



June 12, 2012

The Honorable Rick Larsen
House of Representatives
Washington, DC 20515-4702

Dear Congressman Larsen:

This is in response to your May 17 and May 30 letters to Postmaster General Patrick R. Donahoe, regarding the Everett Processing and Distribution Facility (P&DF).

Thank you for sharing your comments about the consolidation of the mail processing operations of the Everett P&DF with those of the Seattle Processing and Distribution Center. As you are aware, the U.S. Postal Service began studying the Everett P&DF along with approximately 250 other mail processing facilities nationwide in September 2011 to ascertain whether efficiencies and savings could be achieved through consolidations and closures while maintaining a strong level of service within proposed new service standards for First-Class Mail. The exploration of these changes was prompted by the need to maximize the efficiency of our mail processing network as First-Class Mail volume has declined precipitously in recent years and will continue to decline. The volume of First-Class Mail has fallen from 98 billion pieces in 2006; to 78 billion pieces in 2010; to a projected 39 billion pieces in 2020. Meanwhile, with \$25 billion of net losses over the past five years, and \$6.5 billion in net losses through the first two quarters of fiscal year 2012, the financial condition of the Postal Service is very serious.

In February 2012, we notified employees of the decisions in the studies, including the approval for consolidation of the Everett P&DF. Subsequently, on May 17, the Postal Service announced plans to move ahead with a modified plan to consolidate our network of mail processing facilities in conjunction with the establishment of new service standards for the delivery of First-Class Mail. A Final Rule on service standards, which was published in the *Federal Register* on May 25 and becomes effective on July 1, will be implemented in two phases. The first phase will initially reduce the geographic reach of overnight service to local areas; but it will preserve approximately 80 percent of current overnight delivery for First-Class Mail through the end of 2013. The initial phase also enables the Postal Service to begin right-sizing our mail processing network to match declining mail volumes. We announced that we will consolidate up to 140 facilities by February 2013, including the Everett P&DF, which will generate cost reductions of approximately \$1.2 billion annually when fully implemented. Meanwhile, the second phase of our implementation plan for the new rule will begin in February of 2014—unless the circumstances of the Postal Service change—and will further restrict overnight delivery service and allow for the consolidation of an additional 89 facilities.

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This modified plan allows the Postal Service to meet cost reduction goals, ensures a seamless process that preserves excellent service performance throughout the implementation period, and provides adequate time for customers to adapt to the network changes. The Postal Service will begin consolidating certain mail processing operations this summer at 48 facilities. Consolidation of operations from the Everett P&DF into Seattle will occur no earlier than January of 2013. However, please know that there will be some processing realignment that will occur this summer based upon the change in Service Standards. Mail processing operations for a number of ZIP Codes beginning with 980 which are currently performed in Everett, will be moved to Seattle. The purpose of this realignment is to move all processing of all ZIP Codes beginning with 980 to a single location in order to be able to provide service to our customers that is consistent with the published business rules.

Please know that we are committed to carrying out a successful implementation of the consolidation into Seattle (approximately 35 miles away), and all bargaining employee reassignments will be made in accordance with the respective collective bargaining agreements.

If I can be of assistance in other postal matters, please let me know.

Sincerely,



 James K. Cari
Government Relations Representative