



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**Altoona, PA Originating and
Destinating Mail Consolidation**

Audit Report

September 30, 2013

Report Number NO-AR-13-010



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 30, 2013

Altoona, PA Originating and Destinating Mail Consolidation

Report Number NO-AR-13-010

BACKGROUND:

This audit report responds to a request from Senator Robert P. Casey, Jr. of Pennsylvania. The objective was to assess the consolidation of mail processing operations from the Altoona, PA Processing and Distribution Facility into the Johnstown, PA Processing and Distribution Facility.

We also assessed compliance with established Area Mail Processing (AMP) guidelines. Both facilities are in the Western Pennsylvania District of the Eastern Area. The Altoona Processing and Distribution Facility originating consolidation occurred in August 2012, and a portion of the destinating mail was consolidated in July 2013.

WHAT THE OIG FOUND:

A business case exists to support the consolidation, which should produce a cost savings of about \$301,000 in the first year and \$579,000 annually in subsequent years.

Our analysis indicated adequate machine capacity and floor space exists to process mail at the Johnstown Processing and Distribution Facility; customer service has not been significantly impacted by the consolidation; delayed mail declined after the consolidation; no employees lost their job; overall efficiency at the Johnstown Processing and Distribution

Facility improved; and established AMP guidelines were generally followed.

We found the AMP overstated savings by \$89,326 for the first year due to a one-time cost overestimate. In addition, the AMP savings was overstated by \$138,839 in subsequent years due to additional transportation costs and unrealized maintenance savings. Finally, AMP guidelines were followed, but some procedures were not completed in a timely manner. Not meeting the timeline did not adversely affect the consolidation process.

WHAT THE OIG RECOMMENDED:

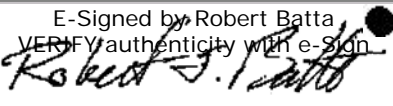
We recommended the vice president, Network Operations, direct the manager, Area Mail Processing and Facility Consolidations, reevaluate maintenance savings and make adjustments to the AMP proposal in the first Post-Implementation Review.

[Link to review the entire report](#)



September 30, 2013

MEMORANDUM FOR: DAVID E. WILLIAMS, JR.
VICE PRESIDENT, NETWORK OPERATIONS

E-Signed by Robert Batta
VERIFY authenticity with e-Sign


FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Altoona, PA Originating and Destinating Mail
Consolidation (Report Number NO-AR-13-010)

This report presents the results of our audit of the Altoona, PA Originating and Destinating Mail Consolidation (Project Number 13XG027NO000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact James L. Ballard, director, Network Processing and Transportation or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of the Altoona, PA Processing and Distribution Facility (P&DF) Originating and Destinating Mail Consolidation (Project Number 13XG027NO000). This report responds to a request from U.S. Senator Robert P. Casey, Jr. of Pennsylvania to review the consolidation. Our objectives assessed the consolidation of originating and destinating mail processing operations from the Altoona P&DF into the Johnstown P&DF and assess compliance with established Area Mail Processing (AMP) guidelines. The Altoona P&DF originating consolidation occurred in August 2012 and a portion of the destinating mail was consolidated in July 2013. See [Appendix A](#) for additional information about this audit.

The U.S. Postal Service developed a formal process for the review and implementation of AMP proposals. This process is defined in Handbook PO-408.¹ The Postal Service uses the AMP process to determine whether it can consolidate from one or more postal facilities into other facilities to:

- Increase operational efficiency and improve productivity through more efficient use of assets, such as equipment, facilities, staffing, and transportation.
- Provide affected career employees with opportunities for job reassignments.
- Provide Postal Service customers with the same high-quality service they expect.
- Ensure overall cost reductions.

Conclusion

A business case supporting the consolidation exists and we estimate it will result in a cost savings of about \$301,000 in the first year and \$579,000 in subsequent years.

Our analysis also concluded that:

- Adequate machine capacity and floor space exists at the Johnstown P&DF to process mail volume from the Altoona P&DF.
- Customer Service was not negatively impacted.
- Delayed mail conditions improved after the consolidation at both Altoona P&DF and Johnstown P&DF.

¹ Handbook PO-408, *Area Mail Processing Guidelines*, March 2008. An AMP feasibility study determines whether there is a business case for relocating processing and distribution operations from one location to another.

- No employees lost their job.
- Overall productivity at the Johnstown P&DF improved after the consolidation.
- The AMP overestimated savings by \$89,326 for the first year and \$138,839 in subsequent years. We are questioning \$138,839 in predicted savings shortfall for subsequent years' savings. See [Appendix B](#) for a detailed explanation of predicted savings shortfall costs.
- AMP guidelines were generally followed; however, there were instances when some AMP study steps were not completed within established timeframes.

Capacity

Adequate machine capacity and floor space exist at the Johnstown P&DF to process mail volume from the Altoona P&DF. With the additional equipment the Johnstown P&DF received as a result of the consolidation, adequate capacity exists to sort the volume arriving from the Altoona P&DF (see [Table 1](#)). Similarly, the Altoona P&DF has adequate capacity to process the remaining mail volumes (see [Table 2](#)).

Table 1. Johnstown P&DF Equipment Excess Capacity

Equipment	Number of Machines	Mailpieces			
		Mail Processed	Maximum Capacity	Excess Capacity	
Automated Facer Cancellor System	3	68,567,872	190,612,800	122,044,928	64%
Automated Flats Sorting Machine	1	31,387,474	62,775,000	31,387,526	50%
Delivery Bar Code Sorter	6	493,199,002	522,004,350	28,805,348	6%
Delivery Input Output Sub-system	2	56,739,882	140,963,200	84,223,318	60%

Source: Enterprise Data Warehouse (EDW) and Web End-of-Run (WebEOR).

Table 2. Altoona P&DF Equipment Excess Capacity

Equipment	Number of Machines	Mailpieces			
		Mail Processed	Maximum Capacity	Excess Capacity	
Automated Flats Sorting Machine	1	11,957,925	62,775,000	50,817,075	81%
Delivery Bar Code Sorter	4	259,649,899	274,288,000	14,638,101	5%

Source: EDW and WebEOR.

Customer Service

Based on External First-Class (EXFC) scores, service standard impacts, Customer Experience measurement, and Intelligent Mail barcode (IMb) performance, the consolidation did not negatively impact customer service. In addition, mail acceptance operations and hours were not affected and a local Altoona postmark remains available.

EXFC Scores

Customer service performance, measured by the EXFC measurement system² was not significantly impacted by the consolidation. As shown in [Table 3](#), nine out of 12 indicators in Overnight, 2-day, and 3-day service improved over Quarters (Qs) 1 and 2, fiscal year (FY) 2013 when compared to the pre-consolidation results.

² Test an independent contractor performs to measure service performance for First-Class Mail (letters, flats, and postcards) from mail collection to final delivery.

Table 3. EXFC Scores

EXFC Standard	Facility ³	Before Consolidation		After Consolidation	
		FY 2012		FY 2013	
		Q 1	Q 2	Q 1	Q 2
Overnight	Altoona P&DF	96.48	97.68	97.04	96.31
	Johnstown P&DF	96.21	98.54	96.51	97.59
2-Day	Altoona P&DF	93.71	93.56	93.78	94.71
	Johnstown P&DF	93.00	95.13	94.99	95.73
3-Day	Altoona P&DF	89.53	90.67	92.50	91.92
	Johnstown P&DF	89.02	93.63	91.82	89.59

Source: EDW.

Note: Green numbers show an improvement in service scores compared to the same quarter in FY 2012, while the red numbers indicate a decline.

Service Standard Impacts

Generally, the consolidation resulted in improvements to service standards and actual service standards were better than AMP projections. For example, the AMP projected six overall net upgrades for all classes of mail, while the actual consolidation resulted in 12 overall net upgrades (see Table 4). Service standard upgrades improve customer service by requiring that mail arrive at the destinating facility sooner for delivery.

Table 4. Service Standard Impacts

Service	AMP Projected			AMP Actual		
	Upgrade	Downgrade	Net Change	Upgrade	Downgrade	Net Change
First-Class Mail	0	2	(2)	4	0	4
Priority Mail	0	2	(2)	5	1	4
Periodicals	8	10	(2)	4	0	4
Standard Mail	22	14	8	0	0	0
Packages	8	4	4	0	0	0
Total	38	32	6	13	1	12

Source: Service Standard Directory (SSD).

³ Facility three-digit ZIP Codes impacted were Altoona P&DF 166 and 168; and Johnstown P&DF 155, 157, 158, and 159.

Customer Experience

Residential scores from the Customer Experience Measurement (CEM)⁴ system showed net improvements for both facilities following the consolidation. As shown in Table 5, Qs 1 and 2, FY 2013, CEM scores improved in eight of the 12 three-digit ZIP Codes impacted by the consolidation.

Table 5. Customer Experience Scores

3-Digit ZIP Codes	FY 2012 Q2	FY 2012 Q3	FY 2012 Q4	FY 2013 Q1	FY 2013 Q2
Altoona 166	89.06	88.89	AMP Consolidation	94.74	93.06
Altoona 168	91.67	98.04		92.00	90.20
Johnstown 155	89.66	91.67		88.89	92.00
Johnstown 157	91.18	90.91		89.66	94.59
Johnstown 158	78.57	83.33		92.31	96.97
Johnstown 159	93.22	96.30		93.33	92.00

Source: Postal Service.

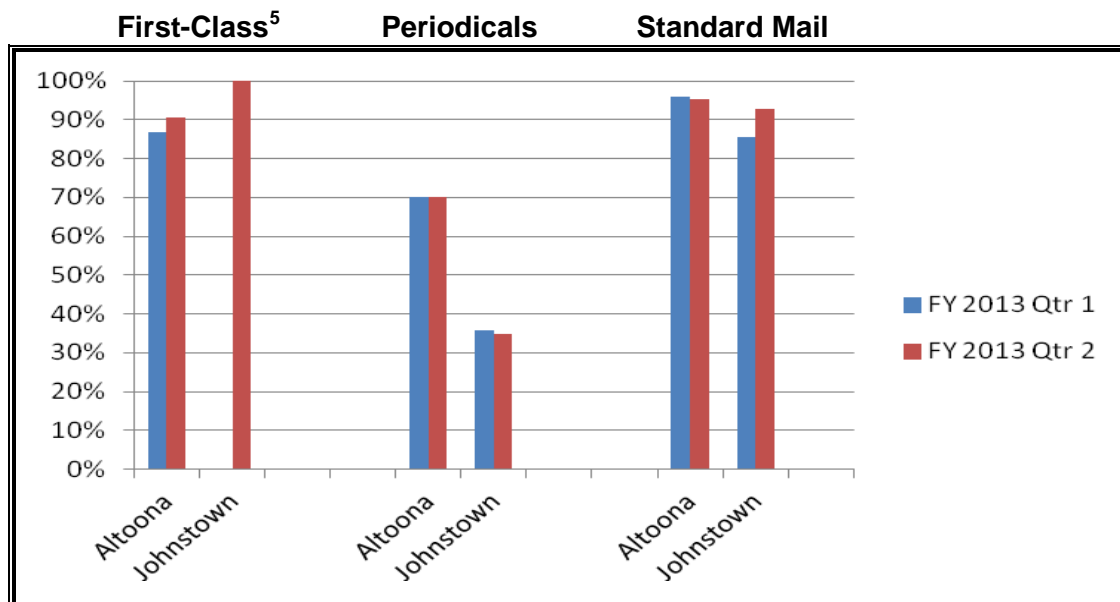
Note: Green numbers show an improvement in CEM scores while the red numbers indicate a decline.

IMb

The IMb is a mailer-applied barcode used to sort and track individual mailpieces and as a service performance indicator for large mailings. Following the consolidation, IMb service percentages in FY 2013 remained consistent between the two quarters for each facility indicating there was no adverse impact on service performance as a result of the consolidation (see [Chart 1](#)).

⁴ The CEM program is designed around the customer with survey results and other customer feedback being organized across common categories that provide a comprehensive understanding of the end-to-end customer experience.

Chart 1. IMb Performance



Source: IMb Service Performance Diagnostics.

Delayed Mail

Following the consolidation, delayed mail decreased at both⁶ facilities. Specifically, delayed mail at the Altoona P&DF decreased from 17 to 3 percent of first-handling pieces (FHP) volume. Similarly, the Johnstown P&DF realized a decrease in delayed mail from 7 to 2 percent even with the additional mail volume from the Altoona P&DF (see Table 6).

Table 6. Delayed Mail as a Percentage of FHP Volume

Facility	Post-AMP*		Same Period Last Year (SPLY)**	
	Delayed Mail (Pieces)	Percent Delayed	Delayed Mail (Pieces)	Percent Delayed
Altoona	2,797,903	3%	19,110,938	17%
Johnstown	3,629,943	2%	10,792,825	7%

Source: EDW and Mail Condition Reporting System (MCRS).

* Post-AMP: September 2012 to February 2013.

**SPLY: September 2011 to February 2012.

⁵ First-Class percentage for Q1 was not available for Johnstown.

⁶ The Altoona P&DF continues to process Delivery Point Sequence mail and carrier route flats.

Employee Impact

Consolidation of the Altoona P&DF into the Johnstown P&DF did not result in any job losses. Affected employees were transferred to the Johnstown P&DF and the Altoona Main Post Office; both within 50 miles of the losing facility.

Specifically:

- There was a reduction of 34 employees (clerk, mail handler, and maintenance) and elimination of three executive and administrative schedule (EAS) positions at the Altoona P&DF.
- Five clerks were involuntarily reassigned⁷ to Function 4⁸ positions at the Altoona Main Post Office.
- Three clerks and five mail handlers were involuntarily reassigned to the Johnstown P&DF.
- One maintenance support clerk was involuntarily reassigned to the maintenance craft as a custodian.
- Twenty employees retired during the consolidation period.
- Seven of the employees who were involuntarily reassigned exercised their retreat rights to return to the Altoona P&DF. Management said this occurred because the unions received a 45-day Comparative Workhour Report⁹ as required in the contracts.
- The Altoona P&DF AMP proposal did not include relocation costs for the affected employees since all reassignments were within 50 miles.

Productivity

Mail processing FHP productivity at the Johnstown P&DF improved after the consolidation. The Johnstown P&DF's FHP productivity¹⁰ increased by 23 percent from 1,999 to 2,463 mailpieces per hour compared to SPLY (see [Table 7](#)).

⁷ An involuntarily reassigned employee may exercise retreat rights when a vacancy occurs at the original office from which the employee was transferred. Employees retain retreat rights until they decline an offer to return to the losing facility.

⁸ Mainly manual distribution of mail to carriers and to post office boxes in a station, branch, or Post Office.

⁹ The report provides a listing of all workhours used on a daily basis in the affected craft for the period of 30 days before and 30 days after the reassignments. If the report does not indicate that conditions warranted the reassignments, the retreat rights of the affected employees are activated.

¹⁰ FHP divided by workhours equals FHP productivity. This number is useful when evaluating overall productivity.

Table 7. Productivity Impact – Johnstown Processing and Distribution Facility (P&DF)

Period	FHP Productivity
Post-AMP*	2,463
SPLY	1,999
Percentage Change	23%

Source: EDW.

*6 months (September 2012 to February 2013).

Cost Savings

The AMP overestimated savings by \$89,326 for the first year and \$138,839 in subsequent years. The Postal Service estimated savings of \$390,354 in the first year and \$717,524 annually in subsequent years. The U.S. Postal Service Office of Inspector General (OIG) estimated first year savings of \$301,028 and \$578,685 annually in subsequent years, resulting in differences of \$89,326 and \$138,839, respectively. The difference in subsequent years was due to transportation and maintenance costs, while the cost savings difference for the first year was due to a one-time cost overestimate (see [Table 8](#)).

Table 8. Overall Savings

Savings Category	AMP Projected Savings/ (Cost)	OIG Projected Savings/ (Cost)	Difference
Mail Processing Workhour Savings*	\$537,015	\$536,946	\$(69)
Postal Career Executive Service/EAS Supervisor Workhour Savings**	13,235	13,235	0
Transportation Savings***	(39,718)	(53,651)	(13,933)
Maintenance Savings****	207,024	82,186	(124,838)
Annual Savings After the First Year	\$717,524	\$578,685	\$(138,839)
One-Time Costs	(327,170)	(277,657)	49,513
Total First Year Savings	\$390,354	\$301,028	\$(89,326)

Source: AMP package and EDW.

*Our calculations indicate the workhour savings were close to postal estimates.

**Postal and OIG calculated equal savings.

***After the consolidation, additional highway contract route trips resulted in additional costs of \$13,933.

****Savings consists of maintenance workhour savings, maintenance operations support, and spare parts inventory. Our calculations indicate the projected savings in the AMP was not fully realized.

Transportation Cost

The Altoona P&DF AMP underestimated transportation costs The OIG calculated a higher cost of \$53,651 due to the cost of trips not included in the AMP (see [Table 9](#)). We consider the difference of \$13,933 non-material and we will not make a recommendation on this matter.

Table 9. Transportation Savings (Costs) Comparison

Site	Per AMP			Per OIG	
	Pre-AMP	Proposed	Difference	Post-AMP **	Difference
Altoona P&DF	\$1,397,314	\$1,158,146	(\$239,168)	\$1,440,743	\$43,429
Johnstown P&DF	969,880	1,248,766	278,886	577,924	(391,956)
Trips not included in AMP & Pending Cost *				402,179	402,179
Net Cost	\$2,367,194	\$2,406,912	(\$39,718)	\$2,420,845	\$53,651
Difference					\$13,933

Source: AMP package and OIG analysis.

*Transportation changes will take effect on November 1, 2013.

**Date of data extraction was July 2013.

Maintenance Costs

Maintenance costs were underestimated by \$124,838. The majority of the understatement is in Labor Distribution Code (LDC) 36¹¹ workhour costs. The AMP projected a cost decrease of \$103,332; however, costs in this area actually increased by \$30,080. This occurred because maintenance employees were not eliminated and mail processing equipment was not transferred from the Altoona P&DF, as identified in the AMP. Table 10 contains a maintenance cost comparisons.

Table 10. Maintenance Savings (Cost) Comparison

Workhour Activity	Per AMP	Per OIG	Difference
Postal Operating Equipment – LDC 36	\$103,322	(\$30,080)	(\$133,402)
Maintenance, Planning, Control and Stores – LDC 39	72,102	81,424	9,322
Maintenance Parts, Supplies, Facility Utilities	31,600	30,842	(758)
Total Maintenance	\$207,024	\$82,186	(\$124,838)

Source: AMP Package and WebEOR.

¹¹ LDC 36 is maintenance of Postal Operating Equipment.

One-Time Costs

One-time costs were overestimated by \$49,513. The AMP projected one-time costs of \$327,170. Actual costs were \$277,657 because the contractor completed both facility work and equipment relocation for less than the AMP estimate.

AMP Guidelines

The Postal Service complied with stakeholder communication policies when conducting the AMP study and generally followed the AMP guidelines; however, there were instances when some of the AMP study steps were not completed within established timeframes. Not meeting the timeline did not adversely affect the consolidation process.

Recommendation

We recommend the vice president, Network Operations direct the manager, Area Mail Processing and Facility Consolidations:

1. Reevaluate maintenance savings and make adjustments to the Area Mail Processing proposal in the first Post-Implementation Review.

Management's Comments

Management agreed with our finding and recommendation. Management stated two Post-Implementation Review (PIRs) will be conducted following implementation of the AMP. The first PIR will begin April 1, 2014 and will be completed by May 31, 2014. See [Appendix C](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The U.S. Postal Service OIG considers management's comments responsive to the recommendation and corrective action should resolve the issue identified in the report.

Appendix A: Additional Information

Background

As of June 30, 2013, the Postal Service has suffered net losses in 7 consecutive quarters in 16 of the last 18 quarters. The requirement to prefund its retiree health benefit obligations, plus the precipitous drop in mail volume caused by changes in consumers' uses of mail, have been the two major factors contributing to Postal Service losses since the recession ended in 2009.

The Postal Service continues to aggressively pursue strategies within its control to increase efficiency and to improve its liquidity position. These measures include consolidating the mail processing, retail, and delivery networks to better align them with mail volumes, pursuing new revenue streams, and reducing workforce costs.

During 2012, the Postal Service announced detailed plans to implement these strategies, and actions are underway to increase the productivity of the mail processing, delivery, and retail networks. This requires the consolidation of several mail processing and distribution locations and the rescheduling of transportation routes, while continuing to deliver appropriate levels of service to communities throughout America.

The Postal Service uses AMP guidelines to consolidate mail processing functions and to eliminate excess capacity, increase efficiency, and better use resources. Consolidations provide opportunities for the Postal Service to reduce costs and/or improve service and operate as a leaner, more efficient organization. Automated processing of mail has provided opportunities to take advantage of consolidations. The opportunities include consolidations of:

- First-Class originating operations.
- First-Class incoming operations.
- Overnight Priority Mail processing.
- Originating Priority Mail processing.
- Destinating Priority Mail processing.
- Annexes into main facilities.
- Facilities.

In response to a request from Congressman Robert P. Casey, Jr. to review several Pennsylvania mail processing facility consolidations, the OIG began an audit of the originating Altoona, PA P&DF consolidation in February 2013. While reviewing the AMP regarding consolidation of the Altoona, PA P&DF originating¹² mail into the Johnstown, PA P&DF, we became aware of a revised AMP package that expanded the

¹² Originating is the point of entry into the mainstream.

consolidation to include some of Altoona P&DF's destinating¹³ operations. Our review of this revised AMP identified significant errors. We reported these errors to the Postal Service in June 2013. The Postal Service made the necessary corrections and reissued the revised AMP package.

Objectives, Scope, and Methodology

Our objectives accessed the consolidation of originating mail processing operations from the Altoona P&DF to the Johnstown P&DF and compliance with established AMP guidelines. We reviewed data from March 2012 through July 2013 to analyze mail trends and productivity at the Altoona and Johnstown P&DFs. Additionally, we reviewed service scores, conducted observations, and interviewed management.

We used computer-processed data from the following Postal Service systems:

- CEM.
- EDW.
- IMb.
- MCRS.
- SSD.
- Web Complement Information System.
- WebEOR.

We conducted this performance audit from February through September 2013 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on September 5, 2013, and included their comments where appropriate.

We assessed the reliability of computer-generated data by interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

¹³ Destinating is the intended point of delivery for mail.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>New Castle and Greensburg, PA Consolidation</i>	NO-AR-13-004	8/16/2013	\$978,954
<p>Report Results: There was a business case to support the consolidation. Management agreed with our recommendations to coordinate with the Facility Service Office when rental space is vacated to ensure appropriate lease termination actions are taken; take action to sublease, buyout, or terminate lease agreements for vacated facilities; and ensure Voyager eFleet cards are stored in a secure manner.</p>			
<i>Frederick, MD to Baltimore, MD Area Mail Processing Consolidation</i>	NO-AR-12-006	4/3/2012	\$558,021
<p>Report Results: Consolidation of destinating mail processing operations initially resulted in significant delayed mail, declines in service and customer experience scores, and increased transportation costs. Management acknowledged there were challenges with the consolidation, but had addressed many of the problems experienced during the consolidation and operating conditions had improved. Management agreed with the recommendation to avoid implementing consolidations during the fall and holiday peak mailing seasons, as appropriate. Management also agreed with the recommendation to ensure customer service commitments are met, but noted operations for sectional center facility 217 have now stabilized and service levels above national targets are being achieved. Management also stated the Postal Service was paying a contractor for services no longer required since the consolidation. They are working to ensure reimbursement of payments for services not performed and expect this to be completed by the end of the calendar year.</p>			
<i>Oxnard, CA Processing and Distribution Facility Destinating Mail Consolidation</i>	NO-AR-12-004	3/6/2012	None
<p>Report Results: There was a business case to support the consolidation. Management agreed with our recommendations to monitor customer service measurement, 24-hour clock indicators, delayed mail, and staffing levels to ensure mail is processed timely.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Industry CA Processing and Distribution Center Mail Consolidation</i>	NO-AR-12-002	10/17/2011	\$1,321,651
<p>Report Results: A valid business case exists to consolidate originating mail processing operations from the industry P&DC into the Santa Ana P&DC to achieve a cost savings of about \$1.32 million annually. We made no recommendations.</p>			
<i>Oshkosh, WI Processing and Distribution Facility Consolidation</i>	NO-AR-11-006	7/29/2011	None
<p>Report Results: A business case existed to support the consolidation with the exception of sufficient floor space and machine capacity. Management agreed with the recommendations, but disagreed with our analysis of floor space and letter processing capacity.</p>			
<i>Implementation of Lima, OH to Toledo, OH Area Mail Processing Consolidation</i>	EN-AR-11-004	3/31/2011	\$105,125
<p>Report Results: While there was a valid business case for the consolidation, management did not ensure on-time performance and customer service was improved or maintained during the implementation of the consolidation. Management agreed with our recommendations to monitor and assess workload and capabilities, and make the necessary adjustments. Management also agreed to assess and improve mail flow, Mail Transportation Equipment processing and staging, overall site layout, and establish and deploy a formal AMP implementation team to the gaining facility for facility closures.</p>			
<i>Columbus, GA Customer Service Mail Processing Center Originating Mail Consolidation</i>	NO-AR-11-005	2/14/2011	None
<p>Report Results: A business case existed to support the consolidation. No recommendations were made.</p>			

Report Title	Report Number	Final Report Date	Monetary Impact
<i>Houston, TX Processing and Distribution Center Mail Consolidation</i>	NO-AR-11-004	12/14/2010	\$18,974,468
<p>Report Results: A business case existed to consolidate the Houston P&DC's mail processing operations into the North Houston P&DC, based on the premise that the North Houston P&DC is expanded. Management agreed with the conclusion and planned to pursue the expansion of the North Houston P&DC and consolidate the Houston P&DC's mail processing operation. Management also agreed with our recommendations to modify the postmark, update employees on the consolidation, and monitor service during implementation of the consolidation process.</p>			
<i>Marysville, CA Processing and Distribution Facility Consolidation</i>	NO-AR-11-002	11/23/2010	None
<p>Report Results: A business case existed to support the consolidation. No recommendations were made.</p>			
<i>Review of Wilkes-Barre, PA Processing and Distribution Facility Consolidation</i>	NO-AR-11-001	10/4/2010	None
<p>Report Results: A business case existed to support the consolidation. No recommendations were made.</p>			

Appendix B: Other Impacts

Recommendation	Impact Category	Amount
1	Predicted Savings Shortfall for Savings After the First Year ¹⁴	\$138,839

¹⁴ The difference between the savings predicted by the Postal Service for a project (for example, capital investment, consolidation, and so forth) and the actual savings realized or the OIG estimate of savings which will be realized.

Appendix C: Management's Comments

DAVID E. WILLIAMS
VICE PRESIDENT, NETWORK OPERATIONS



September 24, 2013

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report – Altoona, PA Originating and Destinating Mail
Consolidation (Report Number NO-AR-13-DRAFT)

We reviewed the Draft Audit report performed by the Office of Inspector General on the Altoona Area Mail Processing Package and we appreciate the opportunity to provide feedback to your findings. We agree with the assessment that the Altoona AMP is a positive business case. As stated by the OIG, there is ample machine capacity at the Johnstown P&DF, customer service has not been negatively impacted, delayed mail conditions have improved, overall productivity has increased, and no employees have suffered a loss of employment.

Management will conduct two Post-Implementation Reviews (PIR) following the implementation of the AMP. The PIR provides a process to evaluate the effectiveness of consolidating mail processing operations. The PIR measures actual data before and after AMP implementation. The first PIR will be used to identify any deficiencies in the implementation for correction prior to the final PIR.

Recommendation 1

Reevaluate maintenance savings and make adjustments to the Area Mail Processing proposal in the first Post Implementation Review.

Management Response/Action Plan:

Management agrees with this recommendation. The first PIR for the Altoona consolidation is scheduled to begin April 1, 2014 and be completed by May 31, 2014.

Target Implementation Date:

June 2014

Responsible Official:

Manager, Processing Operations

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This report and management's response do not contain information that may be exempt from disclosure under the FOIA.



David E. Williams

cc: Ms. Brennan
Ms. Malone
Corporate Audit and Response Management