chapter 12

Lodging Facility Policy

1. General

a. Temporary Lodging Facilities (TLFs) are operated by business operations to provide lodging needs for military members, their families, and guests without direct charge against the quarters allowance of the occupants. Occupancy of a TLF is intended for military personnel and their families who are without housing due to permanent change of station (PCS) orders, military members and DOD civilians on temporary duty, military personnel, their families, and guests in non-duty status, and other authorized patrons as identified in reference (a), however, PCS personnel have priority through advance reservations. TLFs do not include facilities used for bachelor officer or enlisted quarters. They are not part of the military family housing inventory.

b. Recreational lodging facilities include cabins, cottages, trailers, and RV Parks with hook-ups. They are collocated with recreational areas and are occupied mainly by off-duty or leisure travelers.

c. Lodging shall be occupied on a charge or fee basis. Rates shall be established at a level to support program operation and recapitalization requirements and the net income standard.

d. The DOD Lodging Standards Status Report and Lodging Program Report are due to DC, M&RA (MR) by 15 January each year per reference(v).

2. Lodging Standards. Standards have been developed to establish a common basis for planning, measuring, and providing lodging services. The standards are designed to provide a minimum level of expectation at each installation throughout the Marine Corps. The standards are measurable, commonly used in the commercial hospitality industry, and readily available. They have been adjusted for military application.

a. Scope. Each installation shall determine the adequacy of the market to provide temporary lodging to eligible patrons involving the following steps:

(1) Percentage of Occupancy. TLFs shall maintain 80 percent occupancy. Substantially higher percentage of occupancy indicates the need for additional rooms. Substantially lower percentage of occupancy indicates either an overage in the number of rooms or problems with the quality and/or pricing of these rooms.

(2) Survey of the Adequacy of Lodging Available. If the occupancy rate of the TLF indicates an inadequacy in the supply of rooms, the installation shall determine the ability of the local market to supply these rooms by identifying the number of commercial rooms within a 5 mile radius and their prevailing year-round rates (low, peak, and average) to use as referral.

b. Facilities and Equipment

(1) Frequency of Furniture and Fixtures Replacement. All lodging facilities shall have a capital program for the periodic replacement of room

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furnishings to include mattresses, case goods, televisions, lamps and lighting fixtures, furniture, bed spreads, draperies, carpet, wall coverings, art work, and kitchen equipment (where appropriate). The recommended replacement periods are:

(a) Carpet, wall coverings, drapes, bedspreads, mattresses, and lampshades: 3 to 5 years.

(b) Lamps, sofa sleepers, art work, case goods, TV's, bath fittings: 5 to 7 years.

(c) Bath vanity tops, bath lighting, room air conditioning units, ceramic tile, kitchen units, refrigerators, stoves, and other kitchen appliances: 7 to 10 years. These are minimum replacement requirements, however, when items become inoperative or worn, they should be replaced immediately. Commands will invest \$1,500 per room on an average annual basis over 7 years in replacement of furniture and fixtures. Each MCCS must maintain a reserve (accrual) cash account that equals at least 3 percent of lodging sales to only be used for renewals and renovation of the TLF rooms.

(d) Requirements for furniture and fixtures, equipment, supplies, and support services (including equipment or facility maintenance), will be forwarded to the MCCS contracting officer or purchasing agent for procurement action. Based on the type of contract requested, items may be set up for delivery or service on a regular schedule or as a one-time occurrence. Where applicable, participation in system-wide contracts is recommended.

(2) Repair and Maintenance Costs. At least 1.5 percent of lodging sales shall be used for repair and maintenance annually. For new or fully renovated properties, this requirement should be accrued starting in year one and obligated starting in year three.

(3) Building Renovation Frequency. All major operating systems (i.e. central heating, ventilation, and air conditioning, plumbing, electrical, roof and exterior) shall be replaced at least every 20 years.

(4) Routine Room Inspections. Lodging managers shall perform inspections of all rooms on a quarterly basis.

c. Human Resources

(1) Front Desk Staffing. Each TLF shall provide one desk clerk per shift per 100 rooms. At peak times, the desk clerks may be assisted by management or other personnel.

(2) Housekeeping Productivity per Occupied Room. Each TLF shall have one full time equivalent housekeeper for every 14 occupied rooms. In an 8-hour shift, this will permit one room to be cleaned every 30 minutes, plus restocking the housekeeping cart.

(3) Staffing Guide. The following staffing model should be used in all TLF operations with over 30 rooms.

Billet	Grade	Metric
General Manager	NF-3	For facilities with < 50 rooms
	NF-4	For facilities with \geq 50 rooms

Billet	Grade	Metric
Assistant Manager	NF-3	1.0 FTE for facilities with > 75 rooms
Guest Services Associate	NF-1/2	3.2 FTE for < 75 rooms
		4.2 FTE for \geq 75 rooms but < 100 rooms
		5.2 FTE for > 100 rooms
Guest Services Lead * Duties performed by the Assistant Manager	NF-2	1.0 FTE for < 75 rooms
		0.0 FTE for \geq 75 rooms but < 150 rooms see *
		1.0 FTE for > 150 rooms
Reservation Clerk	NF-1/2	1.0 FTE for > 75 rooms
Housekeeper	NA-2	1.0 FTE per 14 rooms
Housekeeping Supervisor	NF-2, NS	1.0 FTE at each facility
Asst. Housekeeping Supervisor	NF-2, NL	1.0 FTE for > 150 rooms
Laundry Attendant	NA-1	0.5 FTE for < 50 rooms
		1.0 FTE for \geq 50 rooms but < 100 rooms
		1.5 FTE for > 100 rooms
Custodian	NA-1/2	0.5 FTE for < 50 rooms
		1.0 FTE for \geq 50 rooms but < 100 rooms
		1.5 FTE for > 100 rooms
Maintenance Worker	NA-5/6/7/8	0.5 FTE for < 50 rooms
		1.0 FTE for \geq 50 rooms but < 100 rooms
		1.5 FTE for > 100 rooms
Grounds Maintenance ** Can be dual hatted or outsourced		0.5 FTE per facility

Figure 12-1.--Staffing Guide

(4) Training. One hundred percent of TLF employees shall complete the command's customer service training and the Educational Institute American Hotel and Lodging Association Performance Plus video training. Supervisors and management personnel shall have a professional development plan and attend MCCS sponsored lodging courses, appropriate to their position.

d. Financial

(1) Room Revenue Ratios. All TLFs shall calculate revenue per available room (RevPar) and average daily rate to enable them to measure financial performance and benchmark with industry.

(2) Profit Standard. The TLF operating profit standard is at least 35 percent.

e. Customer Assessment. All TLFs shall maintain a proactive customer comment system. TLFs shall provide customers with easy access to comment cards either on line through Interactive Customer Evaluation or by placing them in rooms, or handing them out at check-in and checkout.

f. Customer Satisfaction Index (CSI) and Associate Satisfaction Index (ASI). MCCS conducts customer and associate satisfaction surveys by installation that result in customer and associate satisfaction indexes. Lodging facilities will develop and implement an action plan to correct

deficiencies identified in the surveys. Activities will strive to continually improve their CSI/ASI rating.

3. Measures of Effectiveness. TLFs will use three measures to determine effectiveness of these operations.

a. Customer Satisfaction. This is measured by a percentage of satisfaction. TLFs should strive for at least an 80 percent satisfaction rating.

b. Facility Usage. This is determined by the percentage of occupancy on an annual basis.

c. Net Operating Profit. Net operating profits should be compared with the standards in paragraph 2.d.(2) above to determine effectiveness of the operation.

4. Occupancy

a. Once authorized patrons have been given occupancy of a room for an agreed period of time, they cannot be removed from the room to make it available for PCS personnel.

b. The normal maximum period of occupancy at TLFs is 30 days for personnel affected by PCS orders. The commander may grant an extension beyond 30 days on a case-by-case basis.

c. Occupancy of TLFs does not preclude bachelor allowance for housing payments to a member otherwise eligible, provided the occupancy occurs while such member is in a duty status or leave status incident to a permanent change of station and does not exceed 30 days, unless otherwise approved by the commander.

d. Assignment to TLFs shall not be on the basis of rank or grade.

5. Statistical Data. Statistical data required by the standards shall be maintained. In addition, occupancy statistics on types of patrons (PCS personnel, other military personnel, etc.) and the duration of their stay shall be maintained.

6. Uniform Room Charges. Room rates shall be uniform for all guests occupying the same type of accommodations. There shall be no difference for guests with PCS orders, of different ranks, retirees, guests, or for DOD civilian employees. TLFs may charge different rates for different types of rooms, for additional adults in the room, and for cots. No additional charge shall be made for children 18 years old or younger staying in the same room as their parents or for infants requiring a crib.

7. Amenities and Services. TLFs shall offer their guests amenities similar to those found in a moderately priced limited service or extended stay hotel.

a. Hours of Operation. TLF operations with more than 20 rooms shall operate the front desk on a 24-hour basis. If an installation has more than one TLF, only one front desk is required to be operated on a 24-hour basis, providing it can serve both TLFs. The front desk operation may be shared with transient billeting.

b. Rooms. All rooms shall be equipped with attractive, medium quality furniture and furnishings. A color television (minimum of 27" screen) with basic cable and/or a DVD or video cassette player and operating instructions shall be included. A clock radio with alarm shall be in the room. Bath linen sets (one per person) should consist of washcloth, hand towel, and bath towel. The bath towel should be at least 24" x 48" and weigh at least 10 pounds per dozen. Each unit with a kitchen shall be equipped with range top, sink, refrigerator, microwave oven, toaster, and coffee maker. TLFs are encouraged to have kitchens equipped with dishwashers and ranges with ovens. Other in-room amenities include: MCCS standard amenities package (includes facial and deodorant soap, shampoo, lotion, sewing kit, and shoe mitt) facial tissues, hair dryer; iron and ironing board (full-size), ice bucket and two drinking glasses per bed, removable clothes hangers, ash trays in smoking rooms, pen and paper, and TV channel listings.

c. Handicapped Rooms. All TLFs shall have rooms equipped to accommodate the physically or hearing impaired as required by the Americans with Disabilities Act.

d. Guest Laundry/Vending. All TLFs shall have washers and dryers for guests to do their laundry. These machines may be coin operated. The guest laundry shall be available on a 24-hour basis. Soap products shall be made available for guest purchase. Vending machines with beverages and snack items and ice machines will be available. Health and beauty aids will be available through vending or at the front desk.

e. No-Smoking Rooms. All TLFs with individually controlled room heating, ventilation, and air conditioning units shall offer at least 65 percent of the rooms as no-smoking rooms. "No-Smoking Rooms Available Upon Request" signs shall be conspicuously posted at the front desk. If smoking does occur in a no-smoking room, air purifiers to clean the air will be used in the room before offering it as a no-smoking room. If the TLF does not have individually controlled room units the entire facility will be no smoking. There will be no smoking in common areas.

8. Guest Payments

a. Credit Card Acceptance. All lodging facilities shall accept all credit cards accepted by MCCS, including the Government Travel Card.

b. Credit Offered. Credit shall be offered to all guests who provide an acceptable, valid credit card, regardless of rank. The card shall not be charged until the guest checks out or settles the bill.

c. Credit Limits. Lodging facilities may wish to limit credit to guests and request that bills be settled weekly.

d. Guests Without Credit. Lodging facilities may request payment in advance on a daily basis for those guests who do not have a valid credit card.

e. Social Security Numbers. Guests paying their account with a commercial credit card or paying cash in advance shall not be required to provide a social security number as identification. Social security numbers may be requested from guests without credit or advanced payment, as a means of identification in the event of failure to pay or if payment tendered is in

the form of a personal check. Lodging facilities shall insure that the privacy of these numbers is maintained in accordance with reference (s).

9. Reservations

a. PCS Guests. Reservations for rooms for personnel with PCS orders shall be accepted as far in advance as the guest wants.

b. Other Guests. Reservations for rooms for personnel on temporary duty or otherwise authorized will be accepted up to 30 days in advance of the start date of the stay. Reservations for these guests may be accepted more than 30 days in advance if the TLF can insure that the PCS guests will be accommodated.

c. Guarantees of Reservations. Reservations will be held until 1800 the day of arrival, unless guaranteed by a credit card or deposit for one night's stay. If guaranteed, the guest shall be charged if the individual does not show up or does not cancel by the hold time. Non-availability numbers will be issued to guests desiring reservations who cannot be accommodated.

10. Guests' Right to Privacy. Guests have affirmative rights and the exclusive right to the use and possession of the rooms to which they have been assigned. This exclusive use is subject to occasional entry by management (as represented by appropriate staff members) in the reasonable discharge of duties, but these entries must be made with due regard to the occasion and in a manner consistent with the rights of the guest to courteous treatment. Emergencies, which may reasonably be expected to threaten guests or lodging property, can happen at any time during night or day and management does not need permission to enter a room. Note, however, that while the guest certainly has no right to conduct unlawful activities, mere suspicion does not authorize a violation of guest rights. The grounds for entry in these circumstances must be reasonable and, unless prohibited by emergency conditions, coordinated in advance with the Provost Marshal Office.

11. Right of Assignment to Accommodations. Management's obligation is to supply guests with such accommodations as they need. The lodging facility however, does not in any sense become the house of the guest. Management control resides at all times with the manager, subject only to the right of the guest to considerate and reasonable treatment. The assignment of a guest to a room is not a lease; it is merely a revocable license.

12. Telephone Service. All temporary lodging facilities shall offer in room touch-tone telephones with message service. Public telephones should be available in the public areas. Guest room phones shall have dial covers or cards to explain the use of the telephone system. On-base and local phone calls shall be free. Base and local phone directories shall be provided in the rooms. Long distance calls may be made from in-room phones.

13. Advertising and Promotion. TLFs shall develop and use an annual marketing plan, a brochure, a separate rate card, and guest comment cards. Information on the installation and local area will be available at the front desk or in the rooms.

14. Housekeeping and Sanitation. Occupied TLF rooms shall be cleaned daily with a thorough cleaning when guests check out. Rooms that are not occupied for periods of 1 week should be dusted, vacuumed, and inspected to see that

all plumbing, lighting, and equipment are operational. Public spaces shall be cleaned daily.

15. Guests' Responsibility. In kitchenette units, guests are responsible for the cleanliness of the dishware and the general cleanliness of the kitchen. If housekeeping is required to maintain the dishes and the kitchen, a charge for this service may be imposed. Upon check-in, guests shall be notified that they are expected to maintain the kitchen area and that a specific charge shall be imposed for any failure to do so.

16. Pets. Service (guide) dogs and military working dogs are permitted in temporary quarters. For other animals, the installation commander may promulgate a pet policy that should take into account the safety of lodging staff and other guests. Policy should make clear that pet owners are responsible for ensuring their pets do not create a nuisance and/or unsanitary condition in rooms and/or outdoor adjacent areas. Additional room fees may be charged to guests for pets staying in their rooms. A listing of reputable off base kennels will be available at the front desk. If rooms are available, certificates of nonavailability will not be issued should a guest decline the room due to a no pet policy.

17. Security. Lodging management is responsible for providing proper security for the protection of guests from personal attacks from outsiders, other guests, and from staff. Additionally, employees, guests' belongings, and fixed assets must be protected. Additional guidance may be found in reference (e).

18. Safety. All lodging facilities shall comply with applicable provisions of the National Fire Protection Association (NFPA 101 Life Safety Code). These codes should be reviewed with the base fire department to insure that all lodging facilities are in compliance with applicable provisions. Public exits shall comply with the requirements of NAVFAC DM-8, Design Manual-Fire Protection Engineering. No restrictive hardware, such as hasps, padlocks, throw bolts, or cross bars shall be installed on public exit doors. All public exit doors shall be kept unlocked from the interior during periods of occupancy. Fire prevention inspections shall be conducted in all areas by the fire department as often as required by regulations. Daily inspections should also be conducted by lodging personnel. Electrical installations shall be checked by the Public Works Department as necessary to insure safety of the system. All hazardous materials must be properly stored and inventoried.

19. Maintenance

a. General. The physical plant, both interior and exterior, of the lodging facility shall be properly maintained. Adequate directional and facility signage will be in place. Newly constructed and renovated TLF rooms will include an electronic "keyless" lock system and individually controlled room heating, ventilation and air conditioning units.

b. Preventive Maintenance. Each lodging facility shall establish a preventive maintenance program to schedule the maintenance of equipment, furniture, and furnishings. Preventive maintenance that requires units to be placed out of service will be done at non-peak times of the year.

c. Replacement Equipment and Furniture. Each lodging facility shall have replacement items of equipment and furniture on hand. This includes

such items as televisions, air-conditioners, refrigerators, microwaves, mattresses, beds, and chairs. By having a replacement stock, the lodging facility will be able to replace any failed item immediately thus keeping the room in service.