

February 20, 2020

Mr. Brian J. Wagner
President
National Association of Postal Supervisors
1727 King Street, Suite 400
Alexandria, VA 22314-2753

Certified Mail Tracking Number:
7018 0360 0001 6256 6373

Dear Brian:

As a matter of general interest, the Postal Service is implementing a Surface Transportation Center (STC) Redesign across the STC Network. The purpose is to improve and enhance the surface network that moves America's mail. This initiative is intended to reduce costs while at the same time driving service improvements. The process will improve truck utilization, containerization, visibility, and reduce mileage and costs associated with moving the mail.

While First Class volumes continue to decline, surface transportation costs have grown over one billion dollars in the last four years. The STC network, which includes 13 STC sites around the country, is being built to improve opportunities to maximize equipment utilization.

STC Redesign uses aggregate sites (Feeder Plants or STCs) that consolidate mail for launch to the network. Originating sites feed into an aggregate site that dispatches trucks throughout the network. STCs will service destinating plants within an eight (8) hour driving distance. Critical Entry Times (CET) will remain the same. Mail flow through the STC Network includes First Class Mail, Priority Mail, some packages and SPRS. The anticipated result is that the STCs will generate fully loaded trucks transporting fully loaded containers that maximize equipment usage while reducing costs.

The STC Redesign Implementation Schedule (subject to change) includes:

Phase 1: Completed

- Kansas City STC (New STC completed in September 2019)

Phase 2: Target completion in March 2020

- Indianapolis STC; Memphis STC; Atlanta STC; Dallas STC; Seminole STC; and Chicago (New STC)

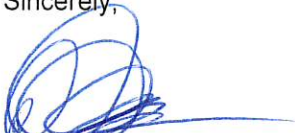
Phase 3: Target completion in June 2020

- Northern California STC; Southern California STC; Salt Lake City STC; Cap Metro STC; New Jersey STC; Springfield STC

Regular service talks will be provided to employees locally as each site gets closer to implementation dates. There is no anticipated impact to bargaining unit employees as a result of STC Redesign. Where there may be potential need to change employee schedules, they will be done in accordance with the Collective Bargaining Agreements (CBAs) and Local Memorandums of Understanding (LMOUs).

If there are any questions, please contact James Lloyd at extension 3946.

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Mills", with a long horizontal flourish extending to the right.

David E. Mills
A/Manager
Labor Relations Policies and Programs