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LEGISLATIVE ACTION ALERT

Amazon is 20,000 vans closer to replacing the post office

CNN©

by Heather Kelly oheatherkelly September 6, 2018



Amazon packages don't deliver themselves. At least not yet.

Lucky for Jeff Bezos, a whole lot of people want to help out by running their own delivery business.

In July, <u>Amazon announced</u> it would begin recruiting people interested in launching small delivery companies that would work for

Amazon, moving packages from fulfillment centers to doorsteps. The company now says tens of thousands of people nationwide have applied for the "Delivery Service Partners," including veterans, families and a former NFL player that Amazon declined to name.

"We've been really blown away by the number of people who approached us," Dave Clark, Amazon's SVP of worldwide operations, told CNNMoney. "We expected a lot of interest but the sheer volume — the tens of thousands of people who actually went all the way through the process to make themselves eligible for the program — has been really humbling."

The influx of applications pushed Amazon to accelerate and expand its plans. The company announced Wednesday it has ordered 20,000 Sprinter vans from Mercedes-Benz, each painted dark blue and bearing the signature Prime arrow logo. The deal is a big leap from Amazon's first order of 5,000 vans.

Now the company hopes to see 100 small delivery businesses with thousands of vans up and running by the end of the year. Vans are already on the road in Austin and a few hundred are in other parts of the US.

The custom vans are the first to roll out of a \$500 million Mercedes-Benz plant in North Carolina.

Delivery partners will lease the vans through third party fleet management companies for an undisclosed amount. Amazon was able to negotiate lower costs for the vans, which can retail for almost \$34,000, as well as other services such as insurance, benefits, fuel, and maintenance. Clark says the company is trying "to leverage our scale for good."

A partnership program is part of Amazon's plan to have more control of the delivery network at the core of its Prime business, which ships 5 billion packages a year globally. Currently, the US Postal Service handles about 40% of the so-called last-mile deliveries. Meanwhile, Amazon Flex uses on-demand drivers in their own cars.

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