



Newsletter

Volume 3 Issue 1

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Special points of interest:

- ? Cover article, Vice-President of Facilities, Rudy Umscheid answers questions of many Lessors and on the future of the Postal Service.
- ? Chief Financial Officer, Richard Strasser reports on the State of the Postal Service and the progress being made concerning the Transformation Plan.

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Interview with Rudy Umscheid Vice-President Of Facilities

On behalf of the hundreds of Lessors that read this newsletter, I would like to express my appreciation to you for taking time to answer a few questions about Facilities and the direction of the Postal Service.

These questions are based on questions we receive and are frequently asked us by Lessors.

Lets start with the Postal Service in general. There are several Bills currently before Congress that could have a major impact on Facilities, as well as Lessors.

[H.R.4970.IH] - Postal Accountability and Enhancement Act (Introduced in House)

[H.R.5702.IH] - To provide for the privatization of the

United States Postal Service. (Introduced in House)

The first, H.R.4970 is a National Commission on the Future Of the Postal Service and includes USPS transformation plan.

Q. What roll is Facilities playing in the transformation plan?

A. The Transformation Plan is premised on the fundamental policy that the Postal Service exists as a government entity whose mission is universal service to all. As such, Facilities will continue to manage the portfolio of postal facilities, ensuring that our facilities are in the best location to serve our



Rudy Umscheid

customers and are properly maintained.

Q. Can we expect the freeze on construction of new facilities to continue?

A.The "freeze" has been lifted and we are invest-

Statement Of Richard J. Strasser, Jr., CFO In Response to GAO "High Risk" Update

January 30, 2003
For Immediate Release

STATEMENT OF RICHARD J. STRASSER, JR., CHIEF FINANCIAL OFFICER AND EXECUTIVE VICE PRESIDENT.

IN RESPONSE TO GENERAL ACCOUNTING OFFICE'S "HIGH-RISK" UPDATE

We welcome the General Accounting Office's recent review of the chal-

lenges facing the Postal Service. The report helps to keep the focus on finding solutions to those challenges.

Since GAO's initial report in 2001, the Postal Ser-

From The "Hill"

PRESIDENT'S COMMISSION ON THE UNITED STATES POSTAL SERVICE

FOR IMMEDIATE RELEASE
January 22, 2003

President's Commission on U.S. Postal Service Announces Subcommittee Members

WASHINGTON, D.C. - The President's Commission on the United States Postal Service today announced the members of its four subcommittees, which were established during the Commission's Jan. 8, 2003 public meeting in Washington, DC.

The subcommittees are comprised of members of the Commission.

Commission Co-Chairs James Johnson and Harry Pearce are ex-officio members of each subcommittee.

The Business Model Subcommittee members include Chairman Richard Levin, Don Cogman, Carolyn Gallagher, Norman Seabrook, and Robert Walker.

The Subcommittee will be responsible for assessing the Postal Service's current "government corporation" business model. As part of this assessment, the Subcommittee will study the Postal Service's universal service obligation, the mail delivery infrastructure, the current rate regulation system, and pricing flexibility.

This Subcommittee will also assess the "Commercial Government Enterprise" business model proposed by the Postal Service in its own



FROM THE "HILL"

Transformation Plan.

The Private-Sector Partnership Subcommittee members include Chairman Joseph Wright, Don Cogman and Norman Seabrook.

The Subcommittee will be responsible for analyzing the current role of the private sector in the mail delivery system, including negotiated service agreements, outsourcing, and work-sharing. It will also attempt to identify opportunities for the Postal Service to enter into partnerships with the private sector as it seeks to become more efficient and effective.

The Technology Challenges and Opportunities Subcommittee members include Chairman Robert Walker, Dionel Aviles and Joseph Wright.

The Subcommittee will be responsible for assessing the impact of new technologies--such online bill payment and presentment, e-mail, and electronic funds transfer--on the Postal Service's business and attempt to determine whether these technologies will

continue to erode the Postal Service's market share.

The Subcommittee will also assess the Postal Service's own technology initiatives and their impact on productivity and financial performance.

The Workforce Subcommittee members include Chairwoman Carolyn Gallagher, Dionel Aviles and Richard Levin.

The Subcommittee will be responsible for assessing the Postal Service's current collective bargaining and dispute resolution procedures as well as reviewing alternative models. It will review employee pay and other associated labor costs; productivity; employee recruitment, training and development; and workers' compensation claims.

The Workforce Subcommittee will also review the status of the Postal Service's unfunded pension and retiree health care liabilities.

The nine-member bipartisan Commission, established by President Bush on December 11, 2002, seeks to identify the operational, structural, and financial challenges facing the Postal Service; examine potential solutions; and recommend legislative and administrative steps to ensure the long-term viability of postal service in the United States.

The Commission will submit its report to the President by July 31, 2003.

Interview with Rudy Umscheid

cont. From page 1

ing in new facilities on a very measured basis to address areas of growth and normal facility replacements. We are in the process of developing a prioritization plan for FY'04 for all facility needs nationwide. However, because mail volume is still declining in this economy, the emphasis will be on maintaining or expanding current facilities wherever possible. In addition, we are looking at all alternatives for replacement facilities, including split operations whereby we would build separate carrier facilities and least retail space to best serve our customers.

Q. Part of the Transformation Plan addresses the closing of Post Offices. What criteria would qualify a Post Office as a candidate for closing?

A. We remain committed to universal service and as of this writing we have no definitive plans to close post offices. There are some 500 post offices that have been closed or not operating for many years, and in fact, in some instances, no longer exist. These will be formally closed through the normal process in cooperation with the postmaster associations and communities involved.

Q. Approximately 28 facilities have been closed over the last three years. This isn't very many when you consider there are over 26,000 leased facilities. Has Facilities been asked to identify potential Post Offices for future closing?

A. The closing of a post office is not a HQ, FSO Facilities responsibility. This responsibility falls under the jurisdiction of the local Districts and Retail Operations. To my knowledge there are no lists identifying post office closings. They are handled on a case-by-case basis.

Statement Of Richard J. Strasser, Jr. CFO

Cont. from pg. 1

vice drafted a Transformation Plan to outline strategy to meet the challenges reported by GAO. We welcome GAO's recognition that we have made substantial progress implementing that plan, within the boundaries of what is possible under current law, as outlined below:

. **Operational Efficiency:** During fiscal year 2002, our Output per Work hour grew by 2.2% and Total Factor Productivity improved by 1.1 %. The Total Factor Productivity increase is equivalent to \$700 million in expense reductions and marks our third straight year of positive Total Factor Productivity growth. During the same period, we reduced career employment by 23,000 positions, for a total reduction of 45,000 positions over three years.

. **Cost Control:** By better aligning resources against workload, we were able to reduce a projected net loss of \$1.35 billion by half-to \$676 million-during fiscal year 2002, despite the fact that the addresses we serve grew by 1.8 million. And, for the first time in 31 years, operating expenses were reduced below the previous year's. We are well on our way to taking \$5 billion in costs out of our system by the end of 2006.

. **Debt Reduction:** In fiscal year 2002, we decreased our outstanding debt by \$200 million, reversing a five-year trend of increasing debt each year. Our plan calls for additional debt reduction of at least \$800 million this year.

. **Maintaining Service:** Despite the financial challenges we are facing, driven primarily by declining mail

volume growth and expansion of the number of homes and business we serve, overall service performance was at record levels in fiscal year 2002. So far this year, service is even exceeding last year's levels.

Each of these achievements represents progress against specific elements of our Transformation Plan. We will continue our focused efforts to implement the Plan, both today and over the coming years. We are also working closely with the President's Commission on the U.S. Postal Service as it identifies the operational, structural, and financial challenges facing the Postal Service; examines potential solutions; and recommends legislative and administrative steps to ensure the long-term viability of postal service in the United States.

Interview with Rudy Unscheid

Cont. from pg. 3

H. R. 5702 is a Bill that if approved will abolish the Postal Service as a Governmental entity, placing all operations, from moving the mail to construction & leasing of facilities in the hands of private enterprise.

Q. Do you see Privatization as a solution?

A. The ultimate goal of Postal Service transformation should be to promote an efficient, reliable, and innovative delivery services that meet the diverse economic and social needs of the nation and its citizens. There are three alternatives; a Government Agency supported by government subsidies; a Privatized Corporation with private shareholders; and, a Commercial Government Enterprise that would operate more commercially in the market to provide postal and related services. In our view, the Commercial Government Enterprise is the option that will best allow integration of the postal system into the modern economy, while preserving the ability of the Postal Service to fulfill its mission of universal service.

Q. If Privatized, what would happen to the existing leases on Post Offices?

A. See above response. It is most unlikely that the Postal Service will be privatized.

Q. If Privatized, would it make it easier for a Corporation to close a Post Office?

A. See above response.

Q. You have been the V.P. of facilities longer than anyone I can remember. How long do you plan to remain with the Postal Service?

A. I hope that my long tenure has made a positive contribution to the organization. I enjoy what I do immensely and the people I work with, and believe that this is an exciting time in the history of this great organization. I am beginning to think about retirement, but have not established a firm date yet.

Over the last couple of years, several Facility Offices have closed, with personal being transferred to existing offices. With this reduction in staff, the real estate specialists' workload has increased and how they conduct business has changed. Instead of a phone call to the Lessor to discuss a new lease the Lessor now, more often than not will receive a "Courtesy Lease" in the mail with new terms and conditions, asking them to sign and return the new lease.

Q. If the Lessor doesn't understand the lease, can they contact the Specialist and ask for an explanation of the differences in terms and conditions?

A. The concept of "cold calling" is not new in real estate. It is simply a way for us to more efficiently renew leases on our smallest post offices. We should always be available to discuss and/or to clarify terms, so that our Lessors are comfortable with the agreements. In the end, we want

the agreements to be fair for both parties.

Q. Are Termination clauses typically required as Postal Policy in new leases?

A. Termination clauses are not typically required, but tend to remain for certain smaller facilities where we have the prospect of building a new facility. We recognize that this clause is not acceptable to Lessor on new long-term facilities, because of the finance implications. In the end this clause is completely negotiable. We are looking at a more consistent application of this clause across the country.

Q. When a new lease is sent, how is the new rental amount determined?

A. Typically on our experience over the past 12 months of lease transactions within the Zip code area involved and our knowledge of the local market. .

Q. With construction of new facilities being limited can we expect an increase in building expansions of existing facilities?

A. Before we look at one for one replacements, we will look at all alternatives including expansions, split operations, or just building a carrier annex and leasing retail space.

Q. As the longest reigning Vice-President of Facilities at a time when Facilities has undergone major changes what would you

Post Office Closings

With many Lessors concerned about the future of the Postal Service and more particularly USPS closing post offices I contacted Postal Headquarters for Retail Operations and asked for a list of all the post offices that have been closed within the last three years. This is what they provided.

Year 2000

Facility Name Date Closed	Zip
Richardsville, KY 4/11/1998	42270
Foneswood, VA 11/16/1996	22461
Salem, NE 8/28/1998	68433
Nassau, MN 8/1/1998	56272
Alpoca, WV 6/6/1998	24710
Taplin, WV 8/8/1998	25648
Russell Springs, KS 11/7/1997	67755
Long Valley, SD 12/13/1997	57547
Owanka, SD 7/3/1999	57767
Rago, KS 9/30/1999	67128

Eagle Rock, NC 5/23/1998	27523
Smith, KY 1/1/2000	40867
Spottswood, VA 10/11/1997	24475
Estcourt Station, ME 9/15/1998	04741
Palmyra, NC 6/8/1998	27859
Rosburg, NY 12/27/1997	14776
Sebago Lake, ME 7/31/1998	04075

Year 2001

Remote, OR 5/29/1998	97468
South Schodack, NY 6/6/1998	12162
Roseboon, NY 4/9/1998	13450
Swan River, MN 7/29/1995	55784

Year 2002

Richfield, NE 5/23/1998	68054
Teresita, MO 3/31/1998	65573
Oakely, IL 4/18/1997	62552
Killona, LA 10/12/2002	70066
Gumberry, NC 1/28/2000	27838

Lenox, AL 36454
6/13/1998

I take no responsibility for the accuracy of this information. I also asked for a list of future post office closings. They responded “We do not have a scheduled list for any current post office closings. Any closings that occur are strictly due to an emergency situation and are considered on a case by case basis”.

I know there will be other post offices to close in the future. What makes a post office a candidate for closing? Several factors, proximity to another facility, operational costs vs. income, population, etc. The first on the chopping block, other than emergency replacements will probably be those facilities where service has already been suspended, where there isn't a full time Postmaster, or where the post office is only open part time.

By: Chuck Baker

Interview with Rudy Umscheid

Cont. from pg. 4

say has been your toughest decision?

A. The most difficult decisions are those that impact people's lives, so closing an office and downsizing are very difficult, because your head says one thing and

your heart another. I believe that we have the most dedicated professionals of any organization I have ever been associated with and want to ensure that I leave an organization to better serve the Postal Service long into the future.

In closing, I would like to thank you again for taking time from your busy schedule. I am confident your input will be very helpful to the Lessors.

By: Chuck Baker

In our continuing effort to keep our Members up-to-date and current with what is going on within the Facilities Department and the many changes in personnel over the last several months in Facilities, we are publishing a telephone directory by FSO. This issue contains the Denver FSO personnel. Some of these individuals may be on temporary assignment, others contract employees. This list is subject to change.

Phone Directory
Denver Facility Service Office
8055 E. Tufts Ave. Ste. 400
Denver, CO 80237-2881

MANAGER

Secretary

Postal Operations Analyst
 Postal Operations Analyst
 Postal Operations Analyst
 Environmental Specialist

Keith E. LaShier

Bobbie Kellogg

Kim Barnes
 Debra J L Churchill
 Guido Guidi
 Randy McDermott

303-220-6510

FAX 303-220-6515
 303-220-6533
 FAX 303-220-6598
 303-220-6535
 303-220-6513
 303-220-6504
 303-220-6588

REAL ESTATE MANAGER

Secretary

Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist
 Real Estate Specialist

Vance Bennett

Lisa Pruett

Jean Scholl Berg
 Karen Delamore
 Greg Eymann
 Mike Kirby
 Bob MacGill
 Garry Mattox
 Cindy Nelson
 Marcus Nielsen
 Russell Rainey
 John Walters

303-220-6503

FAX 303-220-6551
 303-220-6520
 303-220-6591
 303-220-6530
 303-220-6571
 303-220-6532
 303-220-6567
 303-220-6558
 303-220-6549
 303-220-6577
 303-220-6568
 303-220-6526

DESIGN & CONST MANAGER

Secretary

Architect/Engineer
 Architect/Engineer
 Architect/Engineer
 Architect/Engineer
 Architect/Engineer
 Architect/Engineer
 Architect/Engineer
 Architect/Engineer (Contract)
 Architect/Engineer
 Architect/Engineer

Sharad Shrestha

Candice McGuire

Ted Balchunas
 Craig Ballard
 Martin Hansen
 Mike Long
 Scott Martin
 David Miller
 Hugh Roche
 Jerry Soukup
 Tom Stephen
 Mike Williams

303-220-6523

FAX 303-220-6552
303-220-6540
 303-220-6516
 303-220-6527
 303-220-6521
 303-220-6505
 303-220-6574
 303-220-6579
 303-220-6524
 303-220-6563
 303-220-6534
 303-220-6525

BOILER & ELEVATOR INSPECTORS

Elevator/Boiler Inspector (Kansas)
 Elevator/Boiler Inspector
 Elevator/Boiler Inspector (Vancouver)
 Elevator/Boiler Inspector (Montana)
 Elevator/Boiler Inspector (Seattle)
 Elevator/Boiler Inspector

Joe Harvey
 John Husner
 Gary Murphy 360-750-9318
 Hank Nowak 406-255-6485
 Abe Romano 253-874-7214
 Mike Young 303-220-6564

913-831-5317
 303-220-6531

**Phone Directory cont.
Denver Facility Service Office
8055 E. Tufts Ave. Ste. 400
Denver, CO 80237-2881**

**CONTRACTING & INFORMATION
SYSTEMS MANAGER**

***Marcia Stencel* 303-220-6514**

Secretary

Information Systems Coordinator
Facility Contract Specialist
Facility Contract Specialist

Janet Davis
Yvonne Santistevan
La Verne Fields
Joan Gaidies

FAX 303-220-6511
303-220-6561
303-220-6544
303-220-6576
303-220-6546

Facilities Contract Technician
Facilities Contract Technician
Facilities Contract Technician
Facilities Contract Technician
Facilities Contract Technician
Facilities Contract Technician

Michelle Ayon
Lillian Davila
Brenda Hunter
Reina Luongo
Maggie Malave
Shirley Wheeler

303-220-6575
303-220-6512
303-220-6586
303-220-6548
303-220-6559
303-220-6597

ASSET MANAGEMENT

Secretary

Real Estate Specialist
Real Estate Specialist
Real Estate Specialist
Real Estate Specialist
Real Estate Specialist
Real Estate Specialist
Real Estate Specialist

Andrea Wagner 303-220-6555
Randy W. Alder
Gloria Charlson
Cynthia Goodwin
Victoria V. Gruber
Bob Petty
Steve Vera
Michael Ward

FAX 303-220-6536
303-220-6547
303-220-6562
303-220-6529
303-220-6566
303-220-6545
303-220-6508
303-220-6528

ParSell Development Corp

P.O. Box 8978
Madeira Beach, FL 33738

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The "Eye"

A new Facility Service Office. Maybe, Maybe Not.

Rumor has it that after closing several Facility Service Offices, USPS has all but decided to reopen the Capital Metro Office, serving the Baltimore Washington, DC area.

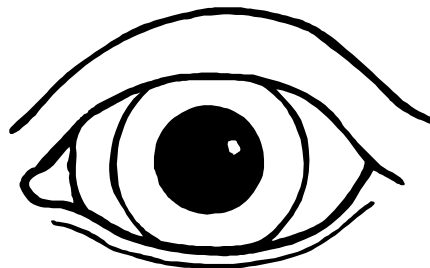
It isn't official yet, but we are told Facilities is investigating the availability of office space to support the new staff.

Typically, the size of the staff would be similar to the former Capitol Metro FSO, which was three Districts and 18 postal employees.

Where will the staff come from?

Don't be surprised to see a new phone list for the Eastern FSO. How many employees from the two closed Columbia, MD FSO's, most of which are now in Denver, CO will apply for a position

back home? The "Eye" isn't going to laminate the phone list yet, as it is sure to change. Sooner than Later!



The Eye

When will funding be released for new construction?

Some funding has already been appropriated. It appears to be going to "emergency" leased construction projects and to the Owned Facilities program where USPS already owns the

site.

Retirement.

Lou Norris, Manager of Real Estate in Headquarters is joining the ranks the unemployed (by choice). Lou's replacement is Art Strange from the Great Lakes FSO, Chicago. Art brings a wealth of Real Estate experience with him and should be able to fill the position nicely. Welcome Art!

Do you have an opinion? Do you agree or disagree?

Submit your comments to

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Madeira Beach, FL 33738

E-mail Address:

Chuck@parsell.net