



Station and Branch Consolidation and Optimization

As the economic downturn continues, the Postal Service faces a number of challenges due to declining mail volume and revenue. So far this fiscal year, the USPS is faced with a 12% decline in total mail volume and a revenue shortfall of nearly \$2.3 billion. We are projecting to end FY 2009 with a more than \$6 billion loss.

For FY 2008, the USPS realized a mail volume loss of 9.5 billion pieces, or 4.5 percent. This represents one of the largest mail volume declines in the history of the USPS. Original FY2009 forecasts predicted a decline in volume of 8 billion pieces; however, it now appears that the decline in volume may exceed 20 billion pieces. Forecasts for 2010 appear equally as dim.

In the face of such difficulties, the USPS is pursuing solutions and strategies to mitigate impacts. Efforts have focused on improving efficiencies and making sure the processing and delivery networks are as streamlined as possible through such activities as mail processing consolidations and carrier route adjustments.

The USPS is also now reviewing station and branch operations at larger Postal facilities throughout the nation, focusing on areas where we have a number of offices in close proximity, to determine where consolidations are possible.

A station or branch is a retail unit (sometimes with carriers providing delivery and sometimes without) that reports to a Postmaster. The office may contain P.O. Boxes and has a retail window unit where customers purchase stamps, mail packages, and otherwise access postal products and services.

Local postal management will be using existing processes and procedures that are already in place to study activities of more than 3,000 stations and branches.

The review process will identify opportunities to consolidate urban stations and branches, while maintaining a community presence; each office will be reviewed individually, on a case-by-case basis.

Factors such as impact on employees, service standards, cost savings, customer access, environmental impact, real estate values and long-term USPS needs will be taken into account during the review process.

Review criteria include examining larger leased and owned post office stations and branches located in urban areas that are located close to one another.

Local management has begun selecting review teams, and the USPS plans for a thorough review process. Facilities are being identified that fit the criteria for review. The USPS does not anticipate this review process to generate any changes this fiscal year (which ends on September 30, 2009).

No decisions will be made regarding which, if any, facilities will be consolidated until these reviews are finalized.

For the proposed consolidation of a facility, the USPS has an established process in place regarding community notification and request for input, which includes:

- Scheduling a community meeting. Customers will be given two weeks advanced notice of the meeting date.
- Customers will be given questionnaires with two weeks to respond
- USPS analyzes results from customer input.

Public meetings will only be scheduled if a station or branch is under consideration for consolidation. These meetings will occur after postal management has concluded its review to allow the community to understand the basis for the potential consolidation.

Over the last several years, USPS has been emphasizing its alternate access points to better match customers' changing retail needs.

Customers can access postal services in a variety of ways, including Automated Postal Centers, Stamps on Consignment, Contract Postal Units *usps.com/shop*, Click-n-Ship, and Stamps by Mail. Today, nearly 30 percent of postal revenue is generated from alternative access points.

By consolidating functions, adjusting delivery routes and restructuring administrative and processing operations, the USPS becomes a more efficient and effective organization in the face of serious financial challenges. We are adapting to meet the evolving needs, demands and activities of our customers, now and in the future.

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