

Before the Postal Regulatory Commission

Washington DC 20268-0001

Statement of William Bruce Grygus

On Behalf Of

United States Postal Service

Docket No. N2009-1

Field Hearing

Bronx, New York City, New York

September 23, 2009

My name is William Grygus. I am the Postmaster of Ringwood, New Jersey for the United States Postal Service. The Post Office is located at 130 Skyline Drive in the Borough of Ringwood in Passaic County, in the 07456 ZIP Code. For postal administrative purposes, I work in the Northern New Jersey District.

The service area of the Northern New Jersey District (NNJD) consists of the following 3-digit ZIP Code areas: 070-076, 078-079 and 088-089. The District provides retail, delivery, and many other services to approximately 5.3 million customers and 1.9 million delivery points, operating through a retail network that includes 259 Post Offices and 140 stations and branches. The District further facilitates customer access to postal services by selling stamps through over 800 consignees that customers routinely visit, such as groceries, drug stores, banks and office supply vendors. Eleven contract postal units (CPUs) provide customers access to most retail services while 16 Approved Shippers assist customers with entry of properly prepared mail.

As Postmaster of the Ringwood Post Office since 2001, I am responsible for the postal retail and delivery services provided to a population of about 12,500 residents through 4,500 delivery points served by 10 carrier routes. We provide retail window service Monday through Friday from 8:30 a.m. to 5:00 p.m., and 8:30 a.m. to 12:30 p.m. on Saturdays. We are very proud of the service that we provide our customers; we have won the 5 Star Customer Service Award for the past four years. This program relies upon metrics built from Customer Satisfaction Management (CSM) residential and small business scores compiled by the Gallup Organization. We are currently one of only 10 offices in the NNJD in the running for the Diamond Award.

I have been employed by the Postal Service since 1978. I began my career as a clerk/carrier and ascended to the management ranks in 1984, becoming postmaster of the Wanaque Post Office in 1986. From 1998 through 2001, I was detailed to the District as Manager, Administrative Services, my principle responsibilities were to oversee all purchase, repairs, alterations, and lease renewals for all postal facilities, including Post Offices, stations, branches, vehicle maintenance facilities, carrier annexes and various other facility types. I also supervised new facility planning and implementation from design to approval through to completion. As a Facility Coordinator between 2005 and 2008, I served as a liaison between the NNJD and the New York Facilities Service Office (NYFSO) in Hoboken NJ, which is responsible for various facility management functions. In that capacity, I attended discontinuance review training in Washington, DC and served as the Post Office Review Coordinator for the Northern New Jersey District.

While I am not involved, I am aware that the Postal Regulatory Commission is reviewing a request by the Postal Service for an advisory opinion regarding the Station and Branch Optimization and Consolidation Initiative (SBOC). I am informed that four retail stations in the Northern New Jersey District were still under consideration for discontinuance earlier this month. I have no information to provide on their status today other than that the District has distributed questionnaires and conducted customer meetings. Customer input will be carefully reviewed before making any recommendations. I am told that the Commission is interested in the discontinuance review process that the Postal Service applies to stations and branches, which differs from the process for closing Post Offices. I understand that there is a legal

disagreement between the two agencies regarding whether the Post Office closing process should apply to stations and branches, and that the matter is the subject of a legislative proposal before the United States House of Representatives. I am not qualified to address any of the legal or legislative issues that relate to the difference between the Post Office and the station and branch discontinuance processes, or the conflicting views of the Postal Service and the Commission. I leave those matters for Postal Service Headquarters, the Commission and the Congress to work out. As the Discontinuance Coordinator for the Northern New Jersey District from 2005-2008, my responsibility was to implement that process, PO-1-1 (*Post Office Discontinuance Guide*) that Postal Service Headquarters defines for stations and branches.

There are two principal purposes of my statement today. The first is to offer the Commission a general understanding of the relationship between Post Offices, stations and branches in the postal retail network. Second, I am informed that the Commission's decision to hold today's hearing in this part of the country was influenced in part by its interest in two pre-SBOC NNJD station closures, one in Elizabeth and the other in Jersey City. Accordingly, although discontinuance review for the NNJD is now in the hands of my successors in the District office, I will briefly summarize those two decisions and the process we employed to make them. I am told that copies of the postal records supporting these decisions are being filed with the Commission this week in Docket No. N2009-1. Accordingly, I trust that the Commission will consult the full record in each case for a more detailed understanding.

Post Offices, Stations and Branches

A Post Office is established and maintained at a location deemed necessary to ensure that the full range of postal services are available to all customers within the boundaries of a specified geographic service area or community defined by the Postal Service. There are currently about 27,200 Post Offices responsible for serving the United States. Stations and branches are subordinate units located within the service area of a Post Office to provide one or more services at sites more convenient to customers in its service area. Stations are located within the corporate limits or city carrier delivery area of the city or town in which the Post Office is located. Branches are located outside the corporate limits of the city or town in which the main Post Office is located. There are approximately 4,800 stations and branches in the domestic service area.

Stations and branches are established to support the retail and delivery functions of a Post Office. They support the retail function by extending the availability of window service to additional locations in the community for which a Post Office is responsible. Some stations or branches may include bulk mail entry units for commercial customers. By distributing carrier operations to subordinate stations and branches, Post Offices can arrange for letter carriers to begin and end their routes closer to the addresses they serve, reducing the mileage and time needed to travel to and from the route. Over time, the number and location of subordinate stations and branches in a Post Office service area may change in response to changes in mail volume, retail transactions and delivery points.

By definition, every station or branch provides at least some retail services. Usually, this means the familiar retail counter, although many stations and branches do

not provide the full range of retail services. Post Office box service is perhaps the most common service that may be absent. Money orders, passports, general delivery, address verification, electronic services, and other retail options may be absent in a given station or branch, and hours of operation can be more limited.

Knowledgeable postal customers tend to know what services particular locations may or may not offer. As with other retail experiences, customers generally understand that some postal retail locations may be “full-service” and others may not be. In my experience, the distinction between a Post Office and stations/branches is one that many customers understand at some level. The fact that the most common postal retail transactions can be conducted at virtually all Post Offices and at many stations and branches often blurs the distinction between these facilities in the eyes of casual retail postal customers. To many people, a “post office” is any postal retail outlet where they get most of their particular postal needs met, whether it happens to be closest to where they reside, shop or work, and irrespective of whether it is a full-service Post Office, the most basic station or branch, or even a contract postal unit.

In summary, stations and branches can be thought of as auxiliary units of a main Post Office. The establishment, relocation and closing of stations and branches facilitate accommodation of customer needs that vary throughout a Post Office’s service area and which inevitably change over time. Their relative ease of establishment and removal enable the Postal Service to respond to customer needs quickly and efficiently.

Whatever process applies to the discontinuance of a postal retail facility, the Postal Service believes it should provide adequate notice to affected customers and give those customers an opportunity to comment on a proposed closure before any

decision is made. Our focus remains upon maintaining regular and effective service to all customers in both pre- and post-discontinuance circumstances. The Postal Service also has a public input process for stations and branches that requires us to solicit and consider local customer comments before making any recommendation regarding the discontinuance of a station or branch. For stations and branches, our policy is to:

- (1) Post notices in retail lobbies that inform customers of the opportunity either to complete a questionnaire or to participate in a public meeting. When input is solicited through a questionnaire, the questionnaires are required to be available for pick-up in the retail lobby for at least 10 business days. If there is a public meeting, any notice about the meeting must be posted at least 10 business days before the scheduled date.
- (2) In addition, any Post Office box customers of the affected station or branch are individually notified of a possible change and encouraged to comment.
- (3) If there are carrier operations at the facility, the notices are delivered to each address served by those operations. Under the SBOC Initiative under review at the Commission, if the station has an unusually large carrier delivery operation, a public notice may be published in a newspaper informing delivery customers of the opportunity to obtain a questionnaire or attend a public meeting, in lieu of individual notices.

I am not familiar with the Commission's advisory oversight process, as it relates to the Station and Branch Optimization and Consolidation Initiative, or otherwise. But I

can briefly summarize the notice and comment process for the Commission's benefit by addressing how we applied it recently when considering the discontinuance of the Elizabethport and General Lafayette stations in Elizabeth and Jersey City.

I am told that copies of the postal records supporting these decisions are being filed with the Commission this week in the SBOC case in Washington DC. Accordingly, I will keep my summaries brief and trust that the Commission will consult the full record in each case for a more detailed understanding.

Elizabethport Station, Elizabeth

In 1920, the Postal Service sought to enhance postal customer access to retail services provided to the community served by the Elizabeth NJ Post Office at 310 North Broad Street by leasing a property at 112-114 Third Street, Elizabeth NJ 07206 to establish the Elizabethport retail station. Since that time, five additional satellite postal retail stations have been established in Elizabeth to serve the community.

Ten Stamps on Consignment locations within a 3-mile radius of the Elizabethport Station facilitate easy stamp purchases. Residents in Elizabeth with access to a phone, fax machine or computer can order stamps by mail or fax, and access a host of postal products and services online at www.usps.com. An Automated Postal Center at the Elizabeth Main Post Office affords 24-hour access all week.

In 2006, the Elizabethport Station served 352 Post Office box customers and provided retail service from 8:00 a.m. to 5:00 p.m., Monday through Friday, and 8:00 a.m. to 1:30 p.m. on Saturdays. Nearly a decade earlier, the station was identified as not meeting the existing Americans with Disabilities Act (ADA) accessibility standards. The building could not be brought into compliance through simple modifications, since

space was insufficient to allow installation of a compliant handicap ramp. An ADA waiver was requested and obtained, so the facility was placed on a list for future replacement by a nearby compliant facility, should continued justification exist to retain that retail presence. By 2006, the Elizabethport Station building also was in desperate need of repair as the landlord had ignored and deferred its obligation to perform necessary maintenance. The lease was due to expire at the end of March 2007.

During negotiations in 2006, the landlord advised that it lacked the resources to make capital improvements and that it was exploring possible sale of the building. We were also told that an extension or renewal of the lease would be considered only if the Postal Service assumed responsibility for the expense necessary to make the building ADA-compliant and to cover necessary repairs exacerbated by years of deferred maintenance.

The Postal Service did not consider such expenses prudent. The business case for retaining operation in that location, with the operating expense and steadily diminishing traffic, did not exist; we concluded that other retail options together with alternate access options could absorb the retail traffic. So in early late 2007, after it became apparent that further negotiations would be fruitless, we began to apply the Postal Service Handbook PO-101 review process.

In February 2007, the District submitted a Notice of Emergency Suspension to Headquarters advising that operations at the station would be suspended in time to alert customers and to allow transfer of personnel, equipment and Post Office box customers to nearby postal retail locations. After the suspension took effect on March 17, 2007, we positioned a mobile unit near the suspended station. After easing customers'

transition to other retail options, utilization of that unit diminished and its use was discontinued in that area.

The discontinuance analysis documented that the Elizabethport Station had experienced revenue decline in fiscal years 2004-2006, to levels where it was readily apparent that operations in nearby postal retail locations were capable of absorbing the Elizabethport retail traffic. In addition to alternate access channels, brick and mortar retail options included the Union Square Post Office at 946 Elizabeth Avenue (1 mile away), Bayway Post Office at 544 Bayway Avenue (2.4 miles away), Elmora Post Office at 175 Elmora Avenue (3 miles away), the North Elizabeth Post Office at 772 Newark Avenue (2.4 miles away) and the Main Post Office at 310 North Broad Street (2.2 miles away) are all located in nearby Elizabeth locations. Ten Stamps on Consignment locations are also located within three miles of the former Elizabethport Station.

The discontinuance proposal reflected our intent to discontinue operation of the Elizabethport Station, to relocate Post Office Box customers to the nearby facilities, to provide regular and effective retail service through nearby postal retail and consignment locations and alternative access channels. We also pursued establishment of a nearby CPU, although the solicitation drew no qualified bids.

Beginning March 14, 2007, we provided each box customer and made available to retail traffic questionnaires and a comment form soliciting feedback on the discontinuance of Elizabethport Station. We collected 81 responses through April 1, 2007, indicating that 22 customers were favored the proposal, 17 opposed it, and 42 expressed no opinion. After considering all of the information gathered as part of the discontinuance study process, the District proposed that the station be discontinued and

submitted its recommendation to Headquarters in January 2008. The proposal was approved on March 13, 2008.

General Lafayette Station, Jersey City

The Jersey City General Lafayette Station was established in 1968 at 322 Pacific Avenue, Jersey City, NJ 07304 as a satellite retail and Post Office box unit 1.3 miles from the Jersey City Post Office (main office) at 69 Montgomery Street 07302.

The General Lafayette station served 260 Post Office box customers and provided retail service from 8:30 a.m. to 5:00 p.m. Monday through Friday and from 8:30 a.m. to 1:00 p.m. on Saturdays. Over a decade earlier, the Lafayette station also was noted as non-compliant with existing ADA accessibility standards. As with Elizabethport, compliance could not be achieved through simple modifications, owing to a dearth of adequate space to install a ramp. An ADA waiver was requested and Lafayette was placed on a list for future replacement with a fully accessible location. In 1999, such a site was located and purchased, with the expectation that it could serve as the site for a new retail facility if the capital expenditure was funded.

In the three years ending in 2007, the Lafayette Station suffered one break-in and two attempted robberies. In mid-December 2007, the integrity of the Bullet-Resistant Screen (BRS) large parcel pass-through was irreparably damaged, severely degrading the security of personnel and mail behind the retail counter. Based upon the recurring history of threatening criminal activity and the compromised security barrier, the Postal Inspection Service recommended that operation of the station at that location be suspended. Accordingly, customers were notified and the Post Office box section was

transferred to the nearby Bergen South Station, a modern facility located 0.9 miles away with adequate customer parking, and easily accessible by both bus and light rail lines.

The Lafayette lease was due to expire at the end of October 2008. The building also suffered from severe neglect by the lessor who deferred necessary maintenance, which had prompted repeated employee complaints about health and safety issues. It was decided that the long-term future of the Lafayette facility had to be analyzed, given the significant investment it would require to either replace the BRS or build a new facility on the alternate site. In January 2008, a request was approved by the District Manager to investigate whether to continue operation of a retail unit at or in the immediate vicinity of the Lafayette Station. The Handbook PO-101 discontinuance analysis identified that, while the station had experienced revenue increases in fiscal years 2005-2007, these figures were low compared to the cost associated with the operation of the facility. We assessed the operations at other nearby postal retail locations in the community and determined that they were capable of absorbing the Lafayette postal retail traffic. Lafayette customers had access to:

- two full-service postal retail locations within one mile: Bergen North Station located at 528 Bergen Avenue 07304, and Bergen South Station located at 369 Martin Luther King Jr. Drive 07305; and
- two additional stations within 1.25 miles: Westside Station on 504 Westside Avenue 07304 and Journal Square Station located at 899 Bergen Avenue 07306.

Seven Stamps on Consignment locations were then located within a one-mile mile radius of the Lafayette station. A mobile retail van route also served the Jersey City

community in various locations. In addition to Stamps by Mail, customers with access to the Internet could obtain a host of services and products through www.usps.com.

Beginning March 10, 2008, we posted a notice and made questionnaires and a comment form available for pick-up at the adjacent finance stations soliciting responses from walk-in retail customers. We also placed a set in each Post Office box of customers whose boxes were formerly located in Lafayette Station. We informed customers of our proposal to permanently discontinue the operation of the Lafayette station and the availability of the many nearby postal retail locations and alternate access channels which, in our judgment, would continue to provide customers with regular and effective service. Twenty-one surveys were returned indicating that four customers favored the proposal, six opposed it, and 11 expressed no preference.

After considering all of the information gathered through the discontinuance study process, the District proposed that the station be discontinued and submitted a recommendation to Headquarters on April 9, 2008. A Headquarters decision approving discontinuance was issued on May 28, 2008.

I thank you for the opportunity to share with you Commissioners challenges the Postal Service faces providing regular and effective service through multi-facility Post Offices to customers in large urban communities. I will also try to answer your questions. If I am not the right person to provide an answer, I will work with postal counsel to ensure that the Commission gets a response for the record.

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