

May 27, 2009

TO: JERRY GRUBER, CITY MANAGER

FROM: EILEEN WILKERSON, ASSISTANT CITY MANAGER

SUBJECT: ANALYSIS OF POST OFFICE

RECOMMENDATION:

That the Atherton Post Office be closed.

BACKGROUND:

The Post Office agreements on file begin June 1988. On June 1988 the Town of Atherton entered into a formal agreement with the United States Postal Service (USPS) to operate a "Contract Postal Unit (CPU) for the fixed annual price of \$51,762. The most current contract was executed on June 29, 2001 for the fixed annual price of \$51,762.

Sixty days written notice are required to terminate the contract.

The Town is required to operate the Post Office Monday through Friday, 8:00 a.m. to 4:30 p.m., (opening 8-8:30 and closing 4-4:30) closing from 12 noon to 1:00 p.m. each day. Total weekly operating hours are thirty-five (35). Total yearly operating hours are 1,750. The Post Office is open every scheduled workday of the Town's Administrative Office. In addition, the Town must post a Contract Postal Unit Bond in the amount of \$8,000 each year. The United States Postal Service estimated that the annual revenue would be \$169,000 the first year.

The Town of Atherton is required to provide sufficient staff to offer the following services:

Stamps & Products:

- Stamps
- Stationary (stamped postal cards, envelops, etc.)
- Postal Service Money Orders

Domestic Mail:

- Regular
- Special Service (Insured, registered, COD)
- Express Mail
- Priority Mail

International Mail:

- First Class
- Global Priority
- Express Mail International
- Money Orders: Mexico and Japan

Equipment:

The Postal Service provides:

- Money Order Imprinter
- CPU Forms
- Accountable Paper (Stamps & Envelopes)

The Town of Atherton must furnish:

- Utilities
- Counters
- Safe
- Telephone
- Common Office Supplies

The Town of Atherton supplies a postage machine, postage meter, scale, supplies (labels, ink, etc.) and a maintenance agreement to cover the equipment.

Personnel:

The Town of Atherton designates the Office Specialist position to operate the Post Office under the supervision of the Assistant City Manager. The Town is required to train and have available substitute staff. Current fully trained substitute staff includes Lynn Colliau - Finance Assistant and Kelli Robertson – Office Specialist. The Town has trained two temporary employees to call as needed. The Town is training Theresa DellaSanta and Eileen Wilkerson to operate the Post Office.

Staffing Costs (fully loaded hourly rates)

| | |
|------------------------------------------------------------|--------------|
| Melanie Brabenec – Office Specialist | \$70,804 |
| Lynn Colliau – Finance Assistant | \$42.67/hour |
| Theresa DellaSanta – Executive Assistant/Deputy City Clerk | \$42.81/hour |
| Kelli Robertson – Office Specialist | \$42.15/hour |
| Eileen Wilkerson – Assistant City Manager | \$93.24/hour |
| Temporary Employee | \$17.25/hour |
| Temporary Employee | \$24.60/hour |

Equipment and Supply Cost to Town:

| Item | Cost |
|-------------------------------------------------------------|------------------------------------------------|
| Maintenance Agreement 4/1/09 to 3/31/10 – DM550 feeder | \$643.00 annually |
| Maintenance Agreement 4/1/09 to 3/30/10 – DM500 base | \$262.00 annually |
| Maintenance Agreement 4/1/09 to 3/30/10 – Weighing Platform | \$207.00 annually |
| Postal Equipment Rental – Postal Security Device (meter) | \$1,320 annually (paid quarterly) |
| Adhesive Roll Tape (3 per Box) (6 boxes) | \$433.44 |
| Red Ink Cartridge (6 cartridges) | \$509.94 |
| Pre inked stamps | \$380.00 |
| Miscellaneous Supplies | \$745 |
| Post Office Bond (\$8000) | \$1250 for three years / 3 = \$416.67 annually |
| Total Equipment and Supplies | \$4,917.05 |

Total Annual Cost to Town:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Staff: Office Specialist and substitutes for 20 days per year (10 vacation and 10 sick leave); Holiday Extra Assistance (15 days) Executive Assistant primary substitute | \$70,804 Office Specialist \$11,987 Extra Assistance (Exec. Asst.) (not “extra pay” but still a cost of not having Exec. Asst./Deputy City Clerk services for the Town) \$82,791 Total Staffing Cost |
| Equipment and Supplies | \$ 4,917 Total Equipment and Supplies |
| | |
| | \$87,708 Total Annual Cost |

**Customer Service Contacts (does not include mail drop off)
– January 1, 2009 through April 27, 2009**

| City | Customer Service Contacts | Average per Day |
|------------|-----------------------------------|-----------------------------------------------------------|
| Atherton | 611 | 10 |
| Menlo Park | 471 | 8 |
| Other | 26 | |
| | 1108 contacts in 66 recorded days | 17 per day 4/15 - 70 contacts w/o 4/15 = 16 per day |

Estimated Annual Sales for Post Office – Calendar Year

| | |
|---------------------------------|---------------------|
| 2004 | \$103,863 * |
| 2005 | \$75,597 |
| 2006 | \$81,974 |
| 2007 | \$77,346 |
| 2008 | \$83,826 ** |
| January through May 2009 | \$17,563 |
| | \$58,151 *** |

* estimated January through March

** estimated January through August

***estimated June through December

Value of Keeping the Post Office:

- Serves the Town’s Postal Needs with few exceptions
- Serves Atherton Residents – 10 residents per day average January to April
- Serves Menlo Park Residents – 8 residents per day average January to April
- Serves out of area businesses and residents
- Served 70 people on Tax Day, 4/15
- Reduces workload at Menlo Park and Redwood City Post Offices

Negative Impact on Town:

- Postal equipment needs replaced due to age
- Post Office requires full coverage using Town personnel
- Office Specialist not available 40% to 90% of the time to assist with Town duties
- Office Specialist duties interrupted constantly making it difficult to work on detailed projects
- Post Office operator cannot leave the building during the workday without coverage
- Town workload is impacted when Post Office coverage is needed
- Substitute availability fluctuates
- Limited ability to maintain variety of stamps; cannot “sell” back inventory
- Customer negative behavior
- Written reprimand for closing the Post Office 1.5 days during a flu outbreak when all substitutes were ill
- Noise volume is increased due to the Post Office being located in the front office.
- Requires the City Manager to close his office door in order to conduct business impacting his open door policy
- Risk Management - Potential theft

Opportunity for Town if Post Office Closed:

- Office Specialist productivity would exclusively benefit the Town of Atherton
- Add Cashier Duties to centralize Town cashier services
- Training opportunities available to Office Specialist without need for postal trained substitutes; anyone could answer the telephones
- Permanent reduction of Office Assistant position; Direct budget savings

Issues for Town if Post Office Closed:

- Residents’ loss of service (Table)
- Town reverts to using the Menlo Park Post Office for Priority and Express mail
- Town has one daily pick up rather than several

If Post Office Continues:

- Need to replace postage equipment
- May need temporary help to assist with Town work including Town cashier duties

FISCAL IMPACT:

Maintaining the Atherton Post Office requires a FY 2009-10 budget of \$95,208 (current cost plus new equipment). The Town is reimbursed \$51,762 by the U.S. Postal Service. The net cost to the Town for FY 2009-10 will be \$43,446. At this time the Office Specialist is budgeted to Administration (need to move to Post Office).

ALTERNATIVES:

- 1) Maintain Post Office; requires \$7,500 in replacement equipment FY 09-10
- 2) Re-negotiate contract to reduce number of days required to be open; will result in less reimbursement from Post Office (have not been able to confirm with the Post Office that this is a real option) and more staff time for the Administrative Office
- 3) Begin procedure to close the Post Office