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**From the Desk of the District Manager**



**William J. Schnaars**  
*District Manager,  
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**“WE AREN’T GOING AWAY”  
 DPMG Ron Stroman Reassures USPS  
 Stakeholders**

With potential USPS insolvency in the news, approximately 200 Southern California mailing industry leaders gathered in Anaheim to hear DPMG Ron Stroman discuss the state of the Postal Service.

Stroman expressed optimism while emphasizing the need for change: “The decisions we make today will determine our future 10 years from now.”

He congratulated attending Pacific Area Vice President Drew Aliperto and area district leaders for their successful efforts to improve service and reduce costs, but stressed the decline in First-Class Mail volume makes congressional action essential to the Postal Service’s fiscal health.

Stroman reiterated the need for Congress to resolve the mandate to pre-fund Retiree Health Benefits by \$5.5 billion annually, allow USPS to access its overpayment to the Federal Employees Retirement System and give USPS authority to determine delivery frequency. He also discussed proposals such as reducing the workforce and accelerating consolidation of the processing network.

“I’m here to remind you how important you are in sharing our message with your customers and with decision-makers,” Stroman declared. “We aren’t going away, we’re making the tough decisions and there’s a bright future ahead if we pull together.”

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## POSTAL SERVICE BEGINS LABOR CONTRACT NEGOTIATIONS WITH TWO UNIONS

WASHINGTON — Facing a projected loss of more than \$8 billion for this fiscal year and a projected need to reduce its workforce by 220,000 employees by 2015, the Postal Service begins today contract negotiations with the National Association of Letter Carriers, AFL-CIO (NALC) and on Aug. 30 with the National Postal Mail Handlers Union (NPMHU). The two unions represent 247,000 of the Postal Service's 560,000 career employees.

Mail volume peaked in 2006 at 213 billion pieces. The effects of the recession coupled with the ongoing shift to digital communications resulted in mail volume plummeting 20 percent to 171 billion pieces last year. Over the last four fiscal years, the Postal Service reduced its size by 110,000 career positions and saved \$12 billion in costs. Expenses, however, continue to exceed revenues in part due to an overstaffed workforce.

"If the Postal Service was a private sector business, it would have filed for bankruptcy and utilized the reorganization process to restructure its labor agreements to reflect the new financial reality," said Anthony Vegliante, chief human resources officer and executive vice president. "Wages and benefits for all employees represent nearly 80 percent of our costs. To remain solvent, we must negotiate contracts that address our total labor costs and enable us to downsize quickly to adjust to America's changing mailing needs while being fair to our customers and employees."

The NALC represents 200,000 employees who work as letter carriers delivering mail primarily in urban areas. The NPMHU represents 47,000 employees who work in mail-processing plants and Post Offices. Respectively, wages and benefits for the NALC- and NPMHU-represented employees exceeded \$15 billion and \$3 billion last year. Both contracts expire Nov. 20, 2011.

Last week the Postal Service confirmed that it is exploring additional legislative proposals that ask Congress to allow it to:

- establish its own health benefits program;
- administer its own retirement system; and,
- adjust the size of its workforce to match operational needs and the changing marketplace.

These new proposals are in addition to ones previously identified, including:

- eliminating Congressionally mandated retiree health benefit prepayments;
- enabling the Postal Service to access Federal Employees Retirement System overpayments; and,
- giving the Postal Service the authority to determine mail delivery frequency.

Two other unions represent most other postal employees. Employees represented by the American Postal Workers Union, AFL-CIO (APWU) work as clerks, mechanics, vehicle drivers, custodians and some administrative positions. Their wages and benefits exceeded \$15 billion last year. The National Rural Letter Carriers' Association (NRLCA) represents employees who deliver mail primarily in rural and suburban areas. The cost of their compensation package was nearly \$6 billion last year.

Union	Employees	Contract Expiration
APWU	200,000	midnight, May 20, 2015
NALC	200,000	midnight, Nov. 20, 2011
NRLCA	66,000 career 48,000 non-career	midnight, Nov. 20, 2010
NPMHU	47,000	midnight, Nov. 20, 2011

The Postal Service successfully negotiated a contract with the APWU that will save more than \$3.8 billion over the four year life of the contract that expires May 20, 2015. The APWU contract achieves short-term cost relief, long-term structural changes and enhanced workforce flexibility.

Negotiations with the NRLCA have come to an impasse and will be resolved through interest arbitration. Unlike in the private sector, it is illegal for federal employees to strike, including when negotiations fail. Rather, a third party determines the final outcome of work rules and wages for bargaining unit employees.

For additional background information on labor negotiations, click this link: Labor Negotiations.

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

## STATEMENT: USPS EXPLORING ADDITIONAL LEGISLATIVE PROPOSALS

While the Postal Service remains the cornerstone of a \$1 trillion industry and will continue to be vital to the U.S. economy, the Postal Service will be insolvent next month due to significant declines in First-Class Mail volume, the effects of a Congressional mandate to prefund retiree health benefits and increases in network costs, wages and benefits.

The Postal Service has taken unprecedented steps over the past decade to reduce costs in areas within its control, including cost reductions totaling \$12 billion in the past four fiscal years. To return to financial stability, the Postal Service seeks legislative changes to allow for network and workforce adjustments. Legislative action is needed to do the following:

- Allow the Postal Service to establish its own health benefits program
- Allow the Postal Service to administer its own retirement system
- Give the Postal Service the ability to adjust the size of its workforce to match operational needs and the changing marketplace.

These proposals require changes in current

law before they can be implemented. Two Postal Service white papers provide details on these options:

[http://about.usps.com/news/national-releases/2011/pr11\\_wp\\_workforce\\_0812.pdf](http://about.usps.com/news/national-releases/2011/pr11_wp_workforce_0812.pdf)

[http://about.usps.com/news/national-releases/2011/pr11\\_wp\\_hbretirees\\_0812.pdf](http://about.usps.com/news/national-releases/2011/pr11_wp_hbretirees_0812.pdf)

The new legislative proposals are in addition to ones previously identified, including:

- Eliminate Congressionally mandated retiree health benefit pre-payments
- Enable the Postal Service to access Federal Employees Retirement System overpayments
- Give the Postal Service the authority to determine the frequency of mail delivery.

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

We're everywhere so you can be anywhere:  
[www.usps everywhere.com](http://www.usps everywhere.com)

### ★ ABOUT US ★

Consisting of Postal Customers in the New York City area, the Greater NY PCC employs its resources to implement and coordinate the activities of the Post Office in its relations with the Business Community and the Public in general.

The primary purpose of the Council is to, in accordance with general Postal Policy:

- Establish a means of regular communication between customers and local postal managers.
- Assist customers in improving their internal mail operations.
- Create a better understanding of the Postal Service through business meetings, mailer clinics, mailing seminars, tours of Postal facilities and visits to other customers' plants.
- Provide information necessary to make the most effective and efficient use of postal products and services.
- Provide an organized way for Postal speakers to introduce Postal products, services and programs to the public.

### DID YOU KNOW?



USPS earns 35% of its revenue from [usps.com](http://usps.com) and non-postal locations such as office supply stores.

## BILL SCHNAARS presents . . . *The State of the Postal Service*

At a breakfast meeting on August 24th, William Schnaars, District Manager, shared with a group of PCC members, Periodical mailers, Mail presort houses and business mailers the financial and workload status of the Postal Service. The meeting was well attended by over 92 attendees. Bill emphasized that, "we have experienced a sharp decrease in volume and have reacted by adjusting our complement, consolidating operations and improved our processes and yet it is still not enough to keep up with the overall decline in first class mail. While we have experienced an increase with some products lines those products lines have not been able to replace the marginal profits from first class mail. As we adjust our staffing and operations we have maintained the services standards that our customer have grown to expect. We also have a heavy annual burden the pre-funded health benefits. An obligation we will not pay this year". The Postal Service is in need of legislative reform so that we may sustain our business. The presentation in its entirety is posted on the GNYPC website. After the meeting there was great dialogue, feedback and inquires as to what our customers can do to further support the Postal Service. We would like to thank all attendees for their participation. As information becomes available we will share it with everyone.

### U.S. POSTAL SERVICE RECOGNIZED FOR INTERNATIONAL EXPRESS MAIL SERVICE

#### Customer Service Award Complements USPS International Revenue Growth

WASHINGTON — The U.S. Postal Service was recognized recently by the Universal Postal Union (UPU) with a 2010 Silver Award for outstanding international express mail service. The Postal Service was rated in five categories, including on-time delivery and customer service response time.

In addition to demonstrating outstanding customer service in international express mail, the U.S. Postal Service also is demonstrating outstanding growth in revenue from its international products, according to Giselle Valera, vice president, Global Business. U.S. Postal Service revenue from international mailing and shipping products has seen a 12.3 percent year-on-year increase so far in the first three quarters of the

2011 fiscal year.

"It's wonderful to be recognized by the UPU for our efforts, and it's wonderful to be recognized by consumers and businesses who are increasingly using the Postal Service for their international mailing and shipping needs," said Valera.

With 191 member countries, the UPU — a specialized agency of the United Nations — is the primary forum for international cooperation between postal organizations. It sets rules for international mail exchanges and makes recommendations to stimulate growth in mail and parcels. Established in 1874, the UPU is the second oldest international organization worldwide and is headquartered in Berne, Switzerland.

The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

The USPS report is available at:  
<http://www.usps.com/communications/five-daydelivery/assets/pdf/USPS-Report-re-PRC-Advisory-Opinion.pdf>

### 'NO' TO FINANCIAL ASSISTANCE Survey Says Americans Favor Service Changes to Resolve Fiscal Problem



According to a new survey, Americans prefer that USPS change mail delivery frequency and reduce the size of its workforce rather than have the government pay to resolve its fiscal problems.

According to a new Rasmussen Reports survey, most Americans — 75 percent prefer changes in mail delivery in some parts of the country to three or four days a week to appropriating taxpayer funds. A lesser number — 50 percent — believes the Postal Service should lay off up to 120,000 workers to reduce its losses.

Support for changed service is greater than in July 2009, when a survey revealed 50 percent favored getting mail delivered less frequently over government subsidies. But at that time, the question did not specify the number of days of service. Last year, 68 percent preferred changing mail delivery to five days per week in order to prevent increases in the price of postage.

More than half of Americans — 56 percent — also believe USPS should be allowed to run its own benefits programs. USPS is exploring withdrawing from the federal health care and retirement programs and establishing its own health and retirement benefits (Link, 8/12).

Most of those surveyed told the Rasmussen pollsters they are aware of the fiscal problems facing USPS. More than 70 percent are following recent news stories about the Postal Service at least somewhat closely, with 28 percent following coverage very closely.

The Award Winning Greater NY PCC  
cordially invites you to attend. . . .

**National PCC Day!**  
Celebrating 50 Years of America's Partnership

**PCC 50**  
POSTAL CUSTOMER COUNCIL 1961 2011 50TH ANNIVERSARY

**ALEXANDER HAMILTON U.S. CUSTOM HOUSE**

Wednesday, September 21, 2011 • 1 Bowling Green, NY 10004 • 7:00am – 3:30pm

VENDOR EXHIBITION • NETWORKING • BREAKFAST & LUNCH INCLUDED  
EDUCATIONAL WORKSHOPS • PROFESSIONAL CERTIFICATE

For Inquiries, contact: Wai Chow or Marcia Roberts, Greater NY Postal Customer Council, 421 8th Ave.,  
Rm 3110, NY, NY 10199-9619 • 212 330 3809 • 212 330 3234 fax • email: [gnyppcc@usps.gov](mailto:gnyppcc@usps.gov) • [www.gnyppcc.org](http://www.gnyppcc.org)

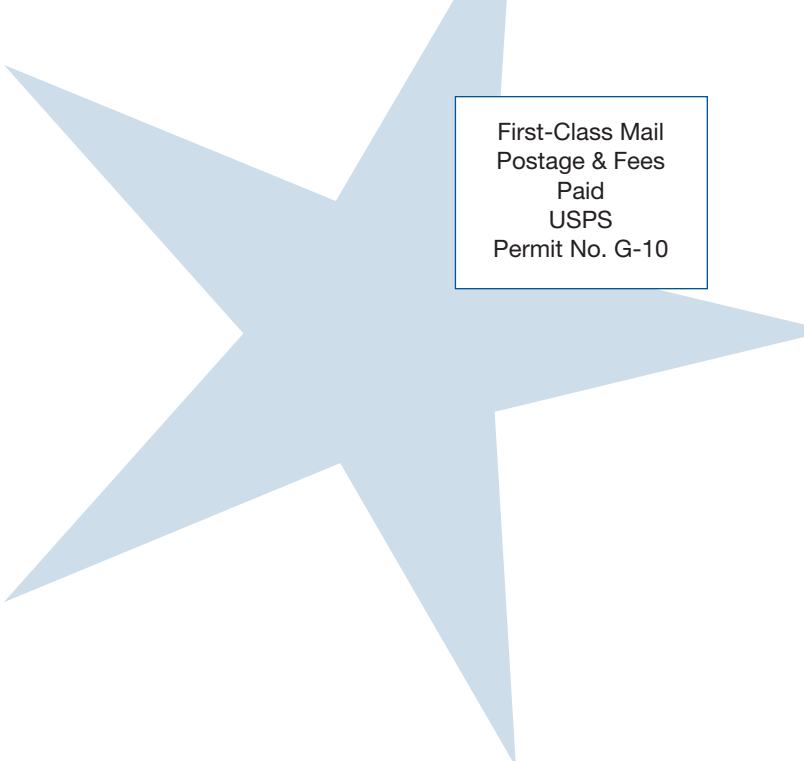


The Greater NY PCC  
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**Save the Date!**

**2011 National Postal  
Customer Council Day**  
September 21, 2011  
gnypcc.org



## Green Mail Delivery Saves Postal Service Millions

### Alternative Fuel Use Increases 133 Percent

WASHINGTON — Delivering more than 40 percent of the world’s mail and reaching every business and residential address in America six days a week requires the dependable, ubiquitous vehicle fleet of the U.S. Postal Service. The

world’s largest civilian fleet delivers more than 167 billion pieces of mail to more than 150 million addresses, along 230,000 routes, logging 4 million miles a day, with 215,000 postal vehicles, of which more than 44,000 are alternative fuel-capable.

“The Postal Service’s fleet of alternative fuel-capable vehicles is the nation’s largest green fleet, and uses a variety of alternative fuels including electricity, ethanol, compressed natural gas, liquid propane and bio-diesel,” said Dean Granholm, vice president, Delivery and Post Office Operations. “These vehicles allow us to deliver mail in a more environmentally responsible way.”

From fiscal year (FY) 2009 to FY 2010, USPS replaced nearly 6,600 older gasoline-powered vehicles with more fuel-efficient vehicles and increased use of alternative fuels in postal vehicles to 2.2 million gasoline gallon equivalent (GGE), a 9-percent increase.

“Green mail delivery methods helped the Postal Service increase alternative fuel use 133 percent from an FY 2005 baseline, well ahead of the goal of 10 percent by 2015,” said Thomas Day, chief sustainability officer. “The Postal Service has a long, proud tradition of testing and using more efficient methods of transportation, including the first electric delivery vehicle, in 1899. It’s all part of the Postal Service’s leaner, greener, smarter, faster sustainability call to action.”