

# AUSPL network

*News and information for members of the Association of United States Postal Lessors*

## H.R. 5714 – The Postal Service Reform Act of 2016

By: Harry Glenn

The House Oversight and Government Reform Committee approved H.R. 5714 by voice vote on July 12, 2016. The Committee has requested that the Congressional Budget Office determine the cost to implement this legislation and to have that estimate available when the House reconvenes in September. This cost estimate will have a major impact on the legislation's future consideration during the remainder of this 114th Congress.

The legislation seeks to put the United States Postal Service on a firmer financial foundation by (a) refinancing USPS prefunding payments to the federal government for the retirement and health care benefits of postal employees, (b) requiring that postal retirees use Medicare as their primary health carrier, (c) allowing the USPS to raise first class mail rates by 1 cent to make up for the rate decrease in April, and (d) giving the Postal Regulatory Commission the ability to adjust other postal rates.

H.R. 5714 authorizes the Postal Service to provide a new range of non-postal services to state, local and tribal governments and other federal agencies. It also creates a new position of Chief Innovation Officer to manage the Postal Service's development and implementation of innovative postal and non-postal products and services. The current nine-member Board of Governors would be reduced to five, with authority to hire and set salary for the PMG & Deputy PMG.

The legislation would provide clear guidance to the Postal Service on notification requirements to communities that would be impacted by the closure of postal facilities, and requires an analysis of specific factors to be considered as part of any closure decisions.

Finally, the bill requires the incremental conversion to the centralized delivery of business mail over a five-year period and a process to convert residential door delivery to cluster box delivery, curbside delivery, or sidewalk delivery.

### The Process Moving Forward

The House members who worked together to develop this legislation did so in a bipartisan manner with two Republicans (Jason Chaffetz [R-UT] and Mark Meadows [R-NC]) teaming up with three Democrats (Elijah Cummings [D-MD], Gerry Connolly [D-VA], and Stephen Lynch [D-MA]). Your AUSPL leadership has met with these leaders and their staffs regularly over the past 18 months that this legislation has been under development.

The hope of this bipartisan group is that the Congressional Budget Office will review the legislation and determine that it puts the U.S. Postal Service on a firm financial footing without impacting the federal budget deficit. If that is indeed the case, the House Oversight Committee will ask for legislative time in this House this September to attempt to pass this legislation with a strong bipartisan vote.



## AUSPL Thanks Terry Phillips, AUSPL Board Member Emeritus, for His Years of Service

After 20+ years as a member of AUSPL and 16 years of service on the AUSPL Board of Directors, including one year as President, Terry Phillips retired in May of 2016. Terry's expertise in the area of leased postal facilities is well recognized among AUSPL members.

Terry has had over 50 years of experience working with postal facilities. He got his start in 1962 when visiting a new post office job site where his father was the contractor. A USPS Real Estate officer, who was there, asked Terry if he would like to provide an estimate for building a new facility. Terry estimated the costs and was awarded his first post office job in Lone, Washington. Just last month he drove by and saw that post office still operating 54 years later.

Terry is justifiably proud of his service on the AUSPL Board. His work with Congress on behalf of lessors provides him with the most satisfaction. Terry's term as president coincided with the early wave of rural post offices closures in 2011, and the introduction of POSTPlan. Terry played a part in informing Congress on the minimal cost savings associated with closures and significantly benefited lessors in keeping their buildings open.

The many valuable services AUSPL provides for its members are difficult to rank, but Terry has his favorites. First, is the Congressional outreach program. Terry says the efforts AUSPL leaders have made to develop relationships with members of Congress are vital to the development of postal reform legislation, and should not be abated. He commented favorably on the organization's increasing sophistication in terms of working with both Congress and the US Postal Service. The AUSPL Insurance Program is another favorite of Terry's. The reduced rates and outstanding coverage are a part of an excellent benefit for AUSPL Members. Another favorite is the annual AUSPL Conference. It provides a unique opportunity for networking between postal lessors, as well as an occasion for lessors to hear directly from US Postal Service management.

Finally, Terry encourages members to continue to support the AUSPL and recognize the work being done on their behalf. The AUSPL is their voice, with both the US Postal Service and Congress.



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The matter will then fall to the Senate, where Senator Tom Carper (D-DE) has introduced an even more comprehensive postal reform bill. Given the short window for the consideration of legislation before and after the November elections, it is an open question whether the Senate will act on either bill this year.

This legislative exercise is important, however, because it can set the stage for the early consideration of the same or similar legislation when the 115th Congress convenes next January. The House and Senate bills would have to be reintroduced in the new Congress and there would be opportunities for AUSPL to make additional comments and suggestions.

Your leadership team is concerned about the process outlined in the House bill related to the process for considering the closure of post offices. They believe that additional factors should be taken into consideration, especially for facilities located in rural areas.

They also would like to see post office boxes clearly spelled out as an alternative to cluster boxes in the section of the bill that seeks to convert mail delivery to a more secure and centralized system that includes cluster boxes, curb delivery and street delivery.

Finally, they believe that any postal reform bill must clearly specify delivery standards for the Postal Service. First class delivery has slowed in many parts of the country and the House legislation does not address the issue. The Senate bill does.

In the end, the House leadership is looking for support from AUSPL members to move the legislative process along to the Senate and begin the long overdue process of putting the U.S. Postal Service on a firm financial foundation that will stabilize postal operations and reduce the demand for the closure of postal facilities.

For more detailed information, please see Lobbyist Update on [www.auspl.com](http://www.auspl.com), or call the office at 800-572-9483.

# Develop a Strong Negotiating Position by Knowing the Property

Negotiating for fair market rent on a post office lease intimidates many landlords. An in depth knowledge of the property gives a better understanding of the amount of rent required to cover costs and provide a profit. The following are areas to take into consideration before negotiating.

**Is the post office open 2, 4, 6 or 8 hours a day?** The Postal Service is more likely to stay in a building that is open 8 hours a day than in a reduced hours facility. To determine business hours, ask the Postmaster, or check the USPS website under "Quick Tools."

**What is the current condition of the building?** During lease negotiations, account for the cost of repairing deferred maintenance items. If a landlord knows in advance the costs of repairs the landlord will have to make, the landlord can seek to negotiate building rent that will cover those costs. A landlord can either visit his or her property to evaluate its condition and identify upcoming expenses, or hire someone to make such an evaluation on the landlord's behalf.

**What kind of revenue is being produced in the post office?** To determine if a building is being fully utilized, a landlord can find out the number of routes run out of the building and the ratio of leased to available post office boxes. For example if all routes have been pulled from a 3,000 sq. ft. building, the building could have 2500 sq. ft. of unused space. That is an indication that the Postal Service could reduce its rent expense without adversely impacting service by moving to a smaller, nearby facility. Usage information should be available from the Postmaster.

**How do nearby buildings compare in terms of age and size?** Older buildings built in the 60s tended to not have parking lots, whereas newer buildings were built on large lots and have plenty of parking. Buildings with parking tend to get higher rents. Also, newer buildings have fewer issues with hazardous materials, such as asbestos and lead paint, both of which increase maintenance costs. Information on the age of buildings is available on the FOIA Leased Facilities Report on the USPS website, or as a link from AUSPL's website.

**Is the building in a thriving or dying town?** When comparing rents with buildings in the same three digit zip code range, be sure to consider whether the building is in a town with more valuable real estate than neighboring towns. An example would be a building in vacation destination. Take some time to drive through the town, or look at the town on Google Earth. Are there boarded up windows? Does the community look clean and cared for? As an alternative, contact a local commercial real estate agent for an update on local economic conditions.

Understanding the property condition, location, upcoming expenses, and value to the US Postal Service creates a stronger position from which a landlord can negotiate fair market rent.



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## AUSPL

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Wednesday and Thursday  
May 10 and 11, 2017

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3667 Las Vegas Blvd. S.  
Las Vegas, NV 89109

Conference  
Registration  
Begins  
September 1, 2016

Conference Check-in begins May 9, 2017