

TESTIMONY OF MARIO PRINCIPE

DIRECTOR OF LESSOR AFFAIRS

**ON BEHALF OF THE ASSOCIATION OF UNITED STATES POSTAL LESSORS
(AUSPL)**

BEFORE THE POSTAL REGULATORY COMMISSION

**REGARDING THE U.S. POSTAL SERVICE'S STATION AND BRANCH
OPTIMIZATION AND CONSOLIDATION INITIATIVE (DOCKET N2009-1)**

INDEPENDENCE, OHIO

SEPTEMBER 16, 2009

AUTOBIOGRAPHICAL SKETCH - MARIO PRINCIPE

My name is Mario Principe. I retired from the Postal Service in 1991 after 38 years of federal service. I am currently the Director of Lessor Affairs for the Association of United States Postal Lessors (AUSPL) and also serve as the Post Office Continuance Coordinator for the National League of Postmasters (League).

I served two years in the United States Army after graduation from high school and upon discharge in 1956 went to work as a letter carrier at the North Hollywood, CA Post Office. I held various field management positions in what is now the Van Nuys District while going to college at night and earning my Associate's Degree. I served as a carrier supervisor, station manager, manager of delivery and collection and was part of the sectional center city route inspection team for many years and represented management in local labor contract negotiations.

In 1971 I was selected as one of twelve postal managers to represent the Postal Service in a joint effort to improve postal service in Brazil, South America through a unique Peace Corps program, and was elected team leader. This was the first program of its kind ever undertaken by the Postal Service.

In 1975 I was selected as a master instructor for the original Management Action Series program of the Postal Service Training and Development Institute's Management Academy. In addition to being an instructor, I developed training material, some of which became college accredited. This required a move to Washington, DC.

I was promoted and served at Postal Service Headquarters for the remainder of my postal career. I managed many national programs and assisted on grievances submitted by the National Association of Letter Carriers at the national level. I served as national coordinator for the 1980 Census and received a Meritorious Service Award for my efforts. I also was very active in the development and final implementation of computerized operations for retail window clerks.

I was assigned post office closing duties in 1985 and served in this capacity for about four years. I reviewed each discontinuance case for compliance with federal law and for technical accuracy before submitting the documents to the Senior Assistant Postmaster General, Operations Group, for signature. Another part of my duties was to conduct annual nationwide post office closing training sessions for field managers.

I have been a consultant to the League since 1993 to help assure that the Postal Service complies with the law and its own guidelines concerning the emergency suspension of service and the permanent discontinuance of post offices. Because of my activities with the League, I have extensive knowledge of where I believe unjustified closings are occurring and other problem areas related to the closing or consolidation of post offices. I was hired by AUSPL in June of 2009 to help protect its members' interests. AUSPL has 3,300 members who lease space to the Postal Service, and we provide approximately 40 percent of leased space used to house various postal operations nationwide.

TESTIMONY

The Association of United States Postal Lessors (AUSPL) and I appreciate the opportunity to testify on this important matter. First, we would like to state that AUSPL does not question the right of the Postal Service to discontinue a postal facility where necessary. However, we do believe that all customers have the right to a maximum degree of regular and effective service whether they are served by a station, branch, main office, or smaller independent post office. We believe it is reasonable to expect the Postal Service to follow federal law governing the closing of independent post offices and its own rules and guidelines which were developed to assure compliance with the law. We urge the Commission to seriously consider that the closing or consolidation of a station or a branch should be treated the same as the closing or consolidation of a small independent post office. The only difference is the name the various types of post offices were given by the Postmaster General or other official in the old Post Office Department.

According to a history of stations and branches written by the Postal Service Historian's office, many years ago stations were established not only to keep up with cities' population growth but also when formerly independent post offices were discontinued and converted to stations of a nearby post office. Sometimes converting of post offices to stations was done to provide free mail delivery to customers, since initially residents of only the most populous cities were eligible for free delivery. Until 1908, the terms "station" and "branch" were used interchangeably. In May 1908, to help preserve the identity of communities that lost their post office, the Postmaster General ordered that all postal stations located outside the city limits be called "branches" and those located within the city limits "stations". AUSPL questions why customers of a city station or suburban branch should not be protected by the same rules as customers of a rural independent post office.

Past experience has shown when there are budget issues, training is curtailed or eliminated, facilities projects are put on hold or cancelled and a freeze on hiring is put into effect. We are extremely concerned that the extensive shuffling and reducing of postal personnel currently underway and the pressure to reduce the number of facilities will result in unjustified emergency suspensions of small post offices, unnecessary permanent closing of small post offices, and unjustified closing or consolidation of stations and branches. With all the cutbacks in personnel, it is doubtful that adequate oversight to ensure postal district compliance with federal law and the Postal Service's own guidelines will be conducted by Postal Headquarters. Also, with the drastic changes and reductions in personnel there will be many field managers entrusted with the closing or consolidation of post offices in need of appropriate training. It is extremely vital to have adequate oversight and well trained management personnel to ensure all applicable rules and guidelines are followed. It is reasonable and critical that postal lessors, postal customers, and all affected employees receive fair treatment when their facilities are being considered for closing or consolidation.

Following are specific concerns AUSPL would like to raise:

- Overly zealous postal managers should not be allowed to selectively enforce terms and rules so as to justify closing or consolidating a facility in order to comply with demands to cut costs. For example there have been several lists of stations and branches being considered for closing over the last few months ranging from about 3300, 1000, 740 and most recently 413. This haphazard approach has created unneeded anxiety for much of our membership who consider themselves partners with the Postal Service, as well as extremely poor public relations with postal customers. A significant number of the offices on the lists have many years to go before leases expire, and they do not contain termination clauses. Lessors are afraid that because the Postal Service is a government entity, it can somehow violate the terms of the lease and close the facilities.
- A facility should not be closed or consolidated because of building deficiencies or for needed repairs without the lessor being advised and given reasonable opportunity to take corrective action.
- Lessors should be provided with all documentation used to justify the closing or consolidation *before* the actual event. The lessor should be able to review and comment on the documentation (including concerns/comments of customers discussed at community meetings and/or on questionnaires) and submit their comments to the Postal Service for consideration before the Postal Service actually discontinues a facility.
- When USPS evaluates a facility, the criteria used to justify its actions should include the potential revenue that will be lost (post office box fees, parcels, money orders, overnight mail, proof of delivery return receipts and other specialty services). We assume customers who regularly use USPS package services will switch to other package delivery companies as a result of closing or consolidation. The loss would most likely be permanent.
- The potential impact of lost revenue on neighboring businesses due to the huge drop off in “walk in revenue” should be considered when a post office is closed or consolidated.
- Customers’ concerns should be taken into account in the decision making process. A significant number of lower revenue-producing offices are located in impoverished sections of a city. Many such residents are elderly; they do not drive; they do not have checking accounts, and they use postal money orders to pay bills. Closing their post office would be a major hardship to residents.
- I would like to enter a copy of a forthcoming newsletter we will be sending to our members for inclusion in the record. We believe the Commission should be aware of its contents. Additionally, I would like to enter letters from lessors having facilities in Ohio who could not attend today. The Commission will soon be receiving further Ohio lessor comments and concerns by mail.

Clearly, a United States post office is a vital presence in the community. Therefore, it is crucial to consider *all* the ramifications of closing or consolidating a facility. *Americans are willing to give up a lot of things, but the post office is not high on the list of sacrifices they are willing to make.* The residents would be better served if the building were used to perform a variety of federal agency functions, such as distribution of important documents and information to everyone. Additionally, with the closing of postal facilities, understaffing at some retail outlets, and the removal of 150,000 or so collection boxes, it appears that the Postal Service is making it harder and harder for customers to do business with them. The more customers perceive using the Postal Service to be inconvenient, the more they will seek alternatives to using the U.S. Mail. Also, it appears to us the Postal Service assumes mail volume will never improve, which is self-defeating.

AUSPL is very concerned about the unjustified emergency suspension of small post offices as a means to immediately save money. However, since this hearing deals with stations and branches, perhaps I can meet with the Commission at a later date concerning small post office issues.

In conclusion, AUSPL believes the Postal Service is unduly criticized as being inefficient by many people. Postmaster General Potter indicated that the Postal Service would have shown a profit in 2007 and 2008 if it were not for the legal requirement on how they pre-fund retirees' health benefits. How many large companies in private industry have been profitable the last two years? There is no doubt the Postal Service needs some relief or flexibility on its required payment schedule. The Postal Service belongs to the American people and the American people should not be penalized because of this change.

Thank you again for giving me the opportunity to speak on behalf of the Association of United States Postal Lessors.