Postal Regulatory Commission
Submitted 2/1/2010 12:47:47 PM
Filing ID: 66593
Accepted 2/1/2010

Investigation of Suspended Post Offices, Docket PI2010-1.

This particular case is critically important given the current economic struggles of the USPS. While the Postal Service may not close or suspend service in a facility solely for economic reasons I believe that the service will use other reasons, excuses and means in an effort to reduce the number of small, primarily rural postal facilities. The PRC should pay close and critical attention to these closures and suspensions because, regardless of the criteria offered the motivation behind the action may have been the reduction of facilities for primarily economic reasons.

I am a postmaster who has served in two rural post offices which were leased from local residents. I am also the current leaseholder for the facility where I work. I purchased that facility along with a house that stands on the same property three years ago. At the time of the purchase I was intimately familiar with the terms of the lease which was in the second of three five year renewals. Prior to purchasing the facility I received appropriate clearances from the Greensboro FSO and from local district management. I am also an elected official in my community. Wearing these three hats, postmaster, leaseholder and elected official gives me fairly broad perspective of the issues related to this matter.

There are broad arguments for the importance of small rural postal facilities. Both of the postmaster organizations have made repeated and voluminous arguments for the viability and economic feasibility of these offices as well arguments related to their social and societal benefits. While those arguments are important to keep in mind when the Commission considers this case I will confine my comments to a fairly narrow path.

Question one of the USPS filing is as follows:

1. In its Motion to Dismiss, the Postal Service states "…the lessor of the property housing the Hacker Valley Post Office declined to renew the lease for the Postal Service…." United States Postal Service Motion to Dismiss Proceeding, July 15, 2009, at 2 (Motion to Dismiss). When was the Postal Service first informed that this lease would not be renewed?

RESPONSE:

The Postal Service was first notified by letter from Lela M. Carter dated July 17, 2006, which was received on July 20, 2006.

Later in its filing the Postal Service indicates that the lessor refused to renew even though the service had offered to take up maintenance responsibilities. The question of timing and the issue of maintenance are then discarded as the balance of the filing discusses the

efforts of the USPS to find alternative facilities. I would encourage the PRC to return to this initial question and explore it thoroughly as it is my belief that all subsequent actions rely on the initial refusal for renewal.

First I would suggest that the PRC examine the prior lease, its terms and tenure very carefully. The lease on my facility in Webster, NC was originally executed in 1995 and called for a five year term followed by three five year renewals. The lessor was responsible for all maintenance on the facility. The lessor was required to paint the building to the specifications of the Postal Service at least once during each five year term. Exercise of the five year renewals was solely at the option of the Postal Service and the lessor had virtually no recourse or out. The facility in question is an approximately 900 square foot block building. The lease payments increased moderately in each of the five year renewals. The current period has a rental amount of $252 per month and the final lease term which begins in June 2010 increases that payment to $275 per month.

Therefore I think it would be salient to ask the Postal Service what the terms of the previous lease were. It might also be instructive to find out what maintenance had occurred during the previous term. While the Postal Service has offered to take responsibility for maintenance in a new term, that implies that maintenance responsibilities rested upon the lessor in previous terms. If the lessor had invested significant amounts in repairs or maintenance in a previous term of the lease the current offer would be less advantageous than might appear at first glance.

In my facility the previous owners and I have made significant repairs during the current lease. The roof has been redone and I recently replaced the heating and cooling system at a cost of $3000 which is essentially equivalent to a year's worth of lease payments.

If Ms. Carter, the lessor in the present case, had held a lease similar to mine she may have suffered many years at less than fair market value and may have also expended a significant amount on repairs. There is no mention of what the current offer that was rejected was for and whether it was at fair market value or whether it reflected a fair adjustment given previous maintenance expenses. There is, in fact, no mention in this record of what the relationship with the lessor was, if there had been contention or cause for legitimate dissatisfaction or grievance. The reason the case exists, on face, is that the current facility was no longer available. The subsequent events which resulted in the office suspension, the fact that a suitable substitute could not be found would be moot if the current facility had been renewed.

The PRC should examine closely the reasons which led to the lessor's refusal to renew. The lack of renewal is the critical event which precipitated all further action. In addition, I would suggest that the PRC carefully examine the negotiation timeline. Did the Postal Service seek renewal in sufficient time so that if a refusal, which may have been expected or even desired on the part of the service, occurred there would have been sufficient time to identify and procure an alternate location?

I have known the lessors of both facilities I have served as postmaster quite well. Each offered a similar description of the tactics the Postal Service used in procuring a lease. In both instances the lessors were community minded and had long term connection to the Postal Service. Both were presented with long term leases at somewhat less than fair market value. While the initial payments were perhaps reasonably close to market value, the length of both leases and the minimal amount of increase in payments left as much as ten years when the lease was far behind market value. In both cases the lessors told me that the Postal Service offered an essentially take it or leave it proposition which also included the threat to close the facility because of a lack of viable alternatives. The appeal to the property owners' sense of community was the motivating factor in ultimately executing these leases.

While the Postal Service has publicly claimed to have no intention of closing small rural facilities it is reasonable to conclude that the experiences I have enumerated may be more than anecdotal. In the current climate it would be relatively easy for the Postal Service to take a hard-line stance with lessors, offer less than market value and less than viable terms with the expectation that many lessors will demur. As an elected official I can attest to the fact that it takes a significant amount of time to identify and acquire alternatives should a community be threatened with suspension of their post office. If the Postal Service waits sufficiently long enough to address lease negotiations then small jurisdictions and communities have little flexibility to respond. In many cases lessors may accede to unbalanced leases out of concern for their reputations within the community as they are portrayed by the Postal Service as greedy or recalcitrant but given the current economic turmoil even the threat of approbation from the community may not be enough to get a lessor to sign a mediocre agreement.

The PRC should undertake to study this issue in more depth. The suspension or closing of small offices is not precluded by the universal service mandate if, in fact, acceptable facilities cannot be acquired. However, any concerted effort or policy that by de facto application caused lessors to abandon negotiations ought to be viewed as a direct assault on the Postal Service's statutory obligations. Chairman Goldway and the PRC have called for a national dialogue on the future of the Postal Service. This is a much needed conversation and if the PRC is successful in engaging the nation in such a dialogue then it is envisioned that issues surrounding the size, breadth and viability of the network would be thoroughly vetted.

A real discussion needs to take place regarding the value, both economic and social, of our nation's postal infrastructure. If prior to the completion of that dialogue the management of the Postal Service is permitted to enact policies or take actions that substantially undermine the viability of the current network then much of that conversation would become moot. Small office suspensions and closures are a critical aspect of the conversation. The PRC should, given the current environment and pressures, examine this issue very carefully and require absolute accountability and transparency on the part of senior Postal management.

I offer these comments without reservation. I am, however, currently employed by the USPS and therefore I want to state without equivocation that all efforts related to the creation of these comments occurred on my own time on my own equipment. No USPS equipment, facilities or resources were used in the production of these comments.

Mark Jamison

1363 Webster Rd

Sylva, NC 28779