

PO Box Fee Increases Reviewed

1. How much will PO Box fees increase in 2009?

Overall, all PO Box fees, including caller/reserves, increased on May 11 by 3.9 percent; however, respective increases range from zero percent up to 20 percent. The wide variance in fee increases is due to

trying to maintain proportionate relationships between box size and price and other circumstances such as rounding constraints. For example, Box Size 1 in fee group 7 increased by 20 percent from \$10 to \$12. While 20 percent may seem like a large increase, it does not seem as large when the math shows this is only an increase of 33 cents per month and the price for this box did not increase at all in the 2008 fee adjustments.

2. What makes up a PO Box fee group? Although commercial real estate values are a main ingredient in fee group prices, other factors include space support costs for custodial supplies, building supplies, maintenance, heating, air conditioning, fuel, transportation, etc., and also labor costs, which include compensation of postal personnel. Some costs are applied nationally, some are site-specific.

3. Will the fee increase drive away customers? It could, but often how something is presented determines whether it is accepted. More than 80 percent of all boxes are small boxes (sizes 1 and 2) and those fees only increased between \$2 to \$8 a year. This amounts to less than 31 cents a week—literally, pennies a day. No one likes to pay more, but if the USPS does not cover its costs, it cannot stay in business. In some depressed areas this may be why other businesses are not present ... because they cannot afford to do business at those locations. We want to remain in all communities and, therefore, need help to cover our costs. Our customers understand that our costs have increased just as theirs have for gas, electricity, employees, etc. Emphasize the benefits of renting PO Boxes, such as security, convenience and early mail delivery to help retain these customers. If a cus-

tomers wants to go to a rural route, remind them to complete a change of address form to have their mail forwarded. Point out that unlike PO Box delivery, residential delivery generally occurs later in the day and that when they are out of town for an extended period of time, they will have to complete a hold request form.

4. Will this new fee schedule reduce my revenue?

It will, but utilize some of the marketing tools such as PO Box Availability Tags or PO Box buttons to market to new customers to increase PO Box revenue. To order PO Box Availability Tags (Tag 26: PSN 7690-10-000-6477), use the touch tone order entry system in Topeka, KS, by calling 800-273-1509. Limited quantities of the PO Box buttons are available. If interested, please send an e-mail to poboxsuccess@usps.gov.

5. How can cities with some of the most expensive real estate and some of the largest post offices in the country have a fee group 5?

While it may seem that some of the larger cities are more expensive across the board, the reality is that the range of rent/square foot varies greatly within the cities themselves. This variance in rent/square foot along with the size of facilities can lead to a great difference in cost/square foot and, therefore, the fee group. For example, a very large facility in a warehouse district could very well have a fee group 6. This is because the cost of providing PO Box services there is very low.

6. How can post offices housed in similar buildings within 10 blocks of each other have two different fee groups (i.e., group 1 and group 5)?

Fee groups are determined based on a large number of factors. Two facilities just blocks apart could have very different costs just because one facility is larger than the other, or because one facility is paying less per square foot for rent, or because of various other factors. Proximity to each other does not necessarily guarantee similar costs. For the May 11 changes, the Postal Service has not changed the fee group for any facilities, so any apparent inconsistencies have not been newly created.

7. How can a facility that is less than 1,500 square feet and is in one of the poorest parts of town be a group 1?

For many facilities in territorial regions, rent/square foot is very high—regardless of the wealth of the town. Also, if a facility is very small—as would be the case in a small town—the cost/square foot could be very high due to its size and the costs of providing PO Box service. •