

STATEMENT OF

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**BEFORE THE
POSTAL REGULATORY COMMISSION**

**PUBLIC FIELD HEARING
BRONX, NEW YORK**

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Good afternoon, Chairman Goldway and distinguished members of the Commission. My name is John Vincenzi and I serve as the President of Branch 459 of the National Association of Postal Supervisors. Branch 459 is comprised of 125 managers and supervisors employed by the United States Postal Service at facilities located throughout the Bronx. As you know, the National Association of Postal Supervisors is recognized by the Postal Service as the representative of over 35,000 current and retired management employees of the Postal Service.

Thank you for holding this public hearing to examine from a field-level perspective the service implications of the Postal Service's initiative to close and consolidate certain branches and stations in its national retail network. The Postal Regulatory Commission's role, as I understand it, is not to determine whether certain post offices should remain open or be closed, but to assure that the Postal Service's process for making such decisions considers the proper factors and ensures that adequate service levels are maintained. The PRC's advisory opinion resulting from this review will determine whether the proposed closures result in a "substantially nationwide change" in postal services within the meaning of federal law.

Over the years the Postal Service has continually made minor adjustments in the locations of its retail operations to improve the efficiency of the mail system and its service to the American public. The scale of these changes has been relatively small in comparison to the breadth of the actions being considered today by the Postal Service. As you know, the Postal Service faces severe financial challenges as a result of the recession and ongoing changes in technology and communication. The Service is expected to lose more than \$7 billion in the current fiscal year.

Consequently, the Postal Service is seeking deeper cost-savings in a number of areas. This includes the closure and consolidation of post offices associated with its retail network, prompting the comprehensive review of 3,100 post office branches and stations across the country. That review has whittled down the list of possible closures to several

hundred stations and branches. Of those, a dozen or so are located in the New York District, and of these are seven retail units located here in the Bronx.

The facilities in the Bronx are typical of those on the review list in that they are located in urban centers or in highly-developed suburban communities. The facilities in the Bronx that are under review are exclusively retail stations, where customers come to buy stamps, mail packages and conduct other postal related business. Retail units are a business anchor to the communities they serve. Businesses that share the block or the general location with the Postal Service benefit from the Postal Services retail presence in the community. The employees of the Postal Service also do much to support neighboring businesses, whether it is a retail store or a food establishment where our employees purchase goods and services.

The fundamental aim of my organization – the National Association of Postal Supervisors, as a management association of employees of the Postal Service -- is to support the effective and efficient operation of the Postal Service. As such, we are conscious of the tremendous financial pressures the Postal Service faces. We are sensitive to the heightened need for the Postal Service to reduce its costs, while assuring universal service. This is not an easy task. It requires a balancing of commercial and public service factors. This means that the Postal Service must be guided not merely by how postal operations were conducted yesterday, but how they need to be conducted in financially responsible and public-minded ways today and tomorrow. Where the consolidation of postal facilities makes commercial sense, where service to the public will not be adversely affected, where major mailers will not be inconvenienced, and where negotiated agreements and statutory requirements have been satisfied, the Postal Service should be permitted to proceed in undertaking consolidations of its commercial retail network.

During my 37-year career in the Postal Service, I have worked at or managed every one of the branches and stations under consideration for closure here in the Bronx. It breaks my heart to think of these facilities on the brink of closure. I'm saddened not

only because of the personal memories associated with these post offices, but also because of the excellent service they've provided to their neighborhoods. At the same time, I'm acutely aware of the continued costs to the Postal Service of operating these retail facilities, due especially to the rental costs associated with the space they occupy. All seven of the stations or branches in the Bronx that are under consideration occupy leased space. Declining revenues from these facilities require the Postal Service to be increasingly sensitive to the financial costs of their operation, especially in light of the Congressionally-imposed obligation of the Postal Service to be financially self-reliant, without the assistance of taxpayer revenues or federal funding.

Although the seven units under consideration for closure in the Bronx are exclusively sales units, or finance stations, there are facilities in other districts and areas that house both sales and carrier operations. To close these, the Postal Service must assure that it has a sufficient amount of unused space elsewhere to relocate the letter carrier operations. In a facility that serves both delivery and retail operations, the relocation of carrier operations to another facility will mean that the portion of the closed building previously devoted to carrier floor space will become vacant and only the curbside portion of the building devoted to retail operations will continue to be used.

Most of the public is not aware that the Postal Service leases a major portion of the space its facilities occupy, so the costs of leasing present a tremendous burden on the Postal Service. Considering the high percentage of leased facilities operated by the Postal Service, and the underlying and substantial long-term financial obligations they represent, it may be difficult for the Service to achieve significant savings through the consolidation or closing of its leased properties. In those cases where the Postal Service owns the property, the closure of retail or delivery operations may be problematic if the sale of the property is attempted, given today's depressed commercial real estate values. The empty space may not lend itself to sub-leasing. The closing of a local post office also may result in an additional vacant storefront in an already depressed local economy.

At the same time, the Postal Service must remain sensitive to the universal service implications and the impact that closures may represent as a denial of service to some of its customers. In urban areas like the Bronx, many residents, both young and old, do not own cars and rely on local services within walking distance to meet their basic needs. The poor and the elderly, who are less likely to use the internet, rely more heavily on their local postal retail unit and face the loss of convenience and connection to their local post office. The same is true for those who may be younger or have greater income, but do not own a car. They walk to their station or branch to conduct their postal-related business. When packages cannot be delivered by the letter carrier and they need to go to the local post office to pick up them up, customers will have further distances to travel to retrieve their packages if closures occur. In many cases, the proximity of the next closest facility may present a greater distance to travel, one that may not necessarily be within walking distance. I encourage you to take these considerations into account in determining how substantial a change will come about through these changes in the Bronx and elsewhere.

In conclusion, the Postal Service's pursuit of actions to maintain its financial viability is not an easy task. Cost reduction and service improvement efforts generally need to be permitted and encouraged to continue. I urge the Postal Regulatory Commission to assure that real, significant savings are achieved in the station and branch optimization initiative, and that universal service is preserved.

While the seven facilities under consideration here in the Bronx exclusively involve retail units, the possible closure and consolidation of retail and carrier operations at other facilities may involve additional considerations. By assuring that the Postal Service's process for making closure decisions considers the proper set of factors and ensures that adequate service levels are maintained, the PRC will perform a valuable role in preserving the strength and vitality of our nation's mail system.

This concludes my testimony. I will be happy to respond to any questions you may have.