



RED TAG NEWSLETTER DECEMBER 2021

DECEMBER 2021 – TABLE OF CONTENTS

Page 1.....Calendar Of Events
Page 2..... Update – A Change From The Atlas Purchase Of RRD
Page 2-3.....USPS At Risk Of Falling Short On Space & Staff For The Holiday Season
Page 3-4.....USPS And Labor Unions Express Concerns Over Vaccination Mandates
Page 4-5....Changes Are In The Works For The USPS Board Of Governors
Page 5.....Non-Standard Fees/Dimensional Noncompliance Fees Delayed
Page 6.....What To Know Refresher - DMM 207.28 –Exceptional Dispatch
Page 7.....From The Desk Of Eddie Mayhew – Both Sides Now

CALENDAR OF EVENTS – 2021/2022

Winter 2021	WestPac AIM Meeting	Virtual
1-11/13-22	MTAC Meeting	DC or Virtual
4-5/7-22	MTAC Meeting	DC or Virtual
7-26/28-22	MTAC Meeting	DC or Virtual
10-25/27-22	MTAC Meeting	DC or Virtual

Meetings listed as virtual or DC are subject to CDC and USPS recommendations

**BREAKING NEWS – RR DONNELLEY SWITCHES! –
CONCERN OVER STAFF AND SPACE FOR THE HOLIDAYS
– CONCERNS OVER VACCINE MANDATES BY USPS AND
UNIONS – CHANGES COMING FOR THE BOARD OF
GOVERNORS – DELAY IN IMPLEMENTING SOME
PACKAGE FEES**

**Update – A Change From
The Atlas Purchase Of RRD**

After extensive negotiations with Atlas Holdings and an attractive counter offer from Chatham Asset Management of \$10.25 per share as opposed to the Atlas offer of \$8.52 per share, and other financial considerations the switch was made.

The RR Donnelley Corporation’s board has made a unanimous decision to reject the Atlas offer in favor of Chatham Asset Management. The move to Chatham Asset Management took place just prior to the thirty-day deadline for making the deal with Atlas permanent.

**USPS At Risk Of Falling Short On
Space & Staff For The Holiday
Season**

According to a new report from the Office of The Inspector General, the Postal Service is in danger of falling short of adequate space and staffing for the holiday season, even with changes in process by the executive staff of USPS. That concern appears to be borne out by news photos of long lines of semi-trailers outside of a facility in Maryland that is stretching into the local community.

USPS has already increased its complement of full-time workers by 8 percent since the last holiday season in 2020, having added 33,000 workers. It has also increased facility floor space by 48 percent and packaging processing capability by 16 percent.

Even with these increases, postal supervisors recently told the agency’s Inspector General they were concerned about an insufficient number of employees for trucking, and management is falling short of its goals for leasing temporary to process shipping surges.

While they are not as concerned over the increase in permanent employees, these supervisors remain concerned that USPS will have a problem getting 45,000 temporary workers for the holiday period because of the ongoing shortage of workers. The Postal Service did meet its hiring goal last year but fell short in the two previous years.

As of the date of this article, USPS remains short 1,100 drivers for the trucking workforce. It is trying to resolve that by retraining some employees, and by putting

(Continued Page 3)

(Continued From Page 2)

more mail on fewer trucks.

After experiencing unprecedented delays last year following a 37 percent spike in volume, postal management has moved to a year-round approach to staffing for the holiday peak season.

USPS has boosted staffing, equipment and spacing through multi-year leases of annexes. Unfortunately, because of difficulty in finding appropriate facilities, the Postal Service has only been able to get 47 of its planned facilities leased and opened to support projected extra volume. Short term solutions prepared as contingencies are clearing space in existing facilities and where possible erecting tents for employees to process packages. USPS is confident that additional machines that have been installed can meet expectations and boost capacity by 36 percent compared to 2020.

The Postmaster General did make it clear to consumers and to Congress that the USPS fell short during the holidays. He said, "We threw everything we had at it." He went on to say during the meeting last February that "No cost cutting, no efficiency initiatives, no relaxation of any effort anywhere, and yet we missed our service standards by far and disappointed the nation." He promised that the 10-year plan to stabilize the agency would address many of these problems.

On top of this, customers are dealing with higher prices during the holiday season, with a surcharge that went into effect on October 3 through December 26, that raised package rates from \$0.25 to \$5.00 per package, depending on the product and

on its weight. The second set of price increase for 2021 that took place on August 29th also remain in effect for other mail such as letter, flats, cards and certain packages. This is a result of an effort by mailer organizations to hold these rates off being dismissed by a Federal Appeals Court judge. These rate increases averaged 6.8 percent while the additional package rates were 8.8 percent.

Mike Barber, the USPS vice president for processing and maintenance operations, expressed his unmitigated confidence and belief that that the challenges for 2021 would not be a repeat of 2020.

This month will test the practices in place and the projections by Postal Service for a smooth-running system with minimal delays.

USPS Management And Labor Unions Express Concerns Over Vaccination Mandates.

The USPS said at a recent financial filing that the Occupational Safety and Health Administration's (OSHA) new vaccine rule "Will be extremely challenging to implement and administer during the height of our peak season, particularly given the expedited schedule,"), was reported by the Reuters News Service on November 10, 2021.

In the report USPS said, "Compliance could result in labor challenges and high levels of absenteeism." Additionally, "Some employees could opt to leave, which could cause significant business disruptions, and

(Continue on Page 4)

(Continued from page 3)

could adversely impact service performance and result in lower mail volume and revenue.”

The Postal Service has adopted a wait and see approach to see what the federal government response will be and what court challenges may occur. Since these concerns were addressed by various agencies and unions in the federal government, the Executive branch has delayed the mandate until after the first of the year in 2022.

Added to these scenarios are increases in vaccinations nationwide, while at the same time the new omicron variant emerged and is cases are increasing around the globe

This variant may have a minimal effect on the USPS holiday season, at least on vaccinated employees.

Changes Are In The Works For The Postal Board Of Governors

On November 19 2021, the President announced he was submitting candidates for two Postal Board of Governors positions that will replace outgoing chairman, Ron Bloom and Governor John Barger when terms expire on December 8 2021. President Biden is nominating Daniel Tangherlini to replace Bloom and Derek Kan for Governor Barger’s position.

Mr. Tangherlini is a former head of the General Services Administration under the Obama administration and Mr. Kan, who is Republican, and the former Deputy Director of the Office of Management and Budget.

This submission will move the board to a democratic majority. Once confirmed these two will map out the Board at 5 Democrats, 3 Republications and 1 Independent to fill the Board of Governors.

The White House wrote, “The U.S. Postal Service serves hundreds of millions of Americans across the nation every day. The document went on to say, “President Biden is committed to supporting USPS workers so that they can continue delivering for their fellow Americans, particularly those in rural communities, veterans, and older Americans who rely so heavily on the Postal Service.”

Mr. Tangherlini, the White House said when making the announcement, “served in leadership roles in the public, non-profit and private sectors. His interest is in bringing increased equity and efficiency to business, philanthropy, and government through the thoughtful application of technology, process, and systems reform.” In addition to his time as the head of the GSA, he served as Chief Financial Officer at the Department of the Treasury, as City Administrator and Deputy Mayor of Washington DC under Mayor Fenty; as Interim General Manager of DC’s Metro; the first Director of the DC Department of

(Continued on Page 5)

Continued from Page 4)

Transportation; the CFO of the DC metropolitan Police Department; and various roles in the Federal Government at the U.S. Department of Transportation and the U.S. Office of Management and Budget.

Mr. Kan is currently an executive at Deliverr, and e-commerce fulfillment startup. He's also served as an executive for Lyft, and was a director of the Amtrak Board, nominated by President Barack Obama. He also served as policy adviser to Mitch McConnell when he was majority leader in the Senate, along with a revolving set of executive offices under Trump, including as Under Secretary of Transportation, under then Secretary Elaine Chao. Ms. Chao is also Senator McConnell's spouse.

Naturally, these nominations are not without their fair share of political intrigue. Ron Bloom told confidants the week prior to this decision he expected to be re-nominated said one person familiar with these conversation and as reported in the Washington Post. On November 10, the existing members of the Board re-nominated Bloom as chairman over objections of the Democrats on the Board. That vote of confidence wasn't enough to sway the President.

Behind the scenes a number of Democratic Senators cited concerns that there were perceived ethics violations with the last administration and that the Postal Service needs changes as well as the Board of Governors. These Senators have been the most vocal opponents of the way the Postal Service is evolving regarding service standards, and staff and facility

management. They voiced concerns that these changes are masking inherent problems with the way USPS operates. The Senators are concerned with how the changes to service standards seem to demonstrate improved on-time service, but only by providing a longer period of time for mail to be delivered.

2022 may turn out to be another interesting year for the Postal Service in resolving delivery performance issues, moving from gas-powered to electric delivery vehicles, resolving resource issues, handling COVID concerns, perceptions of forward progress, raising rates in a manageable manner and obtaining the ever-elusive legislative postal reform.

Non-Standard And Dimensional Noncompliance Fees Delayed

The USPS provided notice today to the Postal Regulatory Commission (PRC) of their intention to delay implementation of Non-Standard Fees and Dimensional Noncompliance fees currently under review at the PRC.

They explained the delay in implementation until April 3 2022 to allow the mailing industry additional time to plan, prepare and adjust for these changes.

The Postal Service said this delay is an example of their willingness to be judicious in their pricing decisions and to be responsive to the needs of their customers.

These changes were originally planned to be implemented in January 2022 and it became clear that mailers were not yet ready for the changes

Domestic Mail – What To Know Refresher – Periodicals, DMM Section 207.28 – Exceptional Dispatch

What Is Exceptional Dispatch?

This process allows the Postmaster of an entry post office authority to allow an approved Periodicals publication to deliver copies of the authorized title at other post offices at the publisher's own expense.

How Is This Exceptional Method Determined And Why?

The provision is intended for local distribution purposes (within zones 1 and 2) for publications with a circulation of 25,000 or less copies and cannot be for delivery to post offices where the means of official additional entry exists. The reason for retaining this old process is to satisfy necessary delivery for daily and sometimes weekly publications where the Postal Service does not have transportation in place from one office to another because it is not cost effective. This program exists primarily in rural areas.

One exception to that standard is when the same situation exists for a publisher of more than 25,000 circulation where there is not adequate transportation. These instances may be approved after review by the postmaster or the appropriate Logistics office.

When Is It Prohibited?

If the publisher uses a plant verified drop shipment arrangement (PVDS) this method delivery is prohibited. The Domestic Mail Manual still lists the Centralized Payment Program (CPP) as part of this prohibition, however, most if not all publishers have moved to the Enterprise Payment System (EPS) available to all publishers.

How To Apply For This Process.

The publisher must file for an authorization by letter on the publisher's letterhead and get written approval at the original or an authorized additional entry post office where postage is paid.

The letter of application must contain, 1) a full explanation of why it is needed, 2) The mode of transportation used, 3) approximate time of arrival, 4) a breakdown of postage at pound, piece and presort levels. If the numbers in this authorization increase or decrease by more than 2 percent an amended application must be filed.

The postmaster who receives the application is responsible to approve if no USPS costs are incurred and must monitor the publication at least quarterly.

From The Desk Of Eddie Mayhew – Both Sides Now

With apologies to Joni Mitchell and Judy Collins, I thought borrowing this title would come up some of the confusion and haze to seems to be the Postal Service these days.

If you sit back at a conference table and lay out everything happening with mail these days you can paraphrase a line from the song as “I looked at ‘Postal Life’ from both sides now...” because there is significant confusion in what to see and believe about on-time delivery on an almost weekly basis.

We get frequent reports on Industry Alert on how the Postal Service is improving its on-time delivery. Yet, it seems that overall delivery is terrible according to customers on the receiving end. Customers have been complaining about misdelivered and delayed mail from all corners of the country. Building the on-time base is a paramount goal of the Postal Service but truly, can it be done by increasing the target days for up to 3-5 days later on 40 percent of the mail.

We hear that the Postal Service is dedicated to keeping the costs of processing and delivering mail down to help the economy and to keep mailers from moving their business to competitors (at least on packages) and yet there have been rate increases twice this last year, and a holiday peak season surcharges as well. It doesn't really seem like the USPS is passing on any cost savings to the customer.

The movement of most of the mail to surface transportation has some merits such as more transportation opportunities, virtually unlimited space for shipping and on demand availability of extra equipment when needed. The drawback is that it's a great concept in theory, but at the moment USPS is short on qualified drivers, has to negotiate new contracts for equipment, and their experience in moving this much mail to surface transportation is sorely lacking.

Making major changes in transportation methods is a huge task to undertake. As much as USPS wants to offer that 21st century Postal Service, everyone needs to step back, take a breath and consider an old saying that to put one foot in front of another may not be the fastest way to get there, but in the long run it is the surest.

Have a wonderful holiday season everyone and hold your breath for an extraordinary New Year.