

BANTA Mailbox

Banta Publications Group ■ 12 Salt Creek Lane, Suite 350, Hinsdale, IL 60521 ■ May 2003

Rates Stable until 2006!

Projected over-funding of retirement system means no rate case

Congress has passed the legislation that we told you about in the March issue and previous issues. The legislation centered around the projected over-funding of the Civil Service Retirement System by the USPS. Financial studies earlier this year indicated that if the USPS continued to pay into this program at the current levels, it would result in eventual over-funding of \$78 billion.

Passage of this legislation means that the USPS will be able to free up \$2.9 billion in expenses in the current fiscal year and \$2.6 billion in FY 2004. The legislation directs that the USPS use these funds to pay down debt and to hold off a rate increase until 2006.

The legislation includes a stipulation calling for an escrow account to be formed after 2005, which would hold the savings after that point until Congress acts on the USPS proposals outlining what should be done with the funds. The legislation also stipulates that the savings cannot be used for employee bonus plans, and that a portion of the savings is to be used to address retirees' health ben-

efits.

While this is great news for mailers, a couple of words of caution are in order:

This applies only to domestic rates. International rates are established independently of domestic postal rates and these can be increased at any time.

This applies to omnibus rate cases only, which are the rate cases that are filed when the USPS determines it needs more revenue. This does not preclude the possibility of special rate cases, such as for experimental rates. Since USPS resources will not be used to work on an omnibus rate case, they are free now to concentrate on Product Redesign (see May 2002 Banta Mailbox). Product Redesign is an effort to streamline rates and regulations, and offer more flexible products and services. Part of Product Redesign will involve filing a rate case to modify regulations and rates. This means that rates may change if this case is filed before 2006.

We will keep you posted on the progress of Product Redesign.

Inside This Issue

Anatomy of a Mailing Continues . . .

Pages 2

Periodicals Mail: Publisher's Responsibilities

Page 3

Reminder for World Distribution Services Clients

Page 4

Anatomy of a Mailing

How mail is processed through the US Postal Service

Last issue we covered how your mail is processed in the printing plant. This issue, we'll review how your mail is processed through the US Postal Service. The mail can go through a number of processing steps within the USPS, depending on where the mail is entered, how finely it is sorted, and what type of container it is in.

Arrival at the postal facility

If the mail is entered at the printing plant, the mail is transported via postal transportation to the local Bulk Mail Center (BMC). For the Kansas City plant, this is located in Kansas City, KS. For the Long Prairie plant, this is located in Eagan, MN. For the Greenfield plant, this is located in Cincinnati, OH. Once the trailer

of mail arrives at the BMC, it is unloaded.

If the trailer contains mail on pallets, these pallets are removed from the trailer with forklifts and transported from the inbound truck docks across the BMC to the outbound truck docks, where the pallets are loaded onto outbound transportation to other BMC's. This process is referred to as cross-docking. For example, a pallet of Chicago mail from our Kansas City plant would be unloaded at the Kansas City KS BMC and cross-docked to an outbound trailer to the Chicago BMC. There are 21 BMC's across the country, plus 8 satellite facilities which are called Auxiliary Service Facilities (ASF's).

See **ANATOMY** on page 2

Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Customer Service Representative. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

Entire Publications Group

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Greenfield, OH plant

Postal Specialist
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ANATOMY continued from page 1

Sorting the mail

The only exception to cross-docking of pallets described above would be Mixed BMC level pallets of mail. Mixed BMC pallets contain mail for multiple BMC's. These pallets are broken open at the BMC and the bundles of mail on the pallet are then sorted on either sack sorting equipment or on small parcel and bundle sorters (SPBS's).

If the trailer contains mail in sacks, these sacks are removed from the trailer and placed on the sack sorting equipment. The sacks are inducted into the equipment manually, with postal employees either manually keying in the ZIPcode information from the sack tag, or scanning the barcode on the sack tag. This ZIPcode information drives the sorting equipment to route the sacks through a variety of conveyor belts and dump trays to a consolidation point where the sacks are combined with other sacks to similar destinations. Once the sacks are sorted to the correct destinations, they are loaded onto outbound trucks, similar to the palletized mail.

Once the mail is loaded on to outbound transportation, it is dispatched and transported to the destination BMC. Once it reaches the destination BMC, it is processed almost identically as described above. The difference at the destination BMC, is that the pallets are cross-docked and the sacks are sorted to the next postal facility that will sort the mail, which is either a Sectional Center Facility (SCF) or an Area Distribution Center (ADC). Once the mail has been sorted to these destinations, it is again loaded on outbound transportation and shipped to these facilities. There are over 400 SCF's across the country and over 90 ADC's. SCF's and ADC's process mail for multiple 3-digit ZIPcode prefixes. For example, ZIPcodes beginning with the 3-digits 120-129 are handled at the Albany NY ADC. In turn, there are SCF's of Albany, Mid-Hudson, Glens Falls, and Plattsburgh that are serviced by the Albany ADC.

Once the mail reaches the SCF or ADC, the mail is unloaded and sorted again on SPBS's. The mail may undergo one or two passes on this equipment. This process sorts the bundles of mail to the next facility that will receive the mail. In the case of an ADC, it will sort the mail to the SCF. In the case of a SCF, it will sort the mail to the delivery office. Some ADC's and SCF's are actually located in the same building. Some of these facilities are more automated than others; much of that depends on the

volume of mail they process. In some of these facilities, mail is even more finely sorted, down to the individual 5-digit ZIPcode.

Once the mail has been sorted, it is again transported to the next processing facility. In the case of an ADC, the mail will be transported to the SCF's and from the SCF's it is transported to the delivery offices. Some SCF's are actually delivery offices in addition to being processing facilities. Depending on the type of mail, it may be sorted at this point to individual mail carrier's delivery routes within a delivery office. If this sortation does not occur at the SCF, it occurs at the delivery office. This sort may be manual or automated, or a combination of both.

Delivering the mail

Once the mail has been sorted to the carrier's route, it is delivered to the mail carrier's casing station. This station is a series of boxes or slots, each representing a delivery point on the carrier's route. Some routes are primarily business addresses, some are primarily residential addresses, and some are a combination of both. The mail carrier then sorts the mail into the slots, so that all the mail for each delivery point is consolidated for delivery. The sorted mail is then placed into the carrier's delivery truck and/or delivery bag. The carrier then follows his designated route, delivering mail to the end recipient.

USPS delivery standards indicate that mail should be delivered to the end recipient within 3 to 6 days after it arrives at the BMC, and 1-3 days after it arrives at the SCF (this is for Periodicals, Standard, and Package Services mail). However, our experience tells us that in reality it often takes about double this amount of time. Delays in mail can occur at any step in these processes. Delays can be caused by weather, transportation problems, volume backlogs at processing facilities, staffing issues, equipment breakdowns, etc.

For mail that is drop shipped to additional entry points, the process is virtually the same. The only difference is that drop shipped mail by-passes the originating BMC and goes directly to the destination BMC, SCF or ADC. In some cases, mail is actually drop shipped right to the office that will deliver the mail, which is called a Destination Delivery Unit (DDU). These shipments are usually only for very geographically concentrated mail; usually promotional mail that is destined for virtually all the delivery points on specific carrier routes.

Periodicals Mail

Publisher's responsibilities

The Periodicals class of mail was established way back in 1879. This class of mail (then called Second-class) was established by Congress as a means of getting pertinent news and information to people across the country. Keep in mind that in 1879, there was no TV, no radio, and no internet. The primary way for people to get information was word of mouth or the printed word, such as newspapers. Getting this information out was deemed so important that when this class of mail was first established, postage was free! Since that time, the USPS has been forced to charge postage for this class of mail due to the costs of handling it. However, the rates of postage for Periodicals mail are lower than other classes of mail with very few exceptions. In addition, Periodicals mail receives preferential delivery treatment, as Congress intended, so that the valuable information can be disseminated quickly.

What some publishers do not realize is that along with these preferential rates and delivery service come responsibilities. Publishers must apply to the USPS for the privilege of mailing at Periodicals rates. The USPS has very specific criteria to qualify for the Periodicals rates, which includes such things as publishing frequency, circulation requirements, content, etc. Some of these critical responsibilities include the following:

1) Make sure that your circulation meets USPS requirements. For example, for General or Requester qualified publications, 50% plus one copy of the total circulation must be distributed to people who have paid for or requested the publication. Publishers are responsible for keeping records that document the amount of paid/requested circulation.

2) Make sure that the content of the magazine meets USPS regulations. For example, there are advertising limits (e.g. no more than 75% in any issue for Requester publications), page limits (e.g. minimum of 24 pages for Requester publications), requirements for identification information located in specific areas of the magazine and prohibitions for items such as catalogs, product samples, items with separate ISSN numbers, subscription or price information, etc. It is the publisher's responsibility to insure that all components of their publication, including supplied inserts, polybagged enclosures,

etc. meet these requirements. Meeting these requirements may involve documenting agreements with advertisers or including endorsements on certain components, such as supplements or special advertising sections.

3) Make sure that the ad/edit ratio is accurately calculated and that copies of the magazine, marked for ad/edit content, are supplied to the USPS for each issue. Only the publisher has control over the content of the magazine, thus the publisher is the only one who can accurately calculate the advertising percentage. The advertising percentage is critical because a portion of the postage is calculated based on the ad content. Once the ad content has been calculated, this information should be supplied to the printer in writing, so that this documented information can be included on the mailing statement for postage calculation. Mailing statements are legal documents, so it is critical that this information be provided accurately and in a timely manner so that your mailings are not delayed. The marked copies can be supplied either to the post office serving the printing plant or the post office serving the publisher's office, as long as this is consistent from issue to issue. Measurement of advertising, which can be based on any commonly recognized unit of measure, such as column inches, square inches, pages, etc. should also be consistent from issue to issue and consistent when measuring both ad and edit.

4) Completion and submission of the annual Statement of Ownership. The USPS requires that this form be completed and submitted for Periodicals rate publications (with limited exceptions). This form must be submitted in October of each year. This form includes information regarding the ownership and circulation of the publication. It is important that the information provided on the form be consistent with the information that has been provided on the mailing statements during the course of the year. For example, if you report on the Statement of Ownership that your magazine has 5,000 non-subscriber copies, these copies should also be reflected as non-subscriber copies on the mailing

See **PERIODICALS** on page 4

Online Information

More information on Banta Corporation is available through the company's World Wide Web site at www.banta.com

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is a monthly publication produced by the BANTA Publications Group. Any comments or questions are welcome. Please contact Monica Lundquist of the BANTA Publications Group by phone at 816-792-6370, by e-mail at mlundquist@banta.com, or write to BANTA Publications Group, Mailing & Distribution Services, 3401 Heartland Drive, Liberty, MO 64068-3378.

World Distribution Services

Client reminders regarding how to e-mail mailing list files to WDS

We have a few reminders for those of you who are distributing your international mail through our business partner, World Distribution Services (WDS). We strongly encourage our clients who use WDS to send the mailing list files directly to WDS via e-mail at clientdata@wdsmail.com. This allows WDS to process the lists and address the mail at their facility, which is the most efficient method. When sending these e-mail files, make sure to include information regarding the mailing in the text of the message. Information such as magazine title, issue date, quantities, mail piece dimensions (trim size, thickness and weight) and estimated date of mailing is critical. Also make sure to copy your plant client services representative (CSR) when you send the e-mail to WDS. This serves as notification to your CSR that

WDS has received the files and confirmation of counts (your CSR can also provide assistance with mail piece dimension information). Also include the specific quantities of international mail on your print order to the plant as well as which quantities are to be handled by WDS (e.g. Canada only or all international). This is important to insure that we print and ship the correct number of copies to WDS.

If you are not currently using WDS for your international mail and would like to take advantage of Banta corporate rates, you may obtain a quote for prices and services either through WDS directly (Debbie Volpe at dvolpe@wdsmail.com) or contact Monica Lundquist at mlundquist@banta.com.

PERIODICALS continued from page 3

statements throughout the year. Information from this form must also be published in the magazine (with limited exceptions) each year.

5) Make sure that you maintain your stated publishing frequency. For example, if your stated frequency is monthly, make sure that you continue to publish your magazine on a monthly basis. The minimum frequency per year is four issues to qualify for Periodicals rates. Issues must show continuity (i.e. issue dates and volume/issue numbers) and the primary distribution of an issue must be made prior to the subsequent issue. Frequency for postal purposes is based on a 12-month period and not necessarily a calendar year. For example, if a quarterly magazine pub-

lishes its first issue of the year in March, the publisher has until the following March to publish the remaining three issues. The USPS requirement for publishing frequency does not mean that all the issues must be mailed. As long as the publication is actually published according to the stated frequency and the distribution meets the circulation requirements, it is irrelevant whether the issue mails or not. Obviously other non-postal requirements, such as BPA or ABC audit requirements need to be considered.

This is only a partial listing of the pertinent regulations for Periodicals rate mailings, but it demonstrates the complexity of the regulations and the responsibilities associated with this class of mail.
