

--BREAKING NEWS!--

Action guide for dealing with post office, plant closings

Simplified Addressing now allowed on city routes

USPS enforcing no-newsrack policy at P.O.s

'Flimsy flats' rule exempts DDU Basic car-rt mail

Overnite Drop exempts 5,000-under newspapers

Latest Updates on changes affecting Periodicals mail...

SOX, IMB, OMX and 5-day delivery status

Maximizing Postage Savings and Delivery

NNA annual convention, Albuquerque, NM, September 23, 2011

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Two new challenges facing newspapers:

Newspapers struggle to adapt to more cost-saving initiatives:

'Delivery Unit Optimization' & 'Bulk Mail Entry consolidation'

Newspapers around the country are finding two more postal cost-cutting projects that are accelerating under the increasing financial strain of USPS coffers: "Delivery Unit Optimization" and "BME consolidation."



POSTAL TIPS

Max Heath

Along with post office closings, earlier entry deadlines, and processing plants consolidating under so-called Area Mail Processing projects that we discussed last month, NNA has received an increasing number of contacts about these two problems headlined above. Neither is new, but they are increasing in scope and speed.

DELIVERY UNIT OPTIMIZATION

- Publishers are finding delivery routes moving from smaller offices to originate at larger nearby offices under DUO. While often confusing,

especially added to the other projects going on simultaneously, this one is not always harmful to newspapers. DUO, by moving the origin point of routes, may reduce the number of delivery post offices where Periodicals and Standard Mail must be dropped to earn Delivery Unit discounts.

And of course, this can be a confusing software issue, as routes may take some time to actually be shifted in the national delivery database associated with presort of the mail. But just as with the closing of some tiny post offices with 2-3 routes, reducing drop points saves driver time and gasoline, and may allow newspapers to get some of their drops made earlier when fewer DDU drops are required (usually via Exceptional Dispatch in DMM 707.28.3).

Having more routes in fewer post offices creates the need for fewer delivery supervisors, as staffing in post offices is being cut drastically across the nation. Likewise, USPS is hauling mail to fewer points.

Candidate offices are usually within 10-15 miles of one another, served by the same processing facility, and one office is judged to have excess workspace. The losing office will still provide retail window service and post office box service, in some cases handled only by the postmaster.

Newspapers located in one of the small offices losing the routes have more reason to be concerned, but the new drop point for routes serving their town would

continue to earn them the DU discount. NNA believes that the original-entry permit is better kept in the "losing" town and county, and Exceptional Dispatch be established to the new office to allow continuation of DU discount. Doing so will ensure that qualification for legal advertising under some state laws is met.

One concern for publishers located in the losing town is whether the DUO is a precursor to closing that office. That's certainly a possibility long-range, but I've not yet seen it occur. NNA is happy to hear of problems and field questions concerning DUO. E-mail Tonda Rush at tonda@nna.org or me at maxheath@lcnl.com.

BUSINESS MAIL ENTRY CONSOLIDATION

This USPS initiative can be a thornier problem. BME consolidation seeks to move acceptance of mail out of certain offices (usually smaller) to a central location with more trained BME personnel, such as a mail processing plant or SCF (not all SCFs are plants). The key is the degree to which Periodicals and Standard Mail shoppers are forced to actually move their mail entry points and permits.

NNA has dealt with these for members since 2009 in northern New Jersey. There, after some discussion, BME supervisors were content to let local newspapers and shoppers continue to be delivered to their usual post offices. But as SOX (Sarbanes-Oxley law) enforcement has been stepped up, The National Newspaper Association is trying to help members navigate new situations and demands. Some postal managers want the mail to move to the new BME newspaper site.

If newspaper mail is required to be dropped at a new entry point, NNA believes that you can again use Exceptional Dispatch to make the origin post office an Exceptional Dispatch office, with paperwork and mail for outside the trade area and "the world" dropped at the newly-designated BME office.

There is no requirement for Periodicals mail to be accompanied by a PS Form 8125, Drop Shipment Clearance Document. While this unfortunately is being urged far too often, USPS HQ BME has been quick to help NNA members clarify that the form, reserved for Plant-Verified Drop Shipment mail, is not required of Periodicals. This unfortunate misunderstanding resulted from field training by transportation personnel some months ago, and didn't apply to local-entry newspapers with Exceptional

Dispatch rights.

NNA is in discussion with HQ BME about some possible changes to how much verification will be required of community newspapers that could help all publishers. Stay tuned by checking www.nnaweb.org or watch for news releases from NNA as well as this monthly column for updates.

NEW PERIODICAL ENTRY TIMES AT PLANTS ONLY

Resolution was reached between the Periodicals industry and USPS on new Critical Entry Times for mail entered at postal processing plants after July 1. While USPS had originally asked for CETs as early as noon, industry push back and several work group meetings resulted in a compromise everyone could live with.

Periodicals CET for non-FSS for 5-digit/scheme containers would be 5 p.m. and 6 p.m. if bundle sort only needed for 3-digit and up containers. As a practical matter, that would be 5 p.m. for newspapers, because they have both types.

Periodicals delivered to FSS (Flats Sequencing System) sites would be 11 a.m. for non-FSS and 8 a.m. for copies intended for the FSS machine sortation. Only 47 plant sites will have FSS machines for high-demographic areas with higher flats volume. That will include less than one-third of the "flats" mail volume delivered, like magazines, large envelopes, and newspapers.

Most newspaper mail is DDU-dropped, although some plant drops are made. Often times, printing customers of newspapers may be plant drops at an SCF or ADC. Purpose of the earlier entry is for "Start-the-Clock" for service measurement and improved service while moving more mail to automation equipment.

Most newspapers are in no position to change their entry times by much, so if dropped after the new CETs it will mean a one-day delay in processing. That may push newspapers relying on SCFs to deliver copies to outlying 5-digit post offices to increase their DDU-drops by filing a revised Exceptional Dispatch document with their origin-entry postmaster.

There will be no change in entry times at post offices not associated with processing plants.

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Push to close plants, post offices speeds up

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Mailers, public beset by rash of plant, post office closings

The U.S. Postal Service is drowning in debt, with little signs of relief from Congress for costs with which previous Congresses have burdened USPS. And as revenues continue to fall, especially from its most profitable product, First Class Mail, USPS has little choice but seek to cut expenses.



POSTAL TIPS

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National Newspaper Association Chief Executive Officer and Director of Public Policy Tonda Rush is on Capitol Hill weekly, either solo or as part of a coalition of mailers, seeking to get restitution (no way is this a bailout) of various overcharges from the government, starting with the \$5.5 billion per year for prepaying retiree health benefits, imposed merely to help the deficit in 2007 and beyond. USPS is the only public agency required to prepay. So USPS pays more than \$2 billion in

current charges while prepaying more than \$30 billion so far.

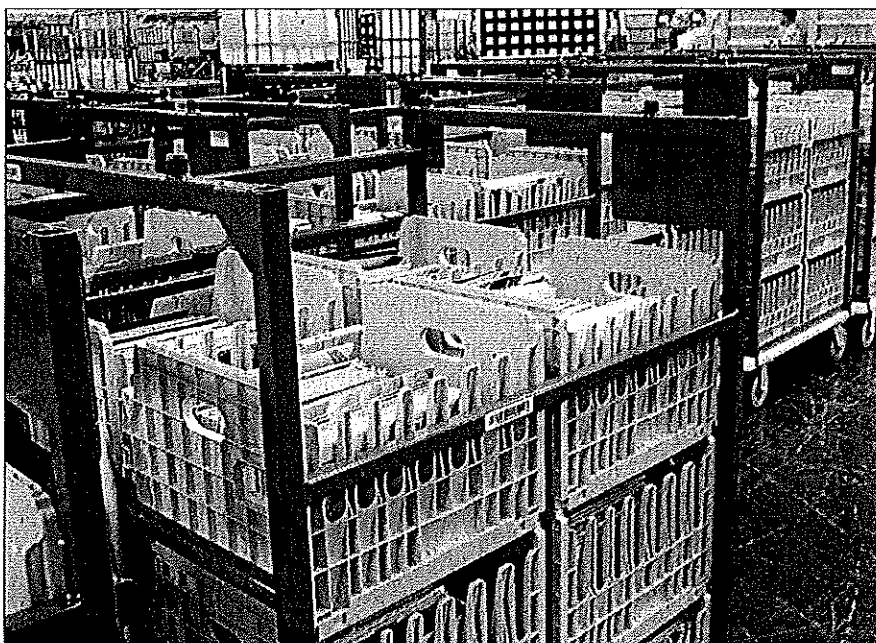
NNA's Postal Committee and board of directors has taken no official position on consolidation of some of the 600 processing facilities out of consideration for USPS finances, considering the 42 percent decline in First Class Mail during the past nine years. Likewise, we have no official position on closure of small post offices, knowing that there truly are some offices where everything has left the town except the post office, making it hard to justify keeping it open.

But as always, the devil's in the details. So we don't necessarily agree that all consolidations of processing plants make equal sense, especially in rural areas where service is at risk. (NNA does oppose the end of six-day delivery, and the PRC has basically agreed with our position in its analysis.)

But the bottom line is that NNA exists to help its members, and the Postal Committee helps newspapers and state associations who are concerned about processing plant or post office closures. To that end, we share this information.

AREA MAIL PROCESSING INITIATIVES CUT PLANTS AND TRANSPORTATION

Mailers, like newspapers, are perhaps most affected by decisions to merge the processing of mail from smaller plants,



GREGORY GLASS/PUB AUX FILE PHOTO

Above—Periodicals sit in carts at the U.S. Postal Service Processing and Distribution Center in Dulles, VA. Below—Periodicals wait to be processed in an automatic feeder.



most within post offices, into larger, stand-alone mail processing facilities further away from their service areas. Big national mailers love such closures, because it reduces their truck drop points and attendant costs.

Smaller, regional publications like newspapers, not so much. Area Mail Processing initiatives often move handling of mail from smaller, more efficient plants serving SCFs helpful to newspapers, to larger, less efficient, more distant plants. That often results in service degradation. Although USPS promises little or no service loss, those promises are more often not realized.

More than 125 AMPs are currently shown on the USPS website as completed or in progress. To track the progress of such projects in your state or region, go to <http://www.usps.com/all/amp.htm> for the updated list. Some have turned out to be relatively benign, with little or no noticeable service impacts. Others, like Lima, OH, have become legendary for the terrible service results that linger long past the implementation months ago.

WHAT CAN NEWSPAPERS DO?

1. Respond to notices sent to affected mailers inviting comments and object in

a fact-based manner.

2. Attend public hearings, and urge other affected newspapers and businesses to turn out. A public hearing must be held within 45 days of the AMP study, which must be concluded within two months. A 60-day review follows by the Area and USPS headquarters. The vice president network operations ultimately approves the AMP or not, based on cost/benefit ratio and considering public input.

3. Involve your chamber of commerce, state press association, and others in the affected plant coverage zone.

4. Contact your representatives and senators and ask their help in applying their clout to the objections of others.

5. Be sure to advise NNA of your work. We often are aware of studies, actions or pressure points that may affect your quest.

6. When the AMP is not a complete "lights out" closure, insist that newspapers originating and destinating within the SCF be kept in the SCF for handoff of 5-digit and other containers, and sortation of 3-digit or SCF containers in the plant to avoid "leakage" of intra-SCF mail beyond the paper's trade area.

POST OFFICE CLOSINGS MAY SPEED UP

Rules long in place allow closure of some of the 28,000 post offices in certain situations. These include "a change in community postal needs or the loss of suitable facilities." USPS must follow a statutory procedure, including customer notice and appeal rights. In a normal year, about 100 offices are closed, with fewer than 10 percent of these appealed to the PRC. There are 8,500 more "retail" locations, contract offices that USPS wants to expand inside retail stores.

Frankly, closing tiny offices of a few hundred patrons works to the overall benefit of newspapers and their shop-

pers, which are usually DDU-entered to save substantial postage. Fewer post offices equal fewer drops. The fear is that USPS will overdo this, despite tiny savings, to close offices with substantial mail volume like those where the newspaper originates.

USPS served notice in a Federal Register filing March 31 that it wanted to liberalize the standards for post office closures resulting in more of them, and more quickly. Some of the proposals (requiring statutory change) include:

1. Extending closure rules to stations and branches not under postmaster supervision.

2. Adding "nationwide directives from the responsible headquarters office" instead of limiting closure to "local evaluations."

3. Shift the regulation requiring 90-day waiting period after a final determination to the statutory 60 days.

4. "Replace a USPS-operated post office, station or branch with a contractor-operated retail facility."

5. "Combine a USPS-operated post office, station or branch with another USPS-operated retail facility."

6. "Discontinue a USPS-operated post office, station or branch without providing a replacement facility."

7. Increase the possible reasons for closure to include "a postmaster vacancy, cancellation of a lease or rental agreement where no suitable alternate quarters are available, a fire or other natural disaster, severe health or safety hazards," earned workload below the minimum established employee level, and "insufficient customer demand evidenced by declining or low volume, revenue, revenue units, local business activity, or population trends." Also included is "the availability of reasonable alternate access to postal services," or "the incorporation of two communities into

one or other special circumstances."

WHAT CAN NEWSPAPERS DO?

1. Provide written comments within the 60-day notice given, keeping them factual rather than emotional. Remind decision makers that their proposed rules require USPS to "provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining."

2. Run news stories about the proposed closure, quoting postmasters, union leaders, other mail users (such as letter sorting shops, local magazines or newsletter publishers, eBay package processors and the like and Area managers.

3. Be sure your chamber of commerce and other businesses are involved and make their voice heard. Attend public hearings, which should be held "unless the responsible vice-president or area manager of delivery programs support instructs otherwise."

4. Contact your representative and senators and ask their help in applying their clout to the objections of others.

5. If you lose, you have the right of appeal to the PRC within 30 days of the posting of the final determination.

6. Work with businesses in your town to assume the contract to provide postal services. Rush said she believes perhaps it's even a good idea for USPS to contract with newspapers to provide the site for a new "post office," where stamps can be purchased and mail received. That idea may be in our futures. © Max Heath 2011

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WHAT TO DO IN REACTION TO PLANT CLOSINGS AFFECTING YOU!

Probably Congressional delegation--U.S. representatives and Senators, can bring pressure. I think Tonda and I feel the Draconian measures are being pushed out in part to pressure Congress to correct some funding issues NNA, which NNA supports and has lobbied for...like \$5.5 retiree health benefit excess payments each year done as budget trick in 2006 postal reform bill, hitting no other federal agency. We hope Congress provides that legitimate relief--it is NOT a bailout. Congress is stuck with the massive debt problem, making it hard to correct past mistakes, including USPS overpayment into FERS (Federal Employee Retirement System) of \$6.9 billion. Congress likes to use USPS as a cash cow to get positive scores on deficit, and THEN beat them up for being poor!

My short answer is that if these go through, we are basically confined to DDU entry via Exceptional Dispatch for Periodicals to all offices important to our trade-area circulation---the good news, some of these small offices are being closed, meaning we'll save money when some of those routes are pulled back to our post office, or others nearby we drop at. But most papers need to DDU drop any carrier-routed mail that went through an SCF to get back to our county or surrounding counties IF these go thru. So I'd be planning that now.

List of sequenced street addresses no longer needed

Simplified address format extended to city routes for Saturation Standard Mail and Periodicals

The U.S. Postal Service has decided to allow mailers of Saturation flats to use so-called "Simplified Address" format on copies sent to city routes, and post office boxes associated with city routes, effective Jan. 2, 2011. A Dec. 16 Postal Bulletin notice (pages 46 and 71-73) announced the change.

Newspapers and shoppers have long been able to mail Saturation flats on rural routes, and post office boxes associated with rural routes. For years, the National Newspaper Association Postal Committee has fielded requests from community newspapers wanting to "sample" their newspaper, or mail a shopper, asking why they couldn't use simplified addressing on city routes.



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Those newspapers typically lacked software to accommodate lists from USPS's CDS (Computerized Delivery Sequence) service, could not afford the expense of the lists, or didn't know how to go about it.

Although long desired by many community newspapers, this change may be controversial to some, because the USPS move is an effort to boost mail volume by allowing small businesses to more easily mail to ZIP codes nearby. It would also allow Valassis/ADVO and other marriage mailers to do the same thing.

Tom Foti, manager of marketing mail, USPS headquarters, told me, "We're not taking sides with any segment of the mail. We are providing an option for customers." Foti said, "We always thought it was a good idea, but with the changeover in leadership we are being more aggressive in pursuing revenue opportunities."

It could also be viewed as leveling the playing field, as all players get the same cost savings if they are already mailing to city routes using the CDS file. Big mailers already have the city route address files.

And for those small newspapers that don't currently mail to city routes with their sample paper or shopper, it expands their competitiveness with any other mail

providers that may be serving that market. Governments have long had this ability, though it was denied to commercial mailers.

Newspapers that don't mail shoppers to city routes, or sample city routes to help increase subscribers, should begin doing so immediately to increase their advertising and circulation revenue.

Newspapers are already mail pros, and should use these lower costs to pursue additional volume from small businesses. Newspapers and their shoppers can still be the low-cost Saturation providers of advertising supplements, or provide solo mail services to those who prefer that.

WHAT IS SIMPLIFIED ADDRESSING?

It is the ability to print on a Saturation flat mail piece a two-word address as part of the page creation for the press run, rather than having to add an ink jetted or paper-labeled complete street address with city/state/ZIP, often in a separate time-consuming, costly production run.

Simplified addresses allowed include "Postal Customer" to all active deliveries on a route (residences and businesses) and "Residential Customer" to all active residential deliveries. These can also be used on post office-box addresses, although P.O. Boxholder is another option for those.

(Newspapers should beware that there is heavier duplication of post office boxes and city routes than when only rural routes exist, so you may not want to add both unless good reasons exist.)

DDU entry required: The relaxation of existing prohibitions does require dropping copies at the post office of delivery (DDU) when using the simplified address on city routes and related post office boxes.

The new standard for city route simplified addressing calls for "complete distribution" to each active residential or active total delivery on each route, and numbers can no longer be obtained from local post offices. (Frankly, statistics can be highly unreliable when obtained locally.)

Mailers must document that they have used the USPS Delivery Statistics File, available for the entire nation on CD-ROM from the National Customer Support Center (call 800-238-3150 for charges and order form). A

second option is the Address Information System viewer for \$75 a year on CD-ROM. It can be ordered at www.usps.com/ncsc.

USPS PLANS INTERACTIVE WEBSITE

USPS plans to develop an interactive website to provide "information and assistance to small mailers making Standard Mail Saturation mailings that bear simplified addresses."

The Simplified Mailing Process website will initially be accessible through the USPS RIBBS website at <http://ribbs.usps.gov>. It will eventually allow access to delivery statistics for no more than five ZIP codes per visit. (This should accommodate many small newspaper needs at no cost.)

The site will, they promise, allow mailers to generate saturation documentation and facing slips, and provide general instructions on completing PS Form 3602 for Standard Mail and PS Form 8125 for drop shipments verified at a post office or plant then delivered by the mailer to other post offices.

Some software vendors provide Delivery Statistics on their public website. I would expect that any newspaper that used those updated stats, providing the date of update, would also be in compliance.

DO NOT DELIVER REQUESTS

One other notable item in the Postal Bulletin filing:

"The procedures currently in place to accommodate customer 'do not deliver' requests from mailers of simplified address mail pieces intended for distribution to rural routes will be similarly extended to simplified address mailings intended for distribution to city routes."

NNA was unaware of such procedures, as members have reported inconsistent answers on this question, with post offices most often blaming the newspaper for not stopping delivery (when in fact, it is impossible to stop delivery of a simplified address piece except at the post office). © Max Heath 2011

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While lawful, motivation is uncertain

Postal Service ordering news racks off postal property; a simple shift to public sidewalk is the advice from NNA

Newspapers of all sizes began receiving letters or calls last month from post offices where they sell newspapers via coin-operated racks to remove those racks within 30 days. Calls and e-mails immediately started flowing into the National Newspaper Association's Postal Committee in October following a Sept. 28 weekly Web newsletter from the retail division of USPS that oversees "front-end" operations of post offices dealing with the public.



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Some postmasters did not follow the instructions given and ordered racks off immediately. Others have so far ignored the enforcement effort, unprecedented in my 27 years of dealing with postal issues. All I have ever encountered before now was a random call after a new supervisor visited a post office and gave the postmaster a removal order.

Those that received letters were threatened with possible prosecution under this closing paragraph:

"Unauthorized equipment remaining on property under the charge and control of the U.S. Postal Service after this date will subject owners to any applicable penalties under federal, state, or local law."

What this means is anyone's guess, because NNA Chief Operating Officer Tonda Rush is unaware of any such applicable penalties. I think it was an inappropriate attempt at hyperbole designed to scare newspapers. Penalties are unlikely.

The second notice suggested-draft letter, obtained by NNA, speaks of seizure and disposal, as well as penalties:

"Within thirty (30) days from the date of this letter, any unauthorized equipment remaining on property under the charge and control of the U.S. Postal Service will be subject to seizure and disposal by the U.S. Postal Service, and owners will be subject to any applicable penalties under federal, state, or local law."

PUBLIC PROPERTY REMOVAL ORDER IS UNCONSTITUTIONAL

NNA does not dispute the regulation

cited in the e-mail text below, and letters. The rule was established more than a decade ago when the USPS was grappling with various political groups that wanted to pass out literature on postal property. After litigation over its ability to eject such groups, USPS concluded that it was required to eject all vendors and groups. But that does not mean newspapers have no options.

NNA's standard advice to newspapers—there is usually a public access sidewalk or other property near the post office where the rack can usually be shifted a few feet and still be legal. NNA encourages newspapers not to be buffaloed into thinking that they have no option but to remove the rack entirely.

Note in the text underlined for you below from USPS that "sidewalks not under the control of USPS" are an exception. My fear is that postmasters will overreach their authority and try to order racks out of the vicinity entirely. But that would open the USPS to charges of attempting to interfere with constitutionally protected free speech.

ENFORCEMENT CLEARLY TARGETS NEWSPAPERS

This enforcement was clearly targeted solely at newspapers and publications. You can read for yourself the entire e-newsletter instruction from Retail on this matter below, and make up your own mind:

Vending Equipment on Postal Property Prohibited

Since 1978, the Postal Service prohibited commercial vending and the unauthorized depositing of literature. A federal appeals court upheld this prohibition in 1992 as it applied to the removal of newspaper vending machines from Postal Service property.

Postmasters and facility managers are reminded that Postal Regulations prohibit vending equipment of any sort on Postal property (in or outside the building). This includes newspapers and/or free literature, leafleting, and other similar items.

The regulations are contained in Poster 7, which should be prominently displayed in all postal facilities, and they are also contained in the Postal Operations Manual (POM), section 124 and Title 39 of the Code of Federal Regulations, Part 232.1. The prohibitions apply regardless of the content of the publication.

The only exception is sidewalks not under the control of the USPS. Please

refer to the POM 124.54 Soliciting, Electioneering, Collecting Debts, Vending, and Advertising.

Postmasters or other managers do not have individual discretion to permit the depositing or vending of certain publications—regardless of claims that they provide a convenience to customers, help bring in postal revenues, etc. From time to time, publishers may object when required by Postmasters or other personnel to relocate their vending stands. It is important to note that this is a blanket prohibition, which applies universally to all publications, regardless of content, affiliation, or method of delivery. The appropriate response in this situation is to direct publishers to the relevant federal law, cited above.

Actions Required

- Review the Postal Operations Manual (POM) 124.54 Soliciting, Electioneering, Collecting Debts, Vending, and Advertising at (Intranet only accessible to postal employees)
- Conduct physical surveys/inspections of postal property and take appropriate action to ensure compliance with POM 124.54
- Offices should review the attached template letter to enforce Headquarters policies

NNA pursued comment from USPS headquarters as to why this nationwide instruction went out.

Sue Brennan, a spokeswoman with the USPS, told Pub Aux Managing Editor Stan Schwartz that there have been a lot of vending machines on postal property. She also said there have been too many of them. He asked specifically if this included rural areas, too, and she said, "yes."

Retail responded via David Mastervich, manager of periodicals and catalogs in the marketing department. Mastervich assured me that this was not ordered from higher-ups, and admitted it could have been misinterpreted. He said that if newspaper publishers feel a postmaster has been "a little over-zealous, to go back to the postmaster and ask (him or her) to go to Area legal" to ensure the postmaster is given the best understanding of the regulation. © Max Heath 2010

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'Sack' the sacks: flats trays with green lids can help

Distant delivery of newspapers degraded since fall with Mixed ADC processing shifted into new 'NDCs'

The National Newspaper Association has been working with U.S. Postal Service headquarters processing and network operations personnel since last fall to try to stem worsening delivery of distant newspaper subscriptions, most of which fall into the Mixed ADC (Area Distribution Center) sortation.

MADC is the final, *residual* Periodicals sort, after all containers have been made up for 24 or more copies to a carrier-route, 5-digit, 3-digit, SCF (Sectional Center Facility), ADC, or OMX destinations.



POSTAL TIPS

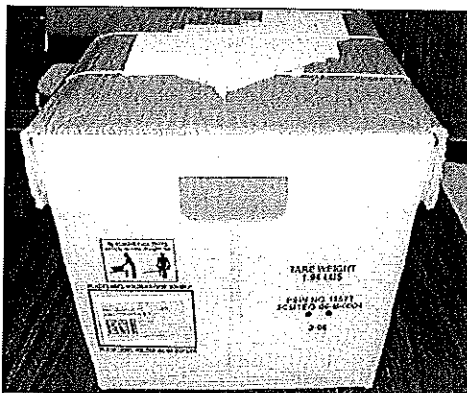
Max Heath

OMX, or "Origin Mixed ADC," is a 2006 processing and transportation change to improve Periodicals delivery. USPS created a sortation using First-Class Mail truck trips reaching 1,500 to 2,000 miles from the plants serving the origin ZIP code. OMX allowed use of flats trays (tubs), a First-Class container, with green lids, a First-Class color designation.

Later rules allowed Periodicals to use the trays with green lids and pink tray tags for any Periodicals. The sortation, in Domestic Mail Manual Labeling List L201, is also mandatory. (So all presort software certified by USPS sorts to OMX.) In most situations, OMX delivery is much improved, and newspapers have fewer MADC copies.

I delayed this column while awaiting an answer on NNA's proposal to do away with the MADC sortation and extend the OMX network nationwide. Although we have long made the request, its urgency was accelerated by the degradation of service created by the consolidation of MADC processing from about 40 sites nationwide to just 22 in October.

This change was based primarily upon the creation of new "Network Distribution Centers" from 21 BMCs (Bulk Mail Centers) to try to simplify processing nationwide in fewer major hub plants. The NDC structure held promise, as too many newspapers had been delayed within the old BMCs, which were supposed to handle only Standard Mail. But the switch of MADC processing to primarily NDCs has been a disaster for distant subscribers, and many cancellations have been reported as a result.



First reports of trouble came from Montana, where the move of MADC processing from Billings to Denver NDC resulted in two to four weeks delay beyond previously-achieved delivery. It was moved back to Billings, MT, at least temporarily. Problems were also reported to NNA from Idaho, also consolidated into Denver.

Then the reports began to pour in from North Dakota, South Dakota, Nebraska, and Minnesota, all consolidated into Des Moines. North Dakota Press Association Executive Director Roger Bailey was especially proactive in gathering complaints from his members and sending them to NNA. All were sent on to USPS headquarters, and later Des Moines as well. Missouri, Kansas, northern Wisconsin and the Upper Peninsula of Michigan were also merged into Des Moines, but the newspapers in those states have not reported problems to NNA.

Some Maine newspapers have reported problems from the MADC consolidation from Springfield, MA, to DV Daniels, NJ. Likewise for Wisconsin, problems were reported with consolidation from one northern Illinois plant to another in Fox Valley, IL.

Denver and Des Moines NDCs continue as the biggest trouble spots, with Des Moines by far the worst in the nation. That's understandable, because a comparison of Labeling List L009 for MADC sortation shows that these two sites gained, by far, more additional three-digit zones, and states, than any other. And apparently more than they can handle.

Postal Service processing operations in Washington modeled NNA's request to end the MADC network, but rejected our proposal because of a projected \$1.3 million cost to re-sort OMX Periodicals at the end of the current OMX "nodes" to take advantage of

other sets of First-Class truck trips from that site.

"So, what is the answer?" we asked David Williams, manager of network operations at USPS, and the postal head of the Periodicals Operations Advisory Committee, where NNA represents members quarterly. Frustrated with severe processing delays dating to October with little improvement in sight, NNA pushed for a solution Feb. 15 in Washington.

Williams, who has been forthright and helpful to NNA, said USPS may need to add one or more MADC sites back to the network. But he promised improvement, and welcomed NNA's forwarding of complaints to he and Frank Neri, manager of processing operations. That we will do, and we encourage NNA members to send detailed complaints to my e-mail at the end of the column, outlining entry ZIP and day, and summary of problems by ZIP code and the amount of delay from previous experience.

Verification of the subscriber in the MADC sortation is helpful.

Both agreed that the use of flats trays (tubs), long-recommended by NNA, should be helpful. Sacks are more difficult and costly to handle, and hard to recognize as having time-sensitive material since all sacks are now the same white plastic color. Only trays, a First-Class container with green First-Class markings, stand much of a chance of getting time-sensitive handling against a mountain of sacks that may also contain less-priority Standard Mail, Package Services, or Irregular parcels.

PRE-OKAYS INFLATIONARY PRICE INCREASE APRIL 17

As expected, the Postal Regulatory Commission Feb. 16 approved the 1.74 percent average increase April 17, as allowed by the 2006 Postal Accountability and Enhancement Act. The prices met the standard for inflation since the last increase in May, 2009 (June 2009 for carrier-route Standard Mail, like shoppers and free newspapers).

In-county newspapers will see increases about equal to the average, although Standard Mail carrier-route Saturation and High-Density copies will see smaller increases, as outlined in my February column. © Max Heath 2011

MAX HEATH, NNA postal chair, is a consultant for Publishing Group of America (American Profile, Relish, & Spry) and Landmark Community Newspapers LLC. E-mail maxheath@lcnl.com.

Exceptional Dispatch best for Periodicals

Delivery-office entry of carrier-route newspapers, shoppers needed by October 3 flimsy flats penalty

Community newspapers mailed at the Basic carrier-route price (line A13 of PS Form 3541), often the majority of copies, should be entered by the newspaper at the office of delivery to the maximum feasible extent. Basic price is for 6-124 pieces on a route in line-of-travel order. CASS-certified address matching software provides LOT.



POSTAL TIPS

Max Heath

DDU entry has long been a best practice for timely delivery and postage savings. But it becomes even more valuable with the final rules governing so-called "flimsy flats," effective June 7 but with penalties suspended until Oct. 3. The penalty for "flats," such as newspapers and shoppers, could be a 78 percent increase to 5-digit rates if failing an "angle of deflection," or droop test meant primarily for automation qualification.

But with the National Newspaper Association and its members successful in comment to exempt at least DDU-entered copies from a Federal Register proposal to up-charge flimsy flats at the Basic carrier-route price, newspapers have much more incentive to drop at DDUs. See last month's column for full details. This month's column, as promised, provides ways to do DDU-entry and earn the discount.

Shoppers or free newspapers paying the Basic carrier-route price have similar incentive to avoid a 54.3 percent increase from 21 to 32.4 cents per piece. Most shopper copies pay High-Density or Saturation prices, however, with a smaller residual portion of copies at Basic price (10-124 pieces per route, in LOT, on line I-12 of PS Form 3602-R).

NNA argued for and received an exemption for High-Density prices in a previous Federal Register filing on flimsy flats. Saturation prices have been exempt from the start of a series of three proposals for mailer comment on this subject.

EXCEPTIONAL DISPATCH BEST TOOL FOR DDU PERIODICAL NEWSPAPERS

Newspapers with Periodical permits may operate under special rules called Exceptional Dispatch in Domestic Mail Manual 707.28.3. The policy was revised with expansion of certain provisions a few years ago by USPS Mailing Standards in cooperation with NNA. DDU-entry rates were made available to Periodicals entered under Exceptional Dispatch in 2001.

The beauty of that provision freed newspapers from the provisions of Plant-Verified Drop Shipment Postage Payment System. This system requires verification at an office of original entry or plant, then hauled to the DDU post office with a PS Form 8125, PVDS Verification and Clearance Document.

An enforcement effort for proper completion and inclusion of 8125 forms is ongoing for Standard Mail, which operates under PVDS rules. But newspapers using properly-approved Exceptional Dispatch provisions are exempt from 8125 use. Although there has been some misunderstanding among postal personnel about this, USPS HQ Business Mail Acceptance newsletters in April clarified to field units that 8125s are not required for Periodicals operating under Exceptional Dispatch.

Exceptional Dispatch can be obtained with a letter to the postmaster of your office of original entry. You must list all ZIP codes to which you plan to drop copies under your own transportation, the number of copies to each ZIP, and approximate time they will be dropped.

Newspapers also have overnight drop privileges, and may drop unsacked bundles up to 40 pounds each at DDUs. Also, 5,000-under mailings (up to 300,000 annual cap) have exemption from a complete verification under separate provisions, all won by NNA for its members.

"The postmaster who received the application approves it if the requested Exceptional Dispatch improves service and does not add to USPS costs," as stated in DMM 707.28.3.6. Although intended for short-haul local delivery, it can reach up to postal zones 1 and 2 if needed.

Between now and Oct. 3, newspapers need to review their current DDU drops and examine whether other sites could be added. DDU-entry prices only apply to carrier-route sorted mail, so any post

office where a newspaper has meaningful volume sorted to Basic carrier-route prices is a candidate for expansion. Revise your Exceptional Dispatch letter when you finish your review and prepare to add additional offices. It's a good idea to re-file annually with your postmaster.

DDU OPTIONS TO CONSIDER

Here are some options to consider that should help you grow DDU-entry volume:

- If printing at a distant central plant, look for post offices on your route back from the plant to your post office where your driver might drop a bundle or two of newspapers.
- If you have single-copy sales in a surrounding town, then you are already going there. Drop DDU bundles in time for postal routes and box delivery at little to no extra cost.
- Perhaps an employee of your newspaper lives in a small town near you. Their new duty may be to drop a bundle or two of papers there each issue.
- You may know someone who commutes to and from your town to a distant town, or perhaps drives a delivery route for daily newspapers, breads or other commodities. Pay them a small fee to drop a bundle of mail each issue.
- If you drop at an outside-county post office with routes that are delivered in part into your county of origin, you not only gain DDU rates, but also in-county rates on those copies delivered inside your county, under DMM 707.11.3.2(b). Software providers must have this properly programmed, of course.

If readers have other handy tips for making DDU-entry convenient, share them with me at the e-mail address below.

Although it may be more convenient to allow existing postal highway contract drivers to deliver papers from your origin post office to post offices along their route, as is commonly done, you do not earn the DDU discount using postal transportation. © Max Heath 2010

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See graphic, clip F

28.3 Exceptional Dispatch

28.3.1 General

The postmaster of an entry Post Office may authorize a publisher to deliver copies of a time-sensitive Periodicals publication, at the publisher's own expense and risk, by exceptional dispatch from the Post Office of original or additional entry to other Post Offices.

28.3.2 Intended Use

The provision for exceptional dispatch is intended for short-haul local distribution (zones 1 and 2) of publications with total circulation of no more than 25,000 and is not to be used to circumvent additional entry standards. Applications for exceptional dispatch for publications with over 25,000 total circulation may be considered on a case-by-case basis for possible waiver of the 25,000-circulation limit.

28.3.3 Prohibited Use

Exceptional dispatch may not be used for publications authorized to be mailed under the Centralized Postage Payment System or under the plant-verified drop shipment postage payment system.

28.3.4 Destination Prices

Copies of Periodicals publications deposited under exceptional dispatch may be eligible for and claimed at the destination sectional center facility (DSCF) or destination delivery unit (DDU) prices if the applicable standards in 29.0 are met.

28.3.5 Applying for Exceptional Dispatch

The publisher must file an application for exceptional dispatch at the office of original or additional entry where the postage is paid on the copies to be transported. The application must fully explain the proposed exceptional dispatch and include information on the mode of transportation and approximate time of arrival and the number of pieces qualifying for and mailed at the various presort level discount prices. If the number of pieces qualifying for and mailed at such prices changes more than 2%, the publisher must file an amended application with the approving office. The application may be filed jointly with applications for original entry, reentry, or special prices, or filed separately. No form is provided for this application.

28.3.6 Decision on Application

(The postmaster who received the application approves it if the requested exceptional dispatch improves service and does not add to USPS costs.)

28.3.7 Appeal

Denial of an application for exceptional dispatch may be appealed to the PCSC. The PCSC manager issues the final decision.

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July 22, 2009

To: Regina Decker, Postmaster
Lawrenceburg, KY 40342

From: Greg Breeding, Circulation Manager
The Anderson News

CC: Ben Carlson, General Manager, The Anderson News
Diana Olson, Plant Manager, Landmark Web Press

Subject: **Exceptional Dispatch Application for The Anderson News**

Under the provisions of DMM 707.28.3, I want to apply for Exceptional Dispatch of newspapers each Wednesday to these post offices:

(all numbers based on last issue and are approximate)

40046 – 30
40065 – 23
40066 – 5
40076 – 24
40601 – 75
40602 – 6
40604 – 1
40372--56

The papers will arrive by company van in order to provide same-day delivery of news and advertising to our subscribers, and avoid delays in handling through the SCF(s). We will drop unsacked bundles at DDUs per 2004 USPS rules change contained in DMM 707.23.4.2.

Under a rules change effective January 7, 2001, noted at DMM 707.28.3.4, we will claim DU-entry rates on these copies, which meet the standards in DMM 707.29 for carrier route sortation.

~~Also, we are entering these containers for other 400 SCF/ADC destinations in Shelbyville:~~
~~3-digit 400, 3-digit 402, and ADC 400 (these get no discount, just improved service)~~

Note that under 707.28.3.6 all of this can be approved if it improves service and does not add to USPS costs, which we believe is the case. Thanks for your cooperation.

Unsacked bundles at DDUs is best option

Flats trays (tubs) improve distant mail delivery; newspapers should cease sack use altogether

Newspapers of all sizes need to step up the transition to flats trays, commonly called "tubs," and rid themselves of hard-to-handle plastic sacks. Whether presorted to destinations outside the newspaper's primary market area, where trays provide the highest benefit, or to local offices, there are better options than sacks.



POSTAL TIPS

Max Heath

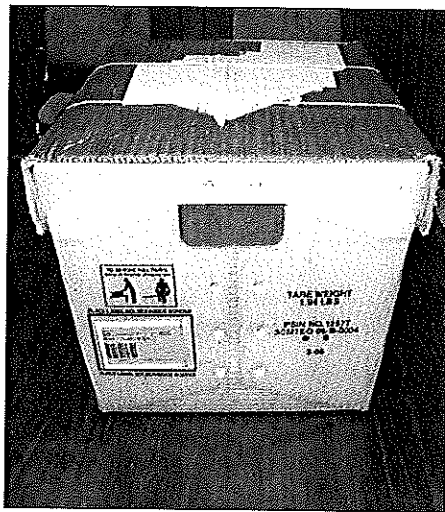
One red flag—the U.S. Postal Service has also reduced the number of processing plants handling Mixed ADC (Area Distribution Center) mail from 35 plants to just 18 Network Distribution Centers. Formerly known as Mixed States, this final "residual" sortation clumps together all copies not sorted into 24 or more copies to 5-digit, 3-digit, SCF (Sectional Center Facility), ADC, or OMX (Origin Mixed ADC).

One state, Montana, experienced two to three week delays in delivery of Mixed ADC sorted newspapers sent to Denver in May. Before that, those newspapers had been held in Billings for processing. The big problem is that remote Montana lacks many OMX (L201 Labeling List) destinations, so it has an inordinate amount of those residual copies in MADC, historically the least dependable sortation for timely delivery.

Despite that, Frank Neri, manager of processing operations for USPS, told the Mailers Technical Advisory Committee in May that operating windows were being modified to move L009 Labeling List MADC volumes through NDC facilities in less than 24 hours. We will see. No solution promised to improve MADC processing in my 27 years of postal work has yet delivered. The National Newspaper Association has repeatedly asked the USPS to eliminate the MADC sort in favor of all OMX truck trips nationwide.

Only one thing is for sure: almost universally, flats trays will get handled more quickly than sacks, even for the dreaded, final MADC sortation.

But first, some history (with citations from the Domestic Mail Manual in case you need to show postmasters who are unfamiliar with the rules on tub use in



DMM 707.20.4). Access the online DMM at <http://pe.usps.gov>.

OMUX SORT ON FIRST-CLASS TRUCK TRIPS FOR NEWSPAPERS SINCE 2005

Flats tray use for Periodicals Class Mail was first introduced as an option Oct. 27, 2005, with the creation of the Origin Mixed ADC sort, and allowed for OMX and MADC in any quantities, and to any ADC of 24 or more copies.

OMUX was introduced to improve service after a reduction of MADC processing to 35 sites in May 2005. At first, newspapers were not allowed to use green lids, but instructed to use the white reverse side. OMX allowed the sortation of residual copies within a roughly 1,500- to 2,000-mile radius from the Origin SCF (hence the "O" in OMX) to be held at that plant and placed on First-Class Mail truck trips. There were more than 300 such plants at the time, versus the 35 distant MADC processing centers.

Newspaper delivery improved dramatically, by as much as three to five days. Copies were to be placed in trays all facing the same direction without bundling, just loose in trays if the tray option was selected.

OMUX became a mandatory sort July 6, 2006, so software vendors that were certified by USPS under its PAVE (Presort Accuracy Validation and Evaluation) program were required to incorporate Labeling List L201 into their software.

Flats tray use was expanded to all Periodical presort levels (add-

ing carrier-route, 5-digit, 3-digit, SCF machinable flat-size pieces) Sept. 13, 2007. But as Marc McCrery, then manager of USPS Operational Requirements and Integration, told me in 2006, do not let DMM language about "AFSM100-compatible mail pieces" be an obstacle to tray use. "Newspapers often meet the size standard, and can go in trays regardless of whether they are sorted on that flat-sorting machine," said McCrery. Simply stated, newspapers no larger than 12 inches by 15 inches, and 0.75 inch thick, qualify.

OCT. 3 FLIMSY FLATS RULE COULD COST MORE ON NON-DDU COPIES

The only price obstacle is the Oct. 3 enforcement of the flimsy flat rule limiting angle of deflection (droop) to 3 vertical inches when 10 inches of a newspaper is extended off a flat surface and held flat at the edge with a 5-pound weight. DDU-entry mail is exempt, thanks to NNA's work, but non-DDU mail outside the local market is not.

And, green lids were also required on flats trays (DMM 707.20.4.2.f). Because green is the color designated for First-Class Mail, this was a major breakthrough that helps postal mail handlers recognize that, even with a pink, 2-inch tall tray tag, newspapers in trays (which are also the container required of First-Class flats, like large envelopes) deserve First-Class Mail treatment. That doesn't mean Periodicals should fly on aircraft, but go only on First-Class Mail truck trips.

Bundling in trays is permitted when the bundle destination is finer than the presort destination of the tray. For instance, a 5-digit bundle of six or more copies is allowed inside a 3-digit tray, while the 3-digit copies would remain unbundled. Note that carrier-route and FIRM bundle copies must always be bundled separately. Again, software vendors should incorporate this into their presort programs. (DMM 707.22.7)

If trays are used, they must be used for all presort levels as of March 16, 2008. Newspapers should not mix sacks and trays.

Flats trays may incur slightly more costs, because trays will only hold 25-35 pounds of newspapers, while sacks may contain up to 70 pounds. But most sacks aren't that full, and the trade off of improved delivery and customer reten-

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tion versus more container charges should be acceptable. (The 2007 rates added bundle and container charges to Periodicals mailings.) Maximize the number of copies per tray via software settings for copies or thickness to minimize any extra tray charges.

UNSACKED BUNDLES ALLOWED TO DELIVERY OFFICES (DDUs)

What container should newspapers

or shoppers use when dropping copies directly at delivery offices? *None.*

NNA obtained rules changes that allowed unsacked bundles of carrier route and 5-digit copies to be dropped at DDUs (delivery offices). The Periodicals rule changed in October 2004 (*DMM 707. 23.4.2*) and for Standard Mail (like shoppers) in 2005 (*DMM 345.2.7*). Also, unsacked bundles can be 40 pounds each as opposed to 20 pounds for bundles in

sacks. DDU pallets may be prepared the same.

There is no longer any need for sack use by newspapers. And if you want to improve delivery for subscriber copies outside your market, then trays are mandatory. © Max Heath 2010

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For flats, length is the longest dimension

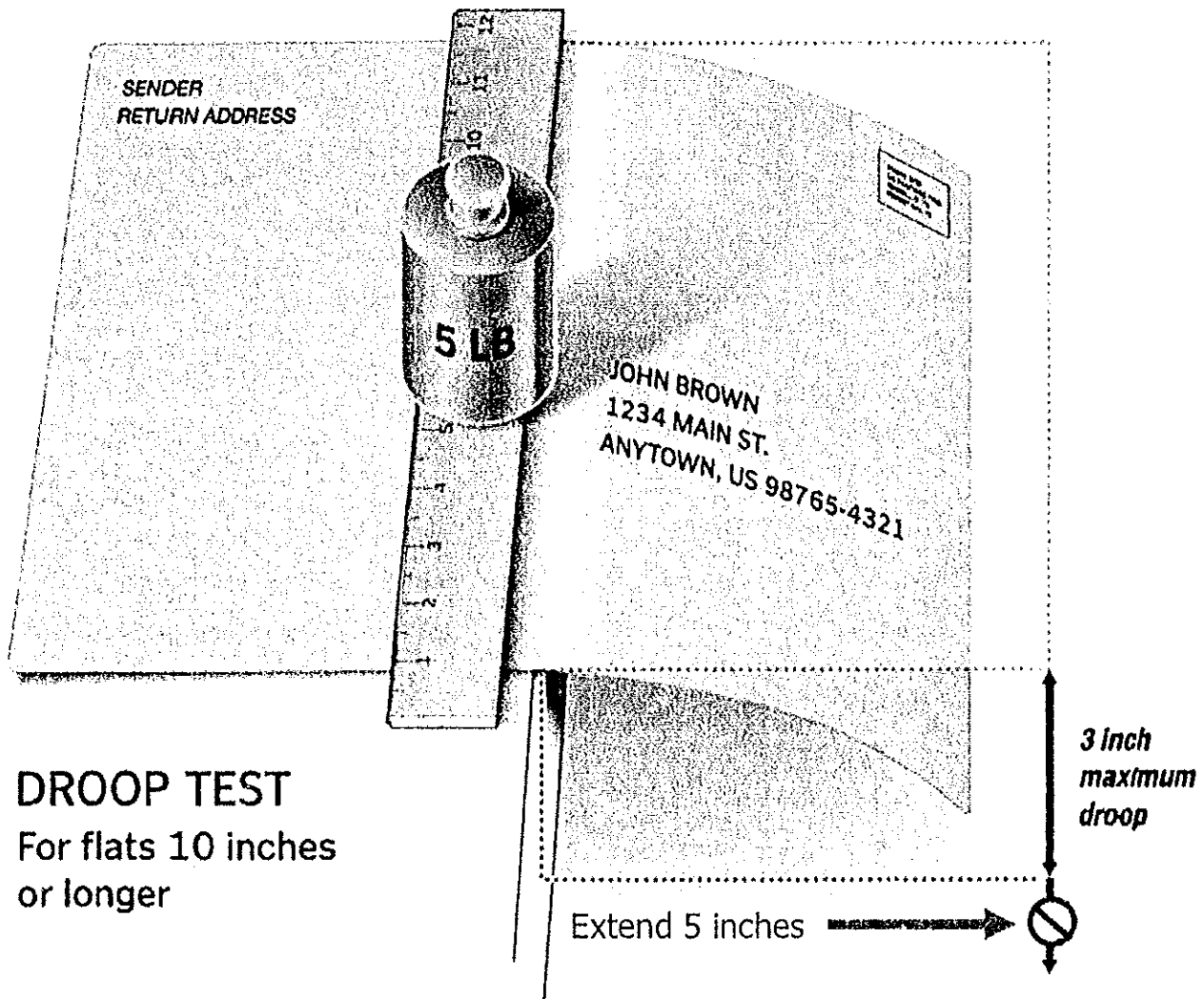


Exhibit 1.6a

Overnight drop exception for small newspapers allows paperwork to post office by 11 a.m. next day

It's been a year since we wrote about the Overnight Drop Exception policy for small newspapers, when we had the basic details but without the final policy in our hands. Since then, the policy contained in Business Mail Entry Handbook DM-109 5-5.1, has been revised and renumbered. Some interpretations have been made that are helpful to small newspapers and a few exceptions have been granted.



POSTAL TIPS

Max Heath

Although the National Newspaper Association's Postal Committee has worked with many members over the past year to help see that the policy is properly applied to them, we frankly had thought, or at least hoped, that the long SOX nightmare would be over by now. Turns out I, at least, was dreaming. Problems continue to flow in daily.

Despite U.S. Postal Service claims in a Nov. 12 news release that: "This was one of the largest successful SOX implementations on record," it depends on your point of view and who you ask. The USPS has struggled mightily to drive SOX enforcement rules down through the system, and it admits there were many more problems internally with its employees and processes than with mailers.

But many, many newspapers have felt abused by postal employees. They have been threatened with non-delivery, and sometimes they were so victimized. They have been made to drastically alter deadlines or suffer the consequences, as postal employees claimed they would be fired, fined or punished if they didn't enforce compliance immediately (despite the fact they delayed dealing with procedures until higher-ups rattled their cage). All NNA has asked for is proper notice and time to work out adjustments in newspaper processes, or apply the exception policy if possible. Sometimes we got that notice and time, more often we did not.

Seeing a continuance of problems well into 2011 and beyond as postmasters are forced to cut employees and acceptance hours, we thought we needed to review

the policy and what we know about it to date.

DEFINITIONS AND BACKGROUND

SOX: The Sarbanes-Oxley Act (commonly referred to as SOX) subjects the Postal Service to a higher level of financial accounting standards, identical to public companies, as part of the postal reform act of 2006. Although NNA thinks SOX is sometimes being "over-interpreted" by postal officials, SOX nevertheless has led to enforcement of rules that newspapers had never experienced much before 2009. This includes the requirement to have postage statements submitted at the exact time as the mailing, and closer review of mail makeup and quantities to verify that proper postage is paid.

PBV: Performance Based Verification is a sampling technique designed to subject mailings to closer inspection for accurate presort and other compliance elements over an initial period of multiple issues. Then if no defects are found, PBV goes to random full inspections only when clerks are instructed to do so in the *PostalOne!* accounting system used to process postage statements. PBV can force mailings to be held up for unacceptably long periods under normal deadlines for the review to occur, which could result in delaying the mail for a full day.

A "cursor review" is still required on other mailings. That includes checking the piece weight, a sample of presort matching documentation, and ensuring enough money is in the deposit account to cover the postage.

SOX drives both issues. In recent years, audits of local post offices have shown that money *may* have been left on the table by allowing mail to go into the system without proper verification of preparation and payment. But there is no evidence that newspapers have caused these problems.

OVERNIGHT DROP OFF TIME-SENSITIVE PERIODICALS AT SMALL POST OFFICE LOCATIONS

That's the official name of the policy, achieved through nine months of back-and-forth with USPS headquarters, aided by Bob Galaher, then manager of Business Mail Acceptance. However, finance managers limited the exception

sharply.

Here are the key bullet points that must all be met for eligibility under the policy:

- Mail less than 300,000 copies annually.
- Mail less than 5,000 copies per postage statement.
- Mail at a frequency of weekly or more often.
- Are authorized to deposit mailings after mail acceptance hours or in time to meet scheduled transportation.
- Are deposited at the office where the publication account is maintained or at a designated local delivery facility as identified by the postmaster of the origin entry office.
- Are primarily (50 percent or more of the mailed distribution) for in-county distribution within the local area of the Known Office of Publication.
- Funding for mailings must always be on account before deposit of the mailing.
- Can be used with or may be more effectively accepted under an Exceptional Dispatch procedure.
- Would not be more effectively accepted using a drop shipment procedure.

Generally, newspapers that met these stipulations were successfully allowed to drop overnight, exempted from PBV, and allowed to submit postage statements by 11 a.m. the next morning. The policy also mentions exceptions will be considered for those dropping more than 5,000 pieces per mailing, but not more than 10,000.

Approval of the overnight drops was moved from the district to headquarters level in 2010. Those not approved in a prior field canvass in late 2009, must have a spreadsheet from the District completed by the post office involved, and then forwarded through the area to headquarters. Cher Rupp-Ruggeri, marketing specialist in Business Mail Acceptance, has been most helpful in guiding NNA through the hoops to help members, and expedite approvals.

NNA's Postal Committee has asked for an expansion of the cap in the Overnight Drop Exception policy in a meeting Nov. 16 at USPS headquarters with Vice President/Controller Vince DeVito and Manager of Business Mail Acceptance Alice Van Gorder, along with specialist Rupp-Ruggeri. NNA Chief Operating Officer and Director of

H
Public Policy Tonda Rush and I tried to make the case.

It is currently 5,000 copies per mailing with a 300,000-annual cap. After one year of experience, we asked for a higher cap, as close to 25,000 per mailing as possible. NNA members that want to drop overnight or after CET but are twice-weekly, tri-weekly and daily, need the higher cap. And a number of small dailies would like to move to mail because of higher gasoline costs on motor routes, but can't, because they drop overnight. We have been promised an answer by January.

The rule has been interpreted to cover daytime situations where newspapers' entry time was after the post offices' "Critical Acceptance Time," or CAT

(also called "Critical Entry Time," or CET). The fact is, most origin-entry post offices where newspapers are entered and postage paid never had CETs, until forced to establish them for SOX, and often sharply reduced to match loss of employee hours. That sometimes worked to newspapers' advantage, because they automatically became "after CET" when hours for acceptance were established.

Often, such hours were something like 9 to 11 and 1 to 3, at least. But surprises keep on coming. Most recently NNA discovered a new record for reduced hours of acceptance in Cozad, NE, from 8:30-10 and 3:45-4:15, just two hours a day. Besides affecting the Tri-City Tribune, many other businesses and churches

have felt the pinch. The town of 4,200 has at least three industries, a hospital, discount store, etc.

While it is a Level 18 post office, explained Kathy Hand, manager of post office operations over Cozad, its revenues have required staff cuts—to just a postmaster, a 30-hour window/acceptance clerk, and some part-time flexible employees. Union rules do not allow the postmaster to do clerk work in a Level 18 office, she added. She also told me that North Platte, NE, had been reduced to a two-hour acceptance window. © Max Heath 2010

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Flats Sequencing Machines victimize MA, NY weeklies

Critical Entry Times unchanged for DDU-entered Periodicals despite major Periodicals policy changes to save costs July 1

The U.S. Postal Service worked for months on major revisions in how Periodicals are entered and processed at USPS processing and distribution centers. The National Newspaper Association was represented in the dialogue by me, and at times, NNA Chief Executive Officer Tonda Rush, through quarterly meetings of the Periodicals Operation Advisory Committee, plus special meetings of a Critical Entry Time task force.

The goals were sometimes conflicting: Improve service measurement (if *not* actual service), reduce costs of handling



Periodicals, which USPS studies show as not covering their costs, and standardize processes for "operational efficiency," which might mean a service decline in some cases.

POSTAL TIPS

Max Heath

The most controversial piece of the plan was a postal desire to sharply move back CETs at processing plants in order to achieve "start-the-clock" for service measurement that allowed USPS to show improved service scores. Publishers and their printers said rolling back entry deadlines

was harmful to their business of providing late news and advertising matter to stay relevant in a digital age.

CET, or Critical Entry Time, is the latest time mail can be presented to postal operations for "Day Zero" processing for purposes of "start-the-clock."

In the end, compromises were made between postal and industry members. Plant CETs were set as 5 p.m. for non-Flats Sequencing System mail with no bundle sort needed for 5-digit or 5-digit scheme containers. If bundle sort is needed, deadline is 4 p.m. for 3-digit and up containers.

FSS deadlines for those plants containing one or more of the 100 deployed machines, 5-digit containers were set at 11 a.m. and 3-digit and up at 8 a.m.

NNA PROTECTS DELIVERY OFFICE ENTRY TIMES

For NNA members that enter most of their mail at the office of delivery (their origin-entry office plus any offices dropped via Exceptional Dispatch approval), USPS was persuaded to make

no change. Although Periodical magazines and national newspapers are dropped mostly to processing plants, local newspapers depend on local offices to deliver their primary circulation.

NNA concentrated on ensuring during this months-long process that there were no changes, inadvertent or otherwise, in DDU entry-office times. Most such offices have only one outbound truck per day to the Sectional Center Facility—3-digit processing hub, which usually departs late in the day, around 4-5:45 p.m.

Although the final compromise of 4 p.m. and 5 p.m. CETs wouldn't be particularly harmful (and in some cases later than newspapers are being required to drop mail today for acceptance) the original proposal and mid-point offer from USPS would have been. And the 11 a.m. and 8 a.m. CETs for FSS-found mail are harmful, as they require most newspapers to back their deadlines up nearly 24 hours.

NEWSPAPERS IN MA AND NY FACED EXACTLY THAT FSS CET

Two newspapers in separate states were thrown into the FSS "briar thicket" last month and told they would have to meet the 11 a.m. CET. An apparent push by postal management to move all possible flat mail on to FSS machinery was the impetus for these actions.

The Milton (MA) Times, owned by NNA Region 1 Director Pat Desmond, had its local pallet of carrier-route sorted copies sent to the Boston FSS plant without notice to the publisher. Once it arrived there, the two-fold tabloid with insert was determined to be non-machinable, and returned intact to Milton, where it was delivered normally—but *one full day late*. The branch office manager, under encouragement from USPS headquarters personnel to whom NNA appealed on Desmond's behalf, apologized and said it wouldn't happen again. She explained the promise and the situation on Page One of her Aug. 4 edition.

A week later, the Port Chester (NY) Westmore News, with the same identical format plus insert, was likewise delayed a full day. This time, Publisher Richard Abel did get a warning—of sorts. He ran into the postmaster on the back dock, having never seen her in three years of tenure, only to be told he had to get his paper in a day earlier to achieve normal delivery day because it would be sent to the FSS site near

White Plains. After his paper was likewise returned without processing, and delivered a day late, the NNA member contacted NNA. He, too, got a promise that it wouldn't happen again after intervention with postal headquarters personnel.

Past FSS project managers have repeatedly recognized that newspapers have a need for timely delivery with deadlines as late as possible, as well as the questionable processing compatibility, dictated that FSS was not a practical fit. And many walk-sequenced newspapers can be delivered as "third bundles" on a route without casing at times.

NNA sought a meeting with current managers during the Mailers Technical Advisory Committee as Pub Aux went to press to clarify policy and try to avoid repeats of the delays encountered by these newspapers. NNA doesn't oppose FSS processing of newspapers at destination sites, only at origin plants where delays occur.

NO MORE HOT 2C LISTS

Several other changes were made to Periodicals processing to save costs, in addition to pushing more copies onto flats-sorting machines. One is a requirement that processing plants remove so-called "Hot 2C" lists. (Periodicals were formerly called Second Class.) Many time-sensitive publications had complained about delays and got placed on these lists. USPS claims it led to more costly hand-sortation of newspapers and magazines, rather than low-cost AFMS100-machine sortation. A new Periodicals SOP requires no prioritization based on publication title. It remains to be seen if service suffers.

Also, USPS is emphasizing proper internal routing of MADC mail (Labeling List L009) and OMX mail (L201) at entry, because OMX is held for processing at the origin plant, and MADC sent on to one of 21 dedicated sites.

Rules against flying Periodicals are also being reiterated, as they are occasionally placed on planes to meet or exceed service standards. By rule, Periodicals are to have only ground (truck) transportation. Newspapers do not want air transportation because it raises costs and pushes postage higher.

MAX HEATH, NNA postal chair, is a consultant for Publishing Group of America (American Profile, Relish, Spry) and Landmark Community Newspapers LLC. E-mail maxheath@kni.com.

Requested Sample cards, per copy below. As high as 40-50% of people accepting will continue full-price starts. Casey got 66%, 12 of 18 responding to one ad! Use them these ways:

- A. In single copy sales once a month, and perhaps test on selective shopper routes where the paper is weak. (Might use line: "If already a subscriber, sign up for a friend or relative.") Consider dinky dropout vs. cards in alternating months, or in shopper.
- B. Leave at offices such as real estate, courthouse, city hall, schools, chamber, anywhere newcomers might be. Young folks forming families might be reached at florists, bridal shops, jewelry stores, beauty parlors, etc. Public libraries have been successful for Galax. We could leave at every place at Chamber banquets, etc.
- C. Give to schoolchildren and others on group tours of the paper. Staff talks at civic clubs, school classes, etc., provide opportunity. NIE papers that are taken home could bring results.
- D. Make sure telemarketers offer Requested Sample as last option if nothing bought. Pay callers 50 cents per RS start, the rest of commission if they subscribe later. They could even call them back during the sample to remind and encourage purchase.
- E. All employees should carry a supply to give news sources, advertisers, any complainers unhappy with the paper at front counter, over phone, etc. You might even try a staff contest to see who can give out the most cards resulting in paid subs, with prize for top 1-2-3 sales-getter.
- F. Some organization, or the newspaper, could give away at fair or festival booth as premium or just to entice people to the booth. Give one to every attendee at cooking schools.
- G. On Welcome Wagon, start the entire list turned in, not just those who return cards. Best if sent letter explaining the start.
- H. School enrollment packages.

Place
Stamp
Here

Williston Pioneer Sun News

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Using lowest in-county rates available

Increase circulation with mail sampling, and sell extra advertising as a bonus

I have long stressed to newspapers in this column, and in seminars, the value of sending sample copies to nonsubscribers using your 10 percent in-county "sampling" entitlement. The nonsubscriber rules in the Domestic Mail Manual are there to allow you to promote your newspaper to nonsubscribers and increase your mail delivery. Too many papers fail to use this tactic.



POSTAL TIPS

Max Heath

Print subscriptions now compete with our own websites and other free news and information sites both local, regionally and nationally. It's no exaggeration to say we have to work harder to grow.

- Some papers have had success sampling a route or two at a time for two to four issues. Others choose to sample an entire ZIP code or the entire county. But either way, sampling 90 percent

of the active residential addresses, or 75 percent of all addresses, on in-county routes earns you a low 3-cent Saturation piece price. That compares to a 5.9-cent piece price for Basic (6-124 pieces per route) in-county mail, saving you nearly half of the per-copy price.

Include a good offer to subscribe or renew in each sample copy. For those worried about offending current subscribers, make the offer two-tiered, with a higher discount level for new subscribers, and another lower one for renewals. A flyer with a coupon works better than ROP ads.

The more in-county subscriber copies you can build and retain, the greater your sampling privilege is to sample at in-county rates in the future, without paying outside-county rates for nonsubscriber copies sent above the 10 percent rule.

REVIEW OF POSTAL SAMPLING RULES

Domestic Mail Manual 707.9.3 specifies that in-county eligible newspapers can mail 10 percent of the in-county subscriber copies in a calendar year to

nonsubscribers using the low in-county rates. To estimate your entitlement, add the subscriber copies column, lines A1/A2 of your 3541 Postage Statement. Multiply times the number of issues in a year, and take 10 percent of that.

For example, a weekly with 3,500 average in-county mail subscriber copies can send 18,200 copies to nonsubscribers at in-county rates ($3,500 \times 52 = 182,000 \times .10 = 18,200$) in a year. Double that for a twice-weekly. A 5-day mailed daily earns 91,000 non-subscriber copies at in-county rates under that formula.

You may use the "simplified address" of "Residential Customer" (DMM 602.3.1.b) when sampling rural routes. City routes still require specific address labels. Some vendors provide CDS (Computerized Delivery Sequence) files giving all addresses in a ZIP.

Newspapers are not required to duplicate subscriber copies when using simplified address saturation mail. Also, when sampling infrequently, a single issue can mail more non-subscriber copies than subscriber copies. (See Customer Support Ruling PS-228 at Postal Explorer website.) Simplified address copies do not technically count as subscriber copies.

But remember that a newspaper cannot consistently mail more than 50 percent of its total distribution free. Those wishing to sample above the 10 percent in-county rate ceiling pay regular carrier-route prices of 13.2 cents for Saturation on Line C27 of the 3541, plus 13.1 cents per advertising pound and 10.9 cents non-advertising pound at DDU lines B1 and B12 when entered at DDUs (delivery offices). The copies should be comingled as part of the regular issue, and not a separate mailing.

USPS provides a Periodicals Nonsubscriber Percentage Calculator at Postal Explorer (<http://pe.usps.gov>). Click on Postal Links in the upper left of the blue vertical toolbar; then scroll to the last item in that section for the Excel spreadsheet.

ALWAYS PROMOTE SUBSCRIPTIONS

Remember, you should always have at least a one-column ad (think vertical coupon) in every issue of your newspaper and shopper, if you have one.

And when space permits, larger ads or single-copy inserts are ideal, especially when a big news story ensures purchases of single copies by people who are not "regulars."

INCREASE ADVERTISING WHEN YOU SAMPLE

You can also increase ad revenue when sampling your entire market at once. Your market may be an entire county, or the primary ZIPs inside the county that you serve. With advertising slow in this weak economy, you need to provide your advertisers and potential advertisers a reason to spend their scarce dollars. What better way than to provide them total-market coverage in a paid news product?

Some papers have known this for years, and built both circulation and advertising with monthly sampling, often tied to the issue nearest the start of a new month when government paychecks are in the hands of residents on fixed incomes. While sampling this often usually results in several issues mailed at outside-county carrier-route prices, it can still pay off if revenue growth is strong enough.

A newspaper group that has made sampling for revenue growth a primary goal has seen papers increase more than 100 percent in per-issue ad dollars, with many papers up 50-70 percent. An average for one month of those sampling averaged more than a 30 percent increase. Variables include the depth of economic difficulty locally, the commitment and execution by sales reps, and the date picked, such as seasonal or local retail occasions.

Some newspapers bump ad rates higher, while others offer local merchants the opportunity to reach every household at existing rates. Some with shoppers allow the sample to replace an issue of the shopper, saving Standard Mail postage as well.

My complete column on sampling to grow advertising was in the December 2008 issue of Pub Aux. © Max Heath 2010

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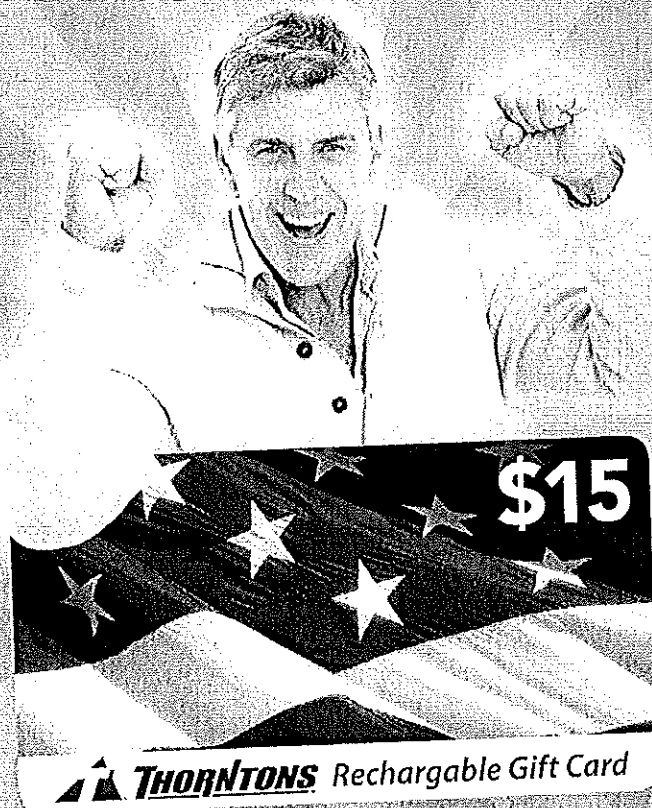


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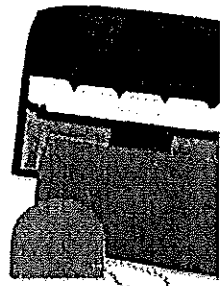
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Saturday mail threat increased with debt ceiling deadlock and opposition from Issa's and Carper's proposals

Mailers should be thinking of alternative plans while fighting to preserve six-day

The National Newspaper Association continues the worthy fight to preserve six-day mail delivery against ever-higher odds as the government's debt ceiling dispute practically ensures no money from Congress to relieve the financial ills of the U.S. Postal Service. And to be clear, those financial ills USPS and its supporters, like NNA, are asking for relief from are *not* a bailout, but a return of overpaid postage sitting in the federal treasury.

The request to relieve USPS of \$5.5 billion in prepayments for retiree health benefits each year for 10 years in addition to its \$2 billion in payments from



POSTAL TIPS

Max Heath

current operations is a handicap placed on no other government agency, and was levied in the Bush administration in the 2006 postal reform bill to help balance the federal (not the USPS) budget. USPS labored to pay it, but the great recession of 2008-11 has sapped USPS cash flow to make payments impossible to make this year—likewise for a \$6.9 billion USPS surplus in the Federal Employee Retirement System. Rep. Dennis Ross, R-FL, has said this claim to the money is bogus because

low interest rates created a "temporary, projected surplus," which could change with higher interest rates.

So, with the mood set by those who refuse to acknowledge any possible monies owed USPS by the government, you can certainly forget the \$50-75 billion that actuaries for both the Office of Inspector General and the Postal Regulatory Commission say was overpaid in pensions by a formula favoring the government when it came to paying for former Civil Service employees.

You can see a theme here: Congress frequently uses the Postal Service as a cash cow to transfer money to the larger budget, and then beats up USPS for being in bad financial shape, especially when it's not desirable to fix things during a federal debt crisis. The fact is that mailers have been taxed unfairly to help the larger budget, because virtually no federal dollars go to the Postal Service,

except a small amount for mail to the blind and overseas voting.

WHAT'S THIS ALL HAVE TO DO WITH SIX-DAY DELIVERY?

Because no relief is likely from the Congress, USPS is left with few avenues to recoup monies other than ending Saturday delivery and closing more post offices and mail processing plants. Yes, the same Congress that protests post office and plant closings also denies any return of funds wrongly taken to keep it afloat and reduce pressure for drastic cost-cutting measures.

Sen. Susan Collins, R-ME, continues to fight for six-day delivery, sensitive to the impact on her rural state. Her S. 353 bill in support is opposed by one from Sen. Tom Carper, D-DE, who basically wants to give USPS management the power to decide how often to deliver mail. The conflict will play out in the Senate Postal Oversight Committee, with common ground hard to find so far.

Rep. Sam Graves, R-MO, is supportive on behalf of his rural northwest Missouri district, has 171 bipartisan cosponsors for his House Resolution 137, a non-binding call to continue six-day delivery. He also has argued in writing against those who would seek to disallow the rider on the 2012 appropriations act keeping six-day delivery in place. It's been there since 1983 on appropriations bills.

Rep. Darrell Issa, R-CA, chair of the committee overseeing USPS, threw a Molotov cocktail into the postal maelstrom by filing a far-reaching bill that would not only give USPS freedom to determine delivery days, but impose new oversight boards to manage USPS for two years while costs (including labor contracts) are cut, and to close many more facilities that Issa believes current management has no will to do. His bill would pull the power plug on the USPS board of governors and count on a new set of political appointees to do what he believes must be done—cut the Postal Service to size. Whether yet another board will be able to do what a presidential commission, a set of presidentially-appointed governors and five postal commissioners cannot is an interesting question. Perhaps while the new boards find their desks, USPS would go dark, as the postmaster general said he would be out of cash as of July 2012.

WHAT SHOULD NEWSPAPERS DO ABOUT THIS?

● Postmaster General Pat Donahoe told NNA on July 22 that if approved by Congress by Oct. 1, implementation of five-day delivery would not be until April. But you should start thinking now about how your mailed newspaper would respond to the end of Saturday delivery. Can you back up advertising and some news into a larger Friday weekend edition? Will you be forced to create a carrier delivery network for Saturday? Can you contract with a larger nearby daily for Saturday delivery?

You shouldn't jump out of the mails just yet. This battle is far from over, and NNA is fighting on your behalf every day. But it is time to consider your alternatives for Saturday issues and start talking to potential delivery partners or your staff on contingency plans. A decision could come in Congress as early as Oct. 1.

● If you *really* think Saturday delivery is important, then you need to step up your activity to inform your representatives and senators. Volunteer for NNA's Congressional Action Team in your state. Ask to get on NNA's six-day e-mail list for frequent updates from Tonda Rush, NNA chief executive officer and director of public policy, who is on top of things with regular calls to key players on Capitol Hill. Newspaper groups should seriously mobilize their units to act. Remember that your Thursday and Friday issues may be affected, even if you don't publish on Saturday. And your First-Class mailings of invoices and receipt of checks could be hurt. The Postal Regulatory Commission said 25 percent of First-Class Mail could be delayed.

Don't just sit there and expect NNA to get the job done alone. Nothing impresses Congress like hearing from *you*, especially because most community newspapers are well-respected and liked by their delegations.

● Remember, we *do* have allies in Congress, in postal unions and among postmaster groups, industry allies in mail order prescription companies, the Greeting Card Association, and some other mailers. Make the most of these strategic alliances by urging anyone you know with interest in retaining

six-day delivery to take an active role in talking to Congress.

● Convert to Flats Trays (tubs) from sacks for mail traveling outside your local market. Delivery will be slowed if Saturday mail is stopped, and trays

improve processing and handling time. Newspapers should be there now, but trays become even more essential under five-day delivery. (Local mail should be in un-sacked bundles dropped to DDUs.) © Max Heath 2011

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