

OLYMPIA J. SNOWE

MAINE

154 RUSSELL SENATE OFFICE BUILDING
(202) 224-5344

Web Site: <http://snowe.senate.gov>

DEPUTY WHIP

United States Senate

WASHINGTON, DC 20510-1903

January 26, 2012

COMMITTEES:
COMMERCE, SCIENCE, AND
TRANSPORTATION

OCEANS, ATMOSPHERE, FISHERIES AND
COAST GUARD SUBCOMMITTEE

FINANCE

INTELLIGENCE

RANKING MEMBER, SMALL BUSINESS

Mr. Patrick R. Donahoe
Postmaster General and Chief Executive Officer
United States Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-0010

Dear Postmaster General Donahoe:

I write to reiterate my strenuous opposition to the U.S. Postal Service's (USPS) proposal to consolidate mail processing at the Eastern Maine Processing and Distribution Facility (P&DF) in Hampden into the Southern Maine Processing and Distribution Center (P&DC) in Scarborough, with a net decrease of 42 positions. Given the grave concerns raised at the January 11, 2012 public meeting in Brewer, which was attended by well over 400 concerned Mainers, it is without question that this proposal has profoundly negative implications for timely and reliable mail service in northern, western, and eastern Maine. It should be rejected.

It is true the USPS is facing severe financial challenges, in part due to a steady decline in mail volume and continued economic instability. The USPS has now lost approximately \$25 billion between 2007 and 2011. It is also undeniable that the USPS is a key component of our national economy, operating at the center of a mailing industry that employs roughly 8 million people nationwide – including almost 38,000 Mainers – and generates approximately \$1 trillion annually in economic activity.

Given this reality, I believe that the USPS must take steps to cut costs, make better use of resources, reduce redundancies and improve its efficiency. I am encouraged by several measures that the USPS has undertaken – measures that have resulted in over \$12 billion in savings in the last three years. However, the USPS has a fundamental and legal responsibility to continue providing universal mail services that the public has come to expect, especially in rural communities throughout the country.

For that reason, I remain vigorously opposed to your proposal to consolidate the Eastern Maine P&DF into the Southern Maine P&DC. The Eastern Maine P&DF currently employs 183 workers who process thousands of pieces of mail each day, and by all reports, do so at the highest levels of performance and efficiency. The work at this facility allows the people of Maine to receive their mail, including prescription drugs for seniors, financial documents, and other critical mail items, quickly and efficiently. This mail provides a critical communication link upon which Mainers in the northern woods, islands, and small rural towns rely.

If the Hampden facility is consolidated, its mail processing responsibilities would be relocated to the Scarborough facility, located more than 130 miles from Hampden. Currently, a First-Class letter mailed from Caribou to Fort Kent is sent to Hampden, and then returned to Fort Kent for delivery. That's a round-trip of 371 miles that normally takes one business day. However, under the proposed consolidation, that same letter would travel 629 miles round trip to Scarborough.

Those extra miles mean mail that now takes one day for delivery could take up to three days – triple the

AUBURN
TWO GREAT FALLS PLAZA
SUITE 7B
AUBURN, ME 04210
(207) 786-2451

AUGUSTA
40 WESTERN AVENUE, SUITE 408C
AUGUSTA, ME 04330
(207) 622-8292

BANGOR
202 HARLOW STREET, SUITE 214
BANGOR, ME 04401
(207) 945-0432

BIDDEFORD
227 MAIN STREET
BIDDEFORD, ME 04005
(207) 282-4144

PORTLAND
3 CANAL PLAZA, SUITE 601
PORTLAND, ME 04101
(207) 874-0883
MAINE RELAY SERVICE
TDD 1-955-3323

PRESQUE ISLE
169 ACADEMY STREET, SUITE 3
PRESQUE ISLE, ME 04769
(207) 764-5124

current time, and perhaps even longer given the treacherous travel conditions often experienced during Maine's long winters. This will unquestionably harm mail delivery to an area encompassing hundreds of cities, towns, and communities, and nearly half of Maine's entire population. The large size of our state makes it impossible for the USPS to serve all of Maine efficiently with just one processing plant in Scarborough.

Furthermore, the potential delay in mail delivery, which would result from the proposed consolidation, would have a terribly harmful affect on businesses, families, seniors, and the local economy. Businesses who currently receive expeditious mail services from the Hampden plant will have their mailings delayed by travel to the Scarborough plant. Additionally, given that businesses have located themselves near the Hampden plant to afford themselves the most valuable mail services available, it is possible that the USPS proposal will serve to drive these businesses out of the state. The Hampden facility is a lifeline for businesses across Maine.

I was also greatly alarmed when USPS representatives noted during the January 11th public meeting that under the proposed consolidation, businesses located closely to the Scarborough plant will be at a competitive advantage to those located in northern, eastern, and western Maine! This only compounds upon the notion of two Maines. It is without question that businesses throughout the state, no matter their location, deserve equally high quality postal service.

The proposed consolidation would also greatly harm families and seniors residing in northern, eastern, and western Maine. Families who use the USPS for their daily newspaper deliveries will receive their local news days late. Seniors who may not be communicating by email, and whose health relies on expeditious delivery of medications through the mail, will be unable to count on its timely delivery.

Additionally, the consolidation of the Hampden facility will have a grave impact on the greater Hampden and Bangor economy. Hampden Town Manager Susan Lessard indicated in the September 15, 2011, *Bangor Daily News*, that the real impact for the Hampden area would be felt in terms of lost annual payroll, which she projected at roughly \$7 million. A financial loss of this magnitude would significantly harm the local economy at a time when this community can ill afford it.

A further concern raised about the proposed consolidation during the January 11th public meeting was the apparent lack of a satisfactory contingency mail delivery plan in the event of a disaster or accident at the Scarborough plant. In addition to the Hampden facility, the USPS is also considering consolidating all processing facilities in Vermont and New Hampshire. Should these facilities be consolidated, and the Scarborough facility experience a major accident or a disaster preventing its operations, how would the Postal Service continue to provide timely mail delivery to the entire Northeastern, United States?

Finally, I also believe that many questions remain relating to the cost savings that the USPS claimed in its one-page summary as supporting a business case for consolidation of the Hampden facility. The annual cost savings, which have been reported at \$7.6 million, were explained during the public meeting to be preliminary and subject to change. How can the USPS state that the cost savings support a business case for consolidation when the numbers are subject to change? Furthermore, why is the USPS unable to provide the methodology used in reaching the annual cost savings of \$7.6 million?

Specifically, the reported annual employee, maintenance, management, and transportation savings remain unexplained, dubious, and quite misleading. If a net 40 craft employee reduction will result in the annual savings of \$2.9 million, this would equate to an average craft employee salary of approximately \$74,000 a year. In addition, while the USPS one-page summary reports that the employee reduction will be done in accordance with respective collective bargaining agreements, postal employees at the public meeting

raised the point that most postal employees with over 6 years of service have a no lay-off clause. Will they still be paid? Has that been taken into account in the employee savings projections?

Furthermore, what does the USPS plan on doing with all of its mail processing equipment in Hampden, which includes a brand new flat sorting machine installed in 2011, and has this been factored into the \$3.9 million in annual maintenance savings asserted by USPS? Additionally, has the increased transportation expenses through fuel costs for been calculated into the annual transportation savings?

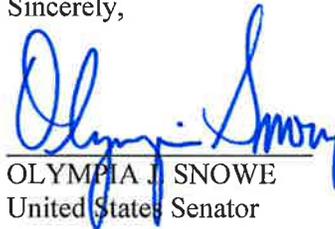
Raising further alarm, after I questioned how the USPS could claim an "annual management savings" of \$797,000 from the elimination of just two management positions in its December 22, 2011 one-page summary, its January 9, 2012 summary revised that figure downward to \$177,000. Which begs the question, what happened to the other \$620,000 in estimated savings, and if this one-page document is the foundation for this consolidation plan, exactly how accurate are its other estimated savings? How can the USPS claim that consolidating Hampden's processing function saves \$7.6 million, while promising to hire 120 new workers in Scarborough? And has the USPS taken into account the efficiency and annual performance ratings of the Hampden facility in its cost savings calculations?

Ultimately, many unanswered questions remain regarding the reported \$7.6 million in annual cost savings achieved by the proposed consolidation. However, there is no question of the severely negative impact that this proposal will have on the businesses, communities, and people of Maine.

This proposal is one of no small consequence, and I remain strongly opposed to the consolidation of mail processing at the Eastern Maine P&DF into the Southern Maine P&DC, and, further, request that the Postal Service reconsider the damaging impact such action could have on mail delivery throughout Maine.

Thank you for your consideration and I look forward to your timely reply.

Sincerely,



OLYMPIA J. SNOWE
United States Senator

CC: Ms. Kathy Rokowski
Manager Consumer and Industry Contact
Northern New England District
151 Forest Avenue Suite 7022
Portland ME 04101-7022