

POSTAL NEWS

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1. Congress needs to let the Postal Service reduce its costs

Network News

Saturday, June 19, 2010

FOR ONCE, the U.S. Postal Service deserves to be commended. After years of plummeting revenue under a business model that assumed mail volume would rebound when the recession ended, the Postal Service has finally acknowledged the changing communications landscape. Its 10-year plan, released in March, anticipates continued attrition in the face of new technology and proposes many sensible cuts. But the Postal Service's hybrid status as a semi-governmental, semi-private institution already threatens to cripple these reforms.

The Postal Service is funded by ratepayers, not taxpayers. But because of its mailbox monopoly, its pricing decisions for both market-dominant and competitive products must be reviewed by the Postal Regulatory Commission. Any rate increases must be linked to inflation, and federal law prohibits the closure of failing post offices. This cumbersome structure of oversight creates significant obstacles to change.

The Postal Reform Act of 2006 requires the Postal Service to prepay into an employee retirement fund each year to ensure that its increasing financial woes will not leave taxpayers shouldering costs. The Postal Service hopes Congress will release it from this obligation. That it already cannot afford such payments only reinforces the wisdom of the requirement: If Congress ends pre-funding, taxpayers will pay the price. But it might make sense to reevaluate the assumptions about workforce size and composition that serve as the basis for the requirement, which could lead to a decrease in these payments by billions a year. If Congress agrees -- as it did last year -- to let the USPS delay payments, it must make sure the Postal Service can undertake the reforms it so badly needs.

One proposed reform would limit mail delivery to five days a week. The shift clashes with the Postal Service's Universal Service Obligation, which mandates that service remain at 1983 levels. In a world where bills can be paid, taxes filed and communications carried out at the push of a button, coverage standards that date from an era when the mail functioned as the nation's nervous system look increasingly absurd. Congress must redefine the Universal Service Obligation in a way that makes sense for a new century.

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As collective bargaining begins this fall for major portions of the USPS's 500,000-strong career workforce, Congress and the Postal Regulatory Commission must also require that arbitrators take the Postal Service's finances into account, allowing room for reasonable cuts in hiring and benefits rather than assuming that employee costs can simply be passed along to taxpayers. With an institution as large and entrenched as the Postal Service, reform moves slowly. By redefining universal service, encouraging reasonable bargaining and beginning to reshape the USPS's monopoly to free it from crippling regulatory structures, Congress can ensure that the Postal Service moves in the right direction.

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2. Cost-effectiveness an issue for Postal Service vehicle repairs

The Postal Service spent about \$524 million to fix right-hand-drive delivery trucks in fiscal 2009. (Nikki Kahn/the Washington Post)

By Ed O'Keefe

Washington Post Staff Writer

Friday, June 18, 2010

The wheels are literally falling off at the Postal Service, and it's getting more expensive to fix them, according to a report by the agency's auditors.

Most of the Postal Service's right-hand-drive delivery trucks, known as long-life vehicles (LLVs), are nearing the end of a 24-year life cycle, and the agency estimates that it would cost \$4.2 billion -- or \$30,000 a truck -- to replace them. The big price tag and plummeting revenue caused the Postal Service to delay buying new vehicles until 2018.

The Postal Service owns and operates the largest vehicle fleet in the world, with about 220,000 mail trucks and vans traveling more than 1.2 billion miles a year. It is the only organization in the world that owns and operates LLVs, which are driven by thousands of letter carriers six days a week.

The Postal Service spent about \$524 million to fix LLVs in fiscal 2009, according to an audit published Wednesday by the agency's office of inspector general.

The report generally approves of the Postal Service's maintenance program, which repairs broken vehicles instead of replacing them. But the repair program will cost \$342 million more than it would cost to buy new trucks in the next eight years unless the Postal Service starts replacing those that require more than \$3,500 in repairs, the report says.

Auditors discovered that about 19,000 trucks required an average of \$5,600 in maintenance, with the cost rising to as much as \$43,000. Repairs ranged from complete reconstruction to minor fixes, the report said.

Postal officials told auditors that they plan to start replacing broken trucks more often next year and that they will remind maintenance staff and district managers to keep costs under control.

In February, the Postal Service recruited five firms to develop battery-powered LLVs to help reduce gasoline and maintenance costs. Each company has been offered \$50,000 to deliver a prototype by August, and the vehicles will be tested on the streets of Washington, Postal Service spokeswoman Sue Brennan said.

Letter carriers also are testing several other modes of transportation to reduce fuel and maintenance costs. Some workers are using three-wheel electric vehicles on a trial basis in Arizona, California, Florida and parts of the District, Brennan said. The vehicles can reach speeds of 12 mph, carry 45 pounds of mail and travel 40 miles before recharging. Other letter carriers in Arizona and Florida use bicycles to deliver the mail.

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