



# Berkeley Main Post Office Public Meeting

February 26, 2013



# Agenda

- **Why we are here**
  - 39 CFR 241.4
- **Decision Making Process**
  - Cost Avoidance/Revenue Generation While Maintaining Service
    - Financial Climate of Postal Service
  - Community Input
    - Public Meeting
    - Written Comment Period
- **Next Steps**
- **Q&A/Comments**



# Why We Are Here

## ➤ **39 CFR 241.4 – Public Meeting**

- The purpose of this meeting is to assure increased opportunities for members of the community who may be affected by the project, along with local officials, to convey their views concerning the contemplated project and have them considered prior to any final decision.
- Share information
- Listen to comments



# Financial Climate of Postal Service

## Volume

- Total mail volume decline of 27% since 2006
- Drop of 53 billion pieces in the last 6 years
- Mail mix changes – lower profit contributions

Declining steadily

Fixed Cost Base

## Universal Service Obligation

Postal network driven by:

- Delivery points
- Retail locations
- Mail processing facilities

**These trends will continue to put pressure on USPS's ability to provide affordable universal service**

## Price

- Non-competitive services capped by rate of inflation

Rising but capped

Legislation needed

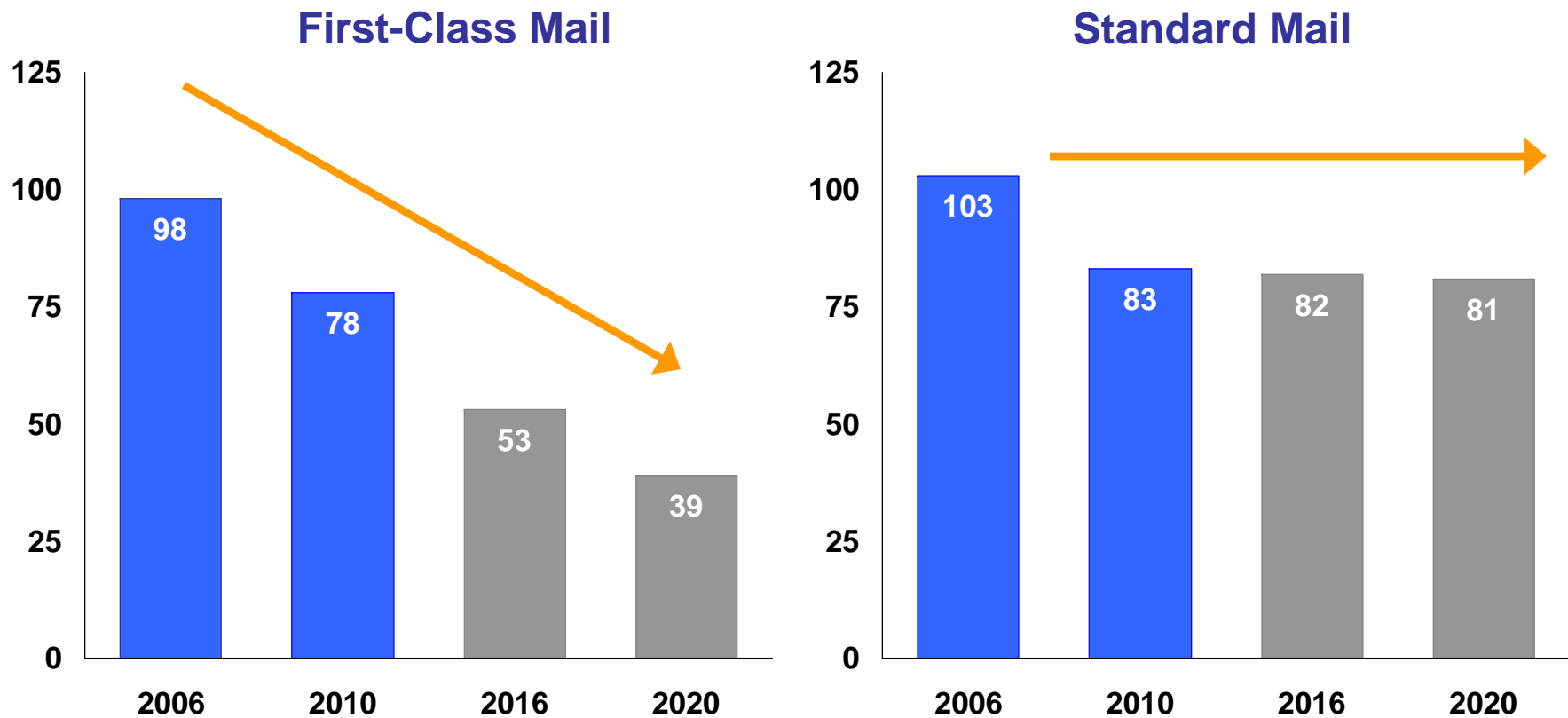
## Labor Costs

- Unique future retiree prefunding obligation



# Financial Climate of Postal Service

## Mail Volume Shifting to Less Profitable Mix



Volume in Billions of Pieces

(Source: Boston Consulting Group)



# Financial Climate of Postal Service

- \$15.9 billion net loss in FY2012
- \$1.3 billion loss QTR1 – Oct/Dec
- \$100 million profit had it not been for Retiree Health Benefits (RHB) funding
- Net loss of over \$40 billion in the past six years, despite removing nearly \$15 billion from cost base during the same period



# Financial Climate of Postal Service

- Low cash levels, up against our debt ceiling
- USPS defaulted on RHB pre-funding payments that were due August and September 2012 for a total of \$11.1 billion
- Expected to default on payment of \$5.6 billion due September 20, 2013, absent legislation
- USPS is doing everything possible *within its control* to generate revenue and reduce costs in order to maintain universal service



# Financial Climate of Postal Service

## ➤ **Since 2006:**

- Reduced the size of the workforce by 193,000 employees through attrition
  - Goal is to reduce our career workforce to 400,000 through attrition
- Reduced our cost base by \$15 Billion
- Consolidated more than 200 mail processing facilities
- Modifying operating hours at over 13,000 Post Offices (POSt Plan)
- Reduced some 21,000 delivery routes
- Provided increased access to Postal products and services
  - 100,000 locations plus the internet





# Title 39 CFR 241.4

## Community Relations Regulations

- **Customer Service Facilities**
  - **Expansion, Relocation, and Construction of Post Offices**
    - **Relocation**

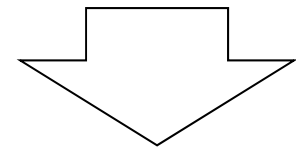
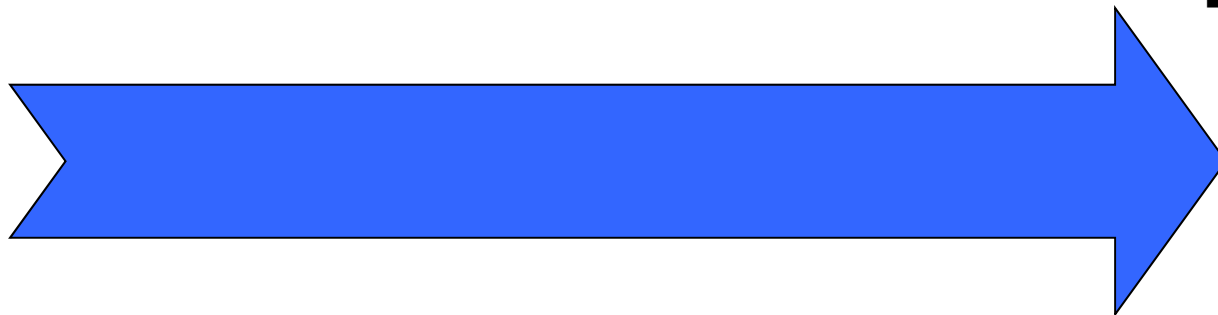


# Core Strategies

## Leaner, Faster, and Smarter Organization

### NATIONAL EFFORT

- Optimize Network
- Realign Workforce
  - Reduce Energy
- Reduce Physical Footprint





# Optimization Results

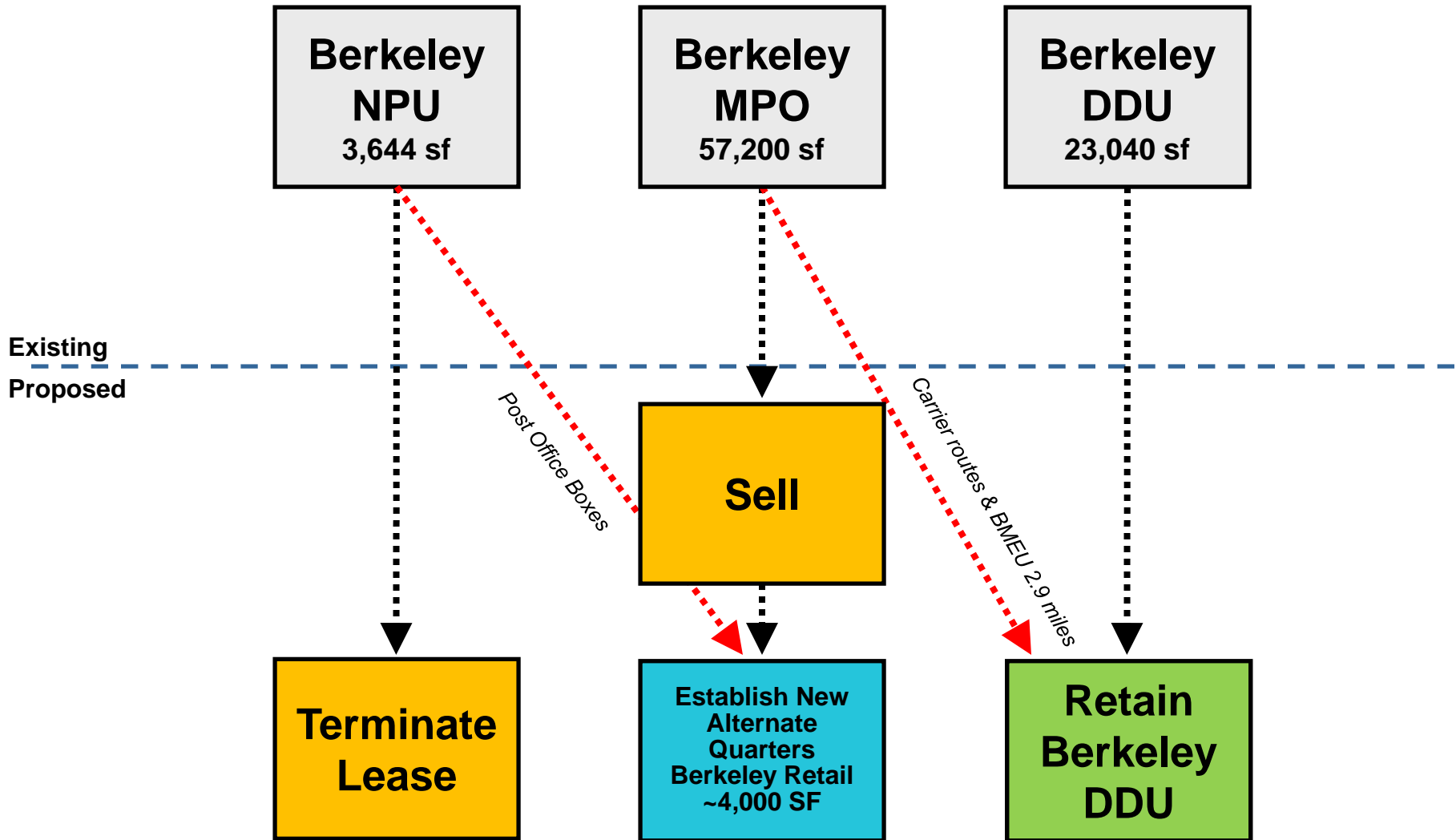
Initiated in 2009

- **National**
  - **575 Studies**
  - **186 Owned Buildings**
  - **434 Leased Building**

**NET SPACE REDUCTION = 14 MILLION SQUARE FEET**



# Relocate Delivery Operations to Carrier Annex & Relocate Retail to Smaller Post Office Space





# Benefits to “Rightsizing”

- Annual Operating Savings
  - Utilities
  - Maintenance
  - Labor
  
- Cash Gain
  
- Berkeley Will Continue to Have 7 USPS Retail Locations
  
- Property Goes Back on Tax Rolls



# Process For Relocation

- Optimization Study Approved by Area Vice President
  
- Community Relations Regulations (39 CFR 241.4)
  - Letter Sent to City Officials
  - Meeting with City Officials
  - Notification of Public Meeting
  - Public Meeting
  - Comment Period (30 days)
  - Recommendation
  - Notification Sent to City Officials
  - Appeal Period (15 days)
  - Final Decision



# Process For Relocation

- Assign USPS Asset Manager
  
- Due Diligence
  - Title/Survey
  - Appraisal/Appraisal Review
  - Environmental
  - Section 106
  
- Marketing Preparation
  - Assign Local Broker
  - Develop Marketing Plan
  - Place on Website “Coming Soon”

[www.uspspropertiesforsale.com](http://www.uspspropertiesforsale.com)



# Process For Relocation

- Marketing
  - Place “For Sale” Sign on Building
  - Change Website – “Available for Sale”
  - List Property to Commercial Listing Services
  - Coordinate Tours
  
- Offers
  - Receive and Review Offers
  - Qualify Prospective Buyers
  - Prepare Summary Analysis
  - Negotiate Best Overall Value
  
- Execution
  - Purchase and Sales Agreement
  - Execute Settlement Statement
  - Deed
  - Close Escrow





# Process For Relocation

- **Alternate Quarters**
  - Local Broker to Provide Market Survey
  - Determination of Contending Properties
  - Notification Sent Identifying Contending Properties
  - Notification of Selected Property
  - Negotiations for Selected Property
  - Due Diligence
  - Execute Lease
  - Relocate

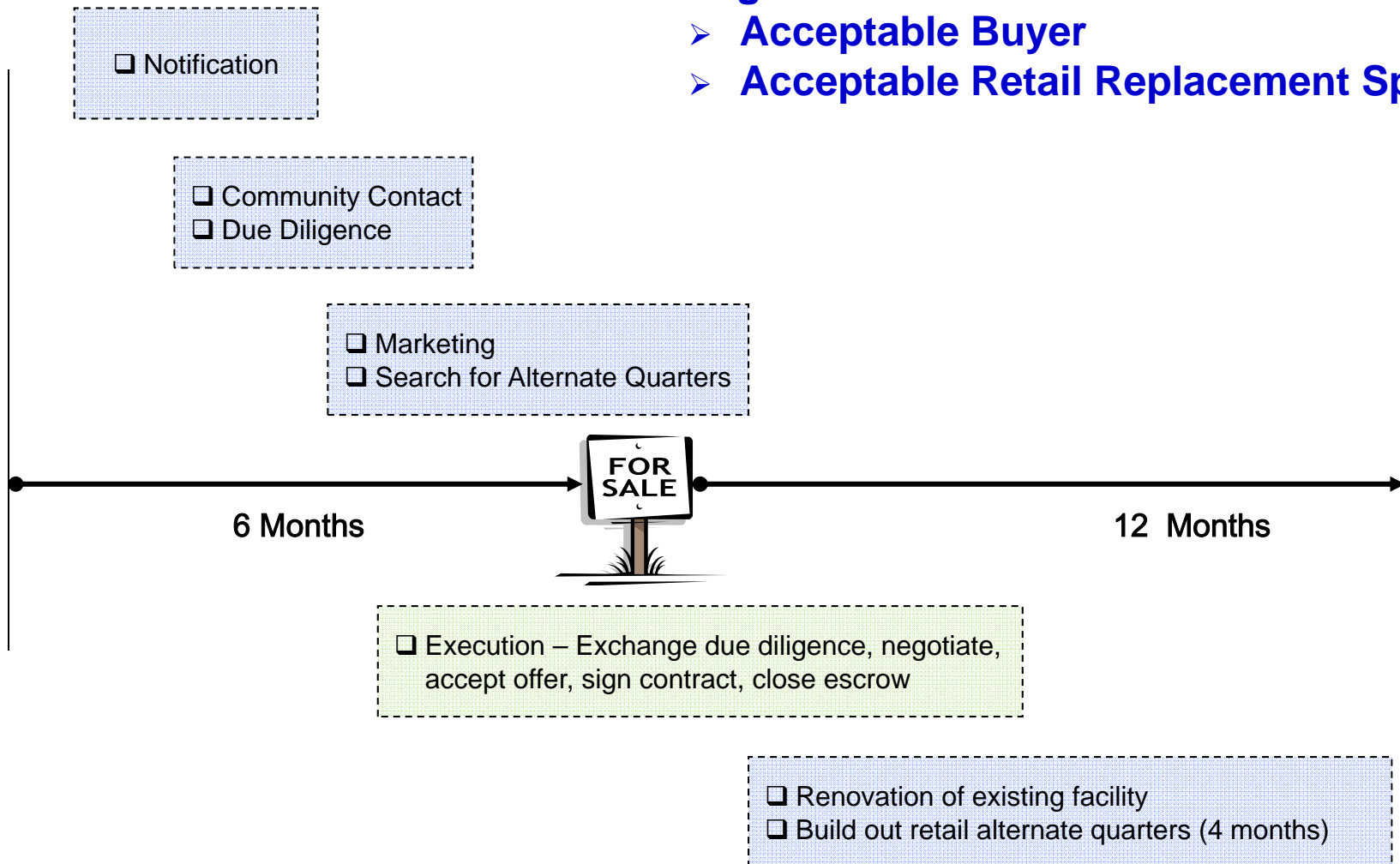
**Lease Cannot Be Executed Until Property Sale Is Closed**



# Implementation Timeline

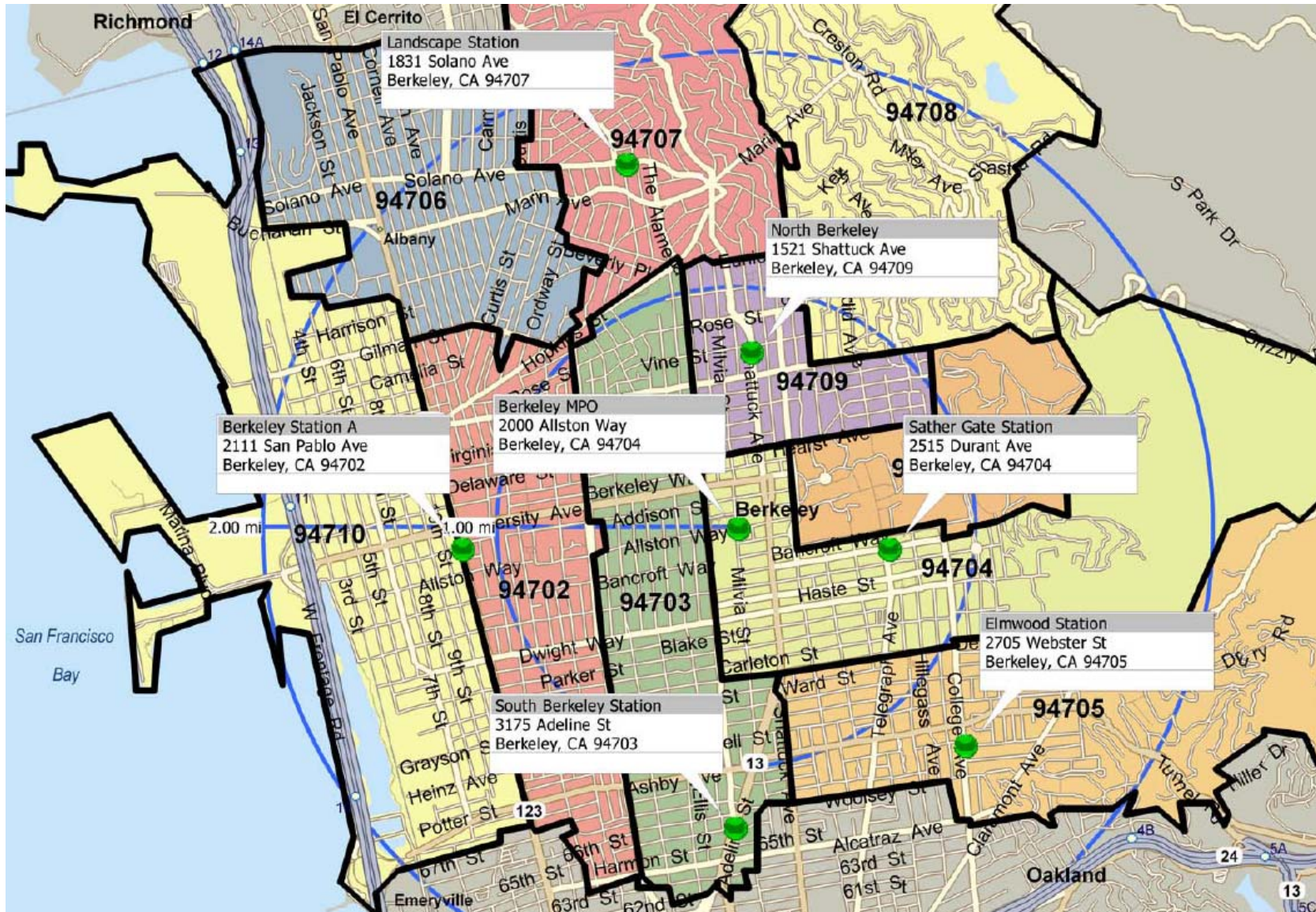
## AVP Approval

- **Contingent on:**
  - **Acceptable Buyer**
  - **Acceptable Retail Replacement Space**





# Berkeley Retail Locations





# Other Cities

San Rafael  
Half Moon Bay  
Thousand Oaks  
Beverly Hills  
Santa Monica  
Los Angeles

Sausalito  
Palo Alto  
Burlingame  
La Jolla  
Anaheim  
Santa Barbara

## Completed

Venice Main Post Office  
Soquel Main Post Office  
Ukiah Main Post Office  
Healdsburg Main Post Office  
San Francisco Bryant Street  
San Jose Station D





# Considerations in Decision Making Process

- Community Input
  - Public Meeting
  - Comment Period



# Community Input – Letters

- Common Concerns
  - Historical Significance
  - Post Office Boxes
  - Mail Delivery
  - Parking



# Next Steps

- **Postal Service makes a recommendation.**
- **Forwards recommendation to USPS HQ along with cost analysis and community input.**
- **HQ either concurs with recommendation or makes a recommendation of its own.**
- **Postal Service notifies the community of the decision.**
- **The community is given opportunity to appeal.**



# Berkeley Public Meeting

**Continue to send comments through March 14, 2013 to:**

**Diana Alvarado  
USPS Facilities Implementation – Pacific Area  
1300 Evans Ave Suite 200  
San Francisco CA 94188-8200**





# Berkeley Public Meeting

# Comments?

As a courtesy, please limit your comments to 2 minutes.