



December 8, 2004

KATHLEEN AINSWORTH
MANAGER, NORTHERN OHIO DISTRICT

SUBJECT: Audit Report – Efficiency Review of the Mansfield, Ohio, Main Post Office
(Report Number NO-AR-05-004)

This report presents the results of our review of the Mansfield, Ohio, Main Post Office located in the Eastern Area (Project Number 04YJ008NO000). Our objective was to determine the efficiency of work performed by the Mansfield, Ohio, Main Post Office (Mansfield MPO). At management's request, we also examined the proposed consolidation of the outgoing mail processing operations into the Akron, Ohio, Processing and Distribution Center (Akron P&DC).

The Mansfield MPO could improve operational efficiency by reducing 24,000 mail processing workhours, based on the assumption that mail volume will not significantly change from fiscal year (FY) 2003 levels. This would allow the Mansfield MPO to achieve 90 percent of its targeted goals and could produce a cost avoidance of approximately \$7.6 million based on labor savings over ten years.

We also concluded there is a favorable business case to move the Mansfield MPO's outgoing mail operations to Akron P&DC. This consolidation would save an additional 28,000 workhours at the Mansfield MPO, improve network efficiencies, and potentially upgrade delivery service. This workhour reduction could produce a cost avoidance of over \$9.6 million based on labor savings over ten years. We will report this amount and the approximately \$7.6 million in labor savings as funds put to better use in our Semiannual Report to Congress.

We are making four recommendations in the report. We recommended the Manager, Northern Ohio District, reduce mail processing at the Mansfield MPO by 52,000 workhours based on FY 2003 workhour usage. During the audit, Postal Service management agreed to these reductions. Management's comments and our evaluation of these comments are included in this report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information please contact Robert J. Batta, Director, Network Operations - Processing, or me at (703) 248-2300.

/s/ Mary W. Demory

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EXECUTIVE SUMMARY

Introduction

The Office of Inspector General assessed the mail processing operations at the Mansfield, Ohio, Main Post Office (Mansfield MPO) located in the Eastern Area to determine the efficiency of its operations. At management's request, we also examined the proposed consolidation of the outgoing mail processing operations into the Akron, Ohio, Processing and Distribution Center (Akron P&DC).

Results in Brief

The Postal Service could increase operational efficiency at the Mansfield MPO by reducing 24,000 mail processing workhours, which would allow the Mansfield MPO to achieve 90 percent of targeted goals. This reduction is based on the assumption that mail volume will not significantly change from fiscal year (FY) 2003 levels and could produce a cost avoidance of approximately \$7.6 million based on a labor savings over ten years.

We also concluded there is a favorable business case to move the outgoing mail operations from the Mansfield MPO to the Akron P&DC. This consolidation would save 28,000 workhours at the Mansfield MPO, improve network efficiencies, and potentially upgrade delivery service. This workhour reduction could produce a cost avoidance of over \$9.6 million based on labor savings over ten years.

Postal Service management addressed operational efficiency through the budget process focusing on workhour utilization against the plan. However, Postal Service management had not evaluated operational efficiency in the manner carried out by this audit, which included benchmarking operations, evaluating machine utilization, or analyzing trends.

Summary of Recommendations

We recommended the Manager, Northern Ohio District, reduce mail processing operations at the Mansfield MPO by 52,000 workhours based on FY 2003 workhour usage. This reduction would be partially achieved through employee attrition and should be completed by the end of FY 2009, resulting in a 24,000 workhour reduction. The additional 28,000 workhour reduction in mail processing would be accomplished by consolidating the Mansfield MPO outgoing operation into the Akron P&DC by the end of FY 2005.

**Summary of
Management's
Comments**

Management agreed with our findings, recommendations, and associated monetary impact. They plan to reduce workhours by 24,000 through employee attrition which should be completed by the end of FY 2009. They also agreed to reduce workhours by 28,000 in mail processing by consolidating the Mansfield MPO outgoing operation into the Akron P&DC by the end of FY 2005. Management's comments, in their entirety, are included in Appendix I of this report.

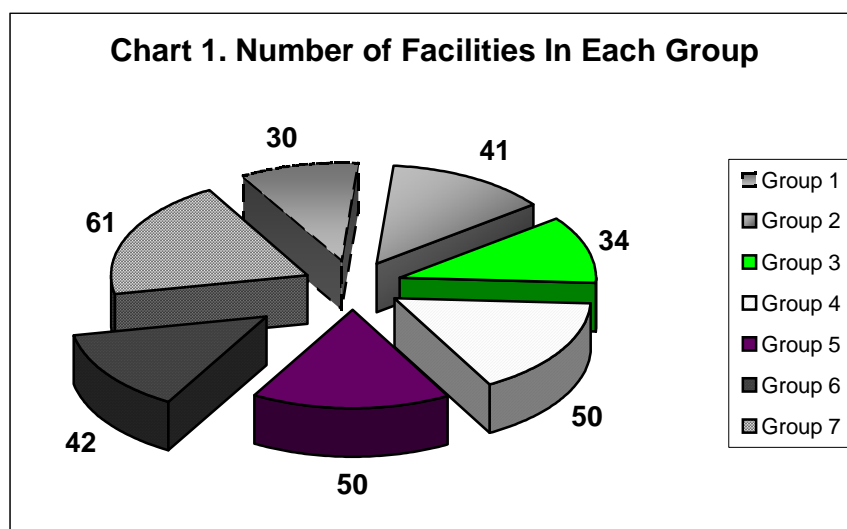
**Overall Evaluation of
Management's
Comments**

Management's comments are responsive to our recommendations. Management's comments reflect a proactive and aggressive approach taken by the Manager, Northern Ohio District and the district's plant management. District management plans to increase the Mansfield MPO productivity and improve their operations following the consolidation. They also agreed to reduce workhours by consolidating Mansfield MPO outgoing operations into Akron P&DC. Management's planned actions should correct the issues identified in the findings.

INTRODUCTION

Background

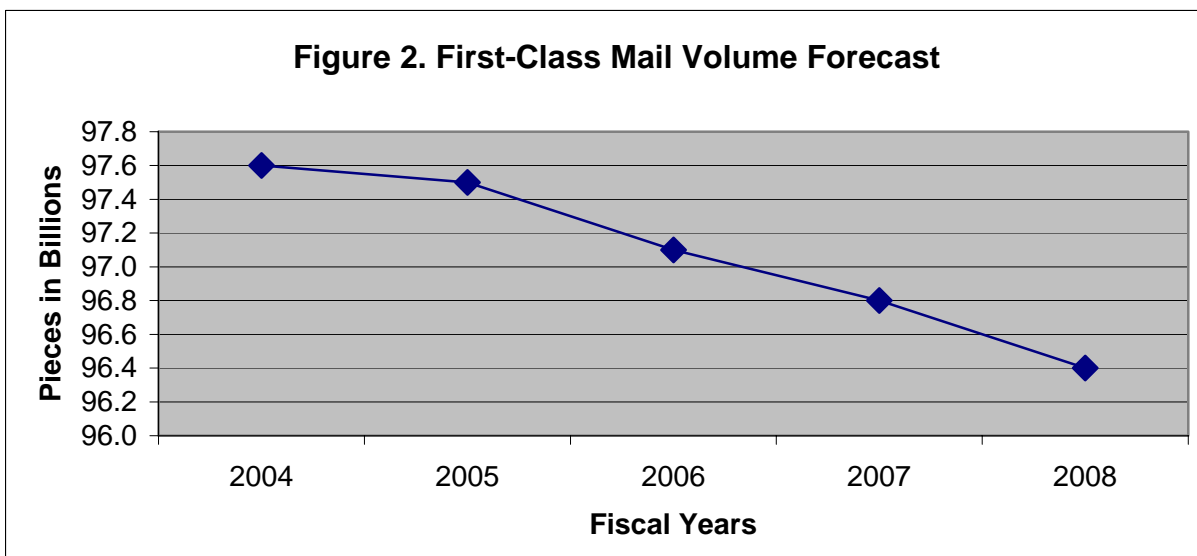
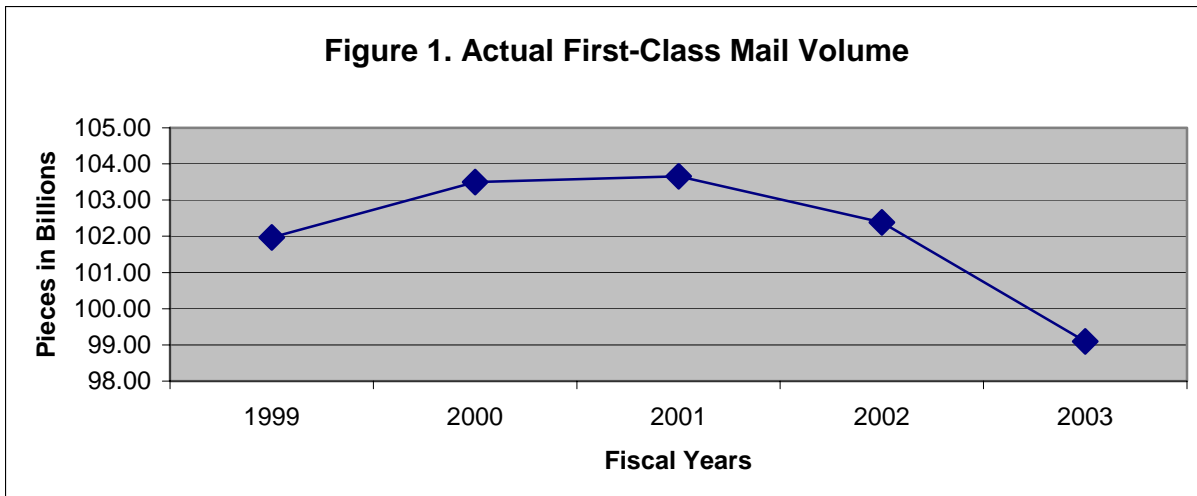
The Postal Service has 308 facilities with mail processing operations. These facilities process First-Class Mail in the domestic network and are divided into seven groups¹ ranked according to mail volume in the Breakthrough Productivity Initiative. The Postal Service established the Breakthrough Productivity Initiative to cut costs while making continuous improvements. The initiative focuses on four areas,² one of which is mail processing operations. The following chart shows the number of mail processing facilities in each group.



The Postal Service is attempting to redesign its domestic network in response to changes in mail volume. Despite a one-year volume increase, the aggregate volume of First-Class Mail declined by nearly 2.7 percent from fiscal year (FY) 1999 to 2003, dropping more than 4 billion pieces. In addition, the forecast for First-Class Mail volume over the next 5 fiscal years shows a decrease of over 1 billion pieces. These volume trends are shown in Figures 1 and 2.

¹ In FY 2003, Breakthrough Productivity Initiative Group One plants processed at least 3 billion mailpieces, while Group Seven plants processed no more than 456 million mailpieces annually. The Mansfield MPO processed 515 million pieces of mail in FY 2001, placing it in Group Six with other plants that processed similar amounts of mail.

² The four Breakthrough Productivity Initiative areas are Operations, Transportation, Purchasing, and Overhead.



The Transformation Plan states the Postal Service is committed to improving its operational efficiency by consolidating mail processing operations, when feasible. In addition, the Presidential Commission³ included in its list of recommendations the need to optimize the facility network by closing unneeded processing centers.

The Mansfield, Ohio, Main Post Office (Mansfield MPO) is a Group Six facility in the Eastern Area (see Appendix A for a map of the Eastern Area). The Mansfield MPO processes

³ The President's Commission on the United States Postal Service reported its findings on July 31, 2003.

inbound⁴ and outbound mail⁵ for the city of Mansfield, Ohio, and associate offices in the surrounding area. In FY 2003, the Mansfield MPO processed approximately 580 million mailpieces, a 10 percent increase from FY 2002. In FY 2003, the Mansfield MPO's outgoing mail operations accounted for approximately 12 percent of its total mail volume. In addition, the Mansfield MPO used approximately 11 percent of its total mail processing workhours to process this mail. There are 167 career employees at the facility as well as 10 transitional⁶ and 8 casual⁷ employees.

Objective, Scope, and Methodology

The audit assessed the efficiency of operations performed by the Mansfield MPO. At management's request, we also examined the proposed consolidation of the outgoing mail processing operations into the Akron, Ohio, Processing and Distribution Center (Akron P&DC).

To assess the efficiency of the Mansfield MPO, we observed mail processing operations; analyzed mail volumes, workhours, and service measurement systems; evaluated machine utilization; interviewed Postal Service officials; and benchmarked achievement to target productivities with similar-sized facilities.

To examine the proposed consolidation, we reviewed an area mail processing⁸ study conducted in April of 2004 by the Eastern Area to determine the feasibility of consolidating the Mansfield MPO's outgoing mail operations into the Akron P&DC. We also examined the March 1, 2004, consolidation of the Steubenville, Ohio, Post Office's outgoing mail operations into the Youngstown, Ohio, Processing and Distribution Center to benchmark the effects on delivery service.

We relied on Postal Service operational systems, including the Origin Destination Information System, the National

⁴ Mail received by a Postal Service facility, most commonly for distribution and delivery within the delivery area of the receiving facility.

⁵ Outbound or outgoing mail is sorted within a mail processing center and dispatched to another facility for additional processing and delivery.

⁶ Transitional personnel are noncareer, bargaining unit employees.

⁷ Casual employees may be used as limited-term supplemental workforce, but may not be used in lieu of full or part-time employees.

⁸ The area mail processing policy consolidates originating and destinating distribution operations from one or more post offices into another automated or mechanized facility to improve operational efficiency and service. Pursuant to this policy, the Mansfield MPO area mail processing study was issued on April 9, 2004.

Workhour Reporting System, the Breakthrough Productivity Initiative Website, the Management Operating Data System, Web Flash Reports, the Web Enterprise Information System, and the Web End-of-Run System to analyze mail volume and workhours. We confirmed our analysis and results with Postal Service managers.

This audit was conducted from May through December 2004 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We discussed our observations and conclusions with appropriate management officials and included their comments where appropriate.

Prior Audit Coverage

We have issued four audit reports on workhour efficiency at international service centers⁹ and seven reports on efficiency at business mail entry units (BMEU).¹⁰ (See Appendix B for details.)

⁹ An international exchange office or international service center is a post office or airport mail center or facility authorized to exchange international mail and military mail, both air and surface, with another country.

¹⁰ A BMEU is an area in a Postal Service facility where mailers present bulk, presorted, and permit mail for acceptance. A BMEU includes dedicated platform space, office space, and a staging area on the workroom floor.

AUDIT RESULTS

Assessment of Resources at the Mansfield, Ohio, Main Post Office

The Mansfield MPO could process domestic mail more efficiently by reducing 24,000 workhours, allowing the MPO to achieve 90 percent of targeted goals. This reduction is based on the assumption that mail volume will not significantly change from FY 2003 levels. This workhour reduction would improve efficiency because the same mail volume could be processed using fewer workhours. Title 39 United States Code (U.S.C.) § 403 (a) states, "The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services"

Management of the Mansfield MPO had addressed operational efficiency by reducing workhours in relation to budgeted workhours. As a result, they had reduced FY 2003 workhours by 3 percent from FY 2002. However, the Mansfield MPO had not evaluated operational efficiency by comprehensively benchmarking operations against similar-sized facilities, evaluating machine utilization, or analyzing trends. Consequently, the Mansfield MPO was not operating as efficiently as possible.

Mansfield, Ohio, Main Post Office Generally Did Not Meet Productivity Targets

The Mansfield MPO has achieved target productivity levels¹¹ for FY 2003 for three¹² of its nine mail processing operations (see Appendix C). Those operations that did not achieve the target productivity were the delivery barcode sorter, mail processing barcode sorter, manual letters, flat sorter machine 1000, manual flats, and the advance facer canceler sorter operations. These operations achieved between 44 percent and 77 percent of target productivity.

Furthermore, operational productivity levels for some operations were low. For example, the delivery barcode sorter machine achieved 65 percent of the national target level in FY 2003. If this operation achieved 90 percent of the national target level, the Mansfield MPO could save over 12,000 processing workhours annually. (Appendix C shows the percentage of targeted productivity levels achieved for

¹¹Target productivity levels are based on total pieces of mail, and according to the Breakthrough Productivity Index, should be processed for each machine or workhour of an operation.

¹²Target productivity was achieved for the following operations; manual Priority Mail and Parcel Post, upgraded flat sorter machine, and the optical character reader.

each operation and the potential workhour savings to be obtained by achieving selected targeted productivity levels.)

In addition, the Mansfield MPO has been 11 percent below average in performance achievement when compared to similar-sized facilities. In FY 2003, the Mansfield MPO achieved 72 percent of its total targeted productivity, which was below the average (83 percent) of similar-sized facilities. In FY 2004, accounting period (AP) 1 through AP 10,¹³ the Mansfield MPO achieved only 68 percent of its target performance. (See Appendix D for a chart comparing the Mansfield MPO's targeted productivity levels with similar-sized facilities). In addition, 25 similar-sized facilities (67.5 percent) came closer than the Mansfield MPO in achieving their target productivity goals year-to-date in 2004, and 15 (40.5 percent) of these similar-sized facilities are operating at 90 percent of target or better.

Machine Excess Idle Time Identified at the Mansfield, Ohio, Main Post Office

Through analysis and observation, we found that machine excess idle time existed at many of the mail processing operations. The following table shows an analysis of excess idle time for a two-year period from July 2002 through June 2004.

Table 1. Machine Excess Idle Time

OPERATION	PERCENTAGE OF IDLE TIME
Advanced Facer-Canceler	32 percent
Delivery Barcode Sorter	38 percent
Multi Line Optical Character Reader	38 percent
Mail Processing Barcode Sorter	44 percent
Upgraded Flat Sorter Machine 1000	29 percent

*Percentage of machine idle time does not include down or maintenance time.

Our observations corroborate this analysis. We observed that various operations were idle because of sporadic mail volume. Operations are most efficient when a continuous stream of mail is present. Reducing workhours through better scheduling and possible elimination of a tour would reduce idle time.

Based on these productivity factors, we believe, and Postal Service management agreed, that a goal of operating at 90 percent of target productivity levels is attainable. The Postal Service also agreed to reduce machine idle time.

¹³ We measured similar periods for all Group Six offices in FY 2004.

To obtain these goals, the Mansfield MPO would need to reduce workhours by 24,000 (assuming no significant changes in mail volumes). This 24,000 workhour reduction could produce a cost avoidance of \$7.6 million based on labor savings over ten years (see Appendix E for details).

Recommendations

To improve efficiency, we recommend the Manager, Northern Ohio District:

1. Reduce 24,000 workhours at the Mansfield Main Post Office, based on FY 2003 workhour usage, by the end of FY 2009, with an associated economic impact of \$7.6 million over ten years.
2. Evaluate operating efficiency and staffing at the Mansfield Main Post Office to determine whether further workhour adjustments are necessary based on workload.

**Management's
Comments**

Management agreed with our finding, recommendations, and associated monetary impact. The Manager, Northern Ohio District agreed reduce workhours by 24,000 through employee attrition by the end of FY 2009 and realign staffing and scheduling to increase automation throughput and improve productivity.

**Evaluation of
Management's
Comments**

Management's comments are responsive to the recommendations. Management's comments reflect a proactive and aggressive approach taken by the Manager, Northern Ohio District and the district's plant management. District management plans to increase the productivity at the Mansfield MPO to 90 percent of its Breakthrough Productivity Initiative goal. They are also committed to improving their operations following the consolidation. Management's planned actions should correct the issues identified in the finding.

Assessment of Consolidating Mansfield, Ohio, Main Post Office's Outgoing Mail Processing Operations

The Postal Service realized that excess processing capacity exists within the Northern Ohio District domestic mail processing network. To make better use of this capacity, the Postal Service considered consolidating the Mansfield MPO's outgoing mail operations into the Akron P&DC and requested that the OIG examine this proposed consolidation.

We concluded there is a favorable business case to move the outgoing mail operations from the Mansfield MPO to the Akron P&DC. Specifically, consolidation would:

- Enable the Mansfield MPO to reduce craft workhours by an additional 22,000 and supervisory hours by 6,000.
- Allow the Akron P&DC to gain efficiencies through the use of excess capacity, more efficient mail equipment, and reduced standby time.
- Enable the Postal Service to potentially improve delivery service.

Title 39 U.S.C § 403 (a) states, "The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services" Postal Service management had not evaluated this consolidation by benchmarking operations against similar-sized mail processing facilities, evaluating machine utilization, or analyzing trends.

Workhours Would Be Reduced at the Mansfield, Ohio, Main Post Office

The transfer of the outgoing mail currently processed at the Mansfield MPO to the Akron P&DC would reduce mail volume and processing craft workhours at Mansfield MPO by an additional 22,000. This consolidation would also allow the Mansfield MPO to reduce 6,000 supervisor workhours. The economic impact of this reduction could produce a cost avoidance of \$9.6 million over ten years (see Appendix E for details).

Under the proposed consolidation plan, no Mansfield MPO career craft employees would lose their position. Postal Service management stated that for transitional and casual employees, the appropriate contractual provisions would be followed.

Processing Mansfield
MPO's Outgoing Mail in
the Akron P&DC Would
Be More Efficient

Our review found that processing the Mansfield MPO's outgoing mail operations in the Akron P&DC would be more efficient. Efficiency gains could be achieved by using the excess capacity at the Akron P&DC, more efficient mail processing equipment, and the reduction in standby time.

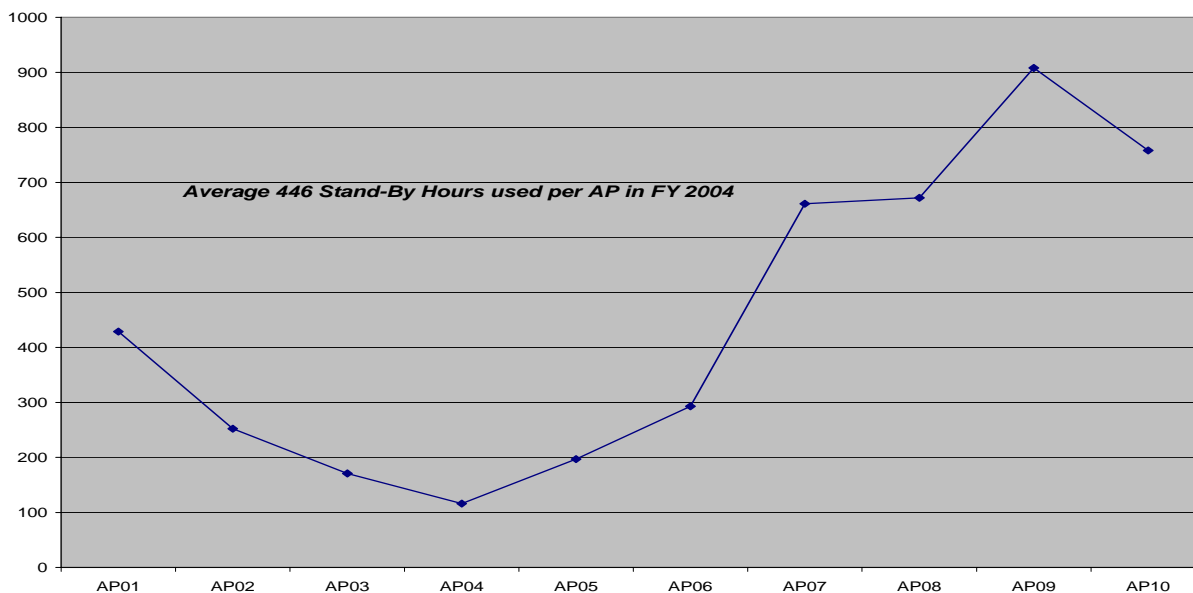
Our review found the Akron P&DC has excess capacity. The Akron P&DC processed over 1.2 billion mailpieces in FY 2003 and has the capacity to process more than 500 million additional mailpieces per year. The Mansfield MPO's outgoing mail operations accounted for more than 69 million (12 percent) of its total mailpieces processed in FY 2003. Consequently, the Akron P&DC can readily process Mansfield MPO's outgoing mail operations. The Akron P&DC's and Mansfield MPO's mail processing capacity are shown in Appendix F.

The Akron P&DC also has more advanced automated equipment than the Mansfield MPO. The Akron P&DC has two automated flat sorter machine 100s, while the Mansfield MPO does not have this equipment. These machines maximize efficiency in flat mail processing. The Akron P&DC will also receive the Mansfield MPO's two advanced facer-canceler machines under the proposed consolidation plan. Acquiring this processing equipment will allow the Akron P&DC to process mail more efficiently.

We determined that processing the Mansfield MPO's outgoing mail can reduce the Akron P&DC's use of standby time through an increase in mail processing volume. In FY 2004 (AP 1 thru AP 10,¹⁴) the Akron P&DC used an average of 446 hours of standby time per accounting period. For AP 9 of FY 2004, the Akron P&DC used over 900 hours of standby time. The Akron P&DC's standby time per accounting period since the beginning of FY 2004 follows.

¹⁴ Accounting periods for the current fiscal year were used to document performance.

**FY 2004 (AP 1 THROUGH AP 10)
AKRON, OHIO, PROCESSING AND DISTRIBUTION CENTER
STANDBY TIME USE**



Delivery Service Would Improve

Delivery service would improve for areas serviced by both the Mansfield MPO and the Akron P&DC by modifying some transportation routes. The following chart illustrates the Akron P&DC's and the Mansfield MPO's current delivery service standards and the impact the proposed consolidations would have on delivery service. This chart shows that five sites would potentially change from two-day service to overnight.

Chart 2. Delivery Service Standards

Ohio Service Area	Akron, Ohio, Processing and Distribution Center				Mansfield, Ohio, Main Post Office			
	Current		Proposed		Current		Proposed	
	Overnight	Two-Day	Overnight	Two-Day	Overnight	Two-Day	Overnight	Two-Day
Akron	X		X		X		X	
Canton	X		X		X		X	
Cleveland	X		X		X		X	
Columbus		X	X		X		X	
Lima		X	X		X		X	
Steubenville	X		X			X	X	
Toledo		X	X		X		X	
Youngstown	X		X			X	X	

To determine whether service would improve through the proposed consolidation of the Mansfield MPO and the Akron P&DC, we reviewed a similar consolidation¹⁵ and found that delivery service improved.

- From March 2004 (the consolidation date) to May 2004, there was a 41 percent decrease in the average number of failed¹⁶ mailpieces from the Steubenville, Ohio, Post Office when compared to the four months before consolidation. This decline in failures represents an improvement in delivery service, because more First-Class Mail was being delivered on time.
- Postal Service testing showed that 99 percent of First-Class Mail met delivery service standards. Appendix G shows failed mailpieces from the Steubenville, Ohio, Post Office by month from October 2003 to May 2004. Appendix H shows results of the internal Postal Service testing of First-Class Mail.

We concluded that delivery service improved after the consolidation. In our opinion, this could also potentially occur if the Mansfield MPO's outgoing mail were moved to the Akron P&DC.

Recommendations

We recommend the Manager, Northern Ohio District:

3. Reduce the Mansfield Main Post Office mail processing craft workhours by an additional 22,000 and 6,000 supervisory workhours, with an associated monetary impact of \$9.6 million over ten years.
4. Consolidate the Mansfield Main Post Office outgoing mail operations into the Akron Processing and Distribution Center, as planned.

¹⁵ Steubenville, Ohio, Post Office's outgoing mail operations consolidated into the Youngstown, Ohio, Processing and Distribution Center.

¹⁶ Mailpieces recorded in the Origin Destination Information System that did not meet overnight delivery standards.

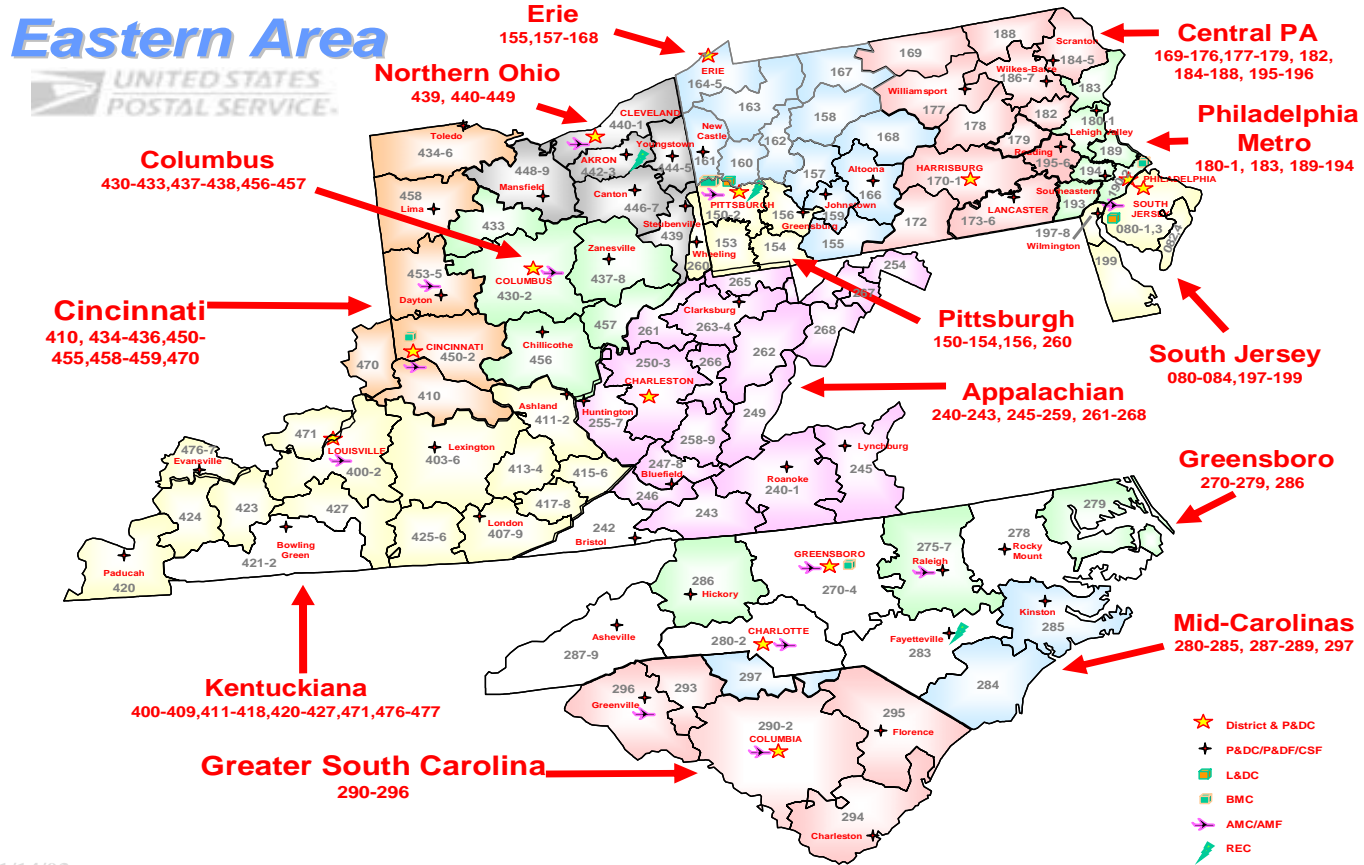
**Management's
Comments**

Management agreed with our finding, recommendations, and associated monetary impact. The Manager, Northern Ohio District agreed to reduce workhours by 28,000 in mail processing by consolidating the Mansfield MPO outgoing operation into the Akron P&DC by the end of FY 2005.

**Evaluation of
Management's
Comments**

Management's comments are responsive to the recommendations. Management's comments reflect the proactive and aggressive approach taken by the Manager, Northern Ohio District and the district's plant management. They agreed to reduce workhours by the consolidation of Mansfield MPO outgoing operations into the Akron P&DC. Management's planned actions should correct the issues identified in the finding.

APPENDIX A EASTERN AREA MAP



11/14/03

APPENDIX B

PRIOR AUDIT COVERAGE

Work Performed by Business Mail Entry Employees in the Colorado/Wyoming Performance Cluster (Report Number CQ-AR-02-001, September 26, 2002), found that many business mail entry employees at the Denver Bulk Mail Center and Denver General Mail Facility were not needed to accept business mailings. Management could save an estimated \$1 million annually if the number of employees was reduced. We recommended management oversee the consolidation of business mail entry operations and reduce staff as planned, and reevaluate staffing to determine whether further staff reductions were necessary. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Work Performed by Business Mail Entry Employees in the Seattle, Minneapolis, and Des Moines Bulk Mail Centers (Report Number CQ-AR-03-001, March 28, 2003), found that these facilities should reduce the workhours necessary to accept business mailings. Management could save an estimated \$588,730 through the end of FY 2005, when its planned workhour reductions will be fully implemented. We recommended senior plant managers at the Seattle, Minneapolis, and Des Moines Bulk Mail Centers reduce hours, reevaluate staffing needs periodically, and ensure that appropriately trained personnel perform acceptance functions. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of Work Performed by Business Mail Entry Clerks Within the Los Angeles District (Report Number AO-AR-03-001, July 31, 2003), found that the district should reduce the workhours necessary to accept business mailings. During the audit, Postal Service management agreed to aggressively reduce business mail entry workhours by 28,800 hours by the end of FY 2005. This reduction in workhours could produce an estimated cost avoidance of approximately \$9.26 million over ten years. We recommended the Manager, Los Angeles District, reduce hours and reevaluate staffing needs periodically. Management agreed with our recommendations and has initiatives in progress addressing the issues identified in the report.

Efficiency of Work Performed by Business Mail Entry Clerks Within the San Francisco District (Report Number AO-AR-03-002, September 25, 2003), found that the district should reduce the workhours necessary to accept business mailings in the San Francisco Business Mail Entry Unit. During the audit, Postal Service management agreed to aggressively reduce business mail entry workhours by 18,000 hours by the end of FY 2006. This reduction in workhours could produce an estimated cost avoidance of approximately \$6.9 million over ten years. We recommended the

Manager, San Francisco District, reduce hours as planned and reevaluate staffing needs periodically. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of Work Performed by Business Mail Entry Clerks at the Southern Maryland Business Mail Entry Unit (Report Number NO-AR-04-001, December 24, 2003), found that the district should reduce the workhours necessary to accept business mailings in the Southern Maryland Business Mail Entry Unit. During the audit, Postal Service management agreed to aggressively reduce business mail entry workhours by 20,240 hours by the end of FY 2006. This reduction in workhours could produce an estimated cost avoidance of approximately \$8.4 million over ten years. We recommended the Manager, Capital District, reduce hours as planned and reevaluate staffing needs periodically. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of Work Performed by Business Mail Entry Clerks in the Columbia, Maryland, Business Mail Entry Unit (Report Number NO-AR-04-002, December 26, 2003), found that the district should reduce the workhours necessary to accept business mailings in the Columbia, Maryland, Business Mail Entry Unit. During the audit, Postal Service management agreed to reduce business mail entry workhours by 3,960 hours by the end of FY 2005. This reduction in workhours could produce an estimated cost avoidance of approximately \$1.4 million over ten years. We recommended the Manager, Baltimore District, reduce hours as planned and periodically reevaluate staffing. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of Work Performed by Business Mail Entry Clerks in the Springfield, Virginia, Business Mail Entry Unit (Report Number NO-AR-04-004, February 9, 2004), found that the district should reduce the workhours necessary to accept business mailings in the Springfield, Virginia, Business Mail Entry Unit. During the audit, Postal Service management agreed to reduce business mail entry workhours by 2,775 hours by the end of FY 2006. This reduction in workhours could produce an estimated cost avoidance of \$969,893 over ten years. We recommended the Manager, Northern Virginia District, reduce hours as planned and periodically reevaluate staffing. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of the San Francisco International Service Center and the General Services Administration Facility (Report Number NO-AR-04-006, March 31, 2004), found that the district should reduce the workhours necessary to process mail at the San Francisco International Service Center (ISC), transfer mail from the General Services Administration (GSA) Facility to the San Francisco ISC, and close the GSA facility. During the audit, Postal Service management agreed to reduce mail processing workhours at the San Francisco ISC by 120,000 hours by the end of FY 2007. This reduction in workhours could produce an estimated cost avoidance of approximately

\$39 million over ten years. In addition, management agreed to close the GSA facility, which could produce a cost avoidance of approximately \$5.2 million over ten years. We recommended the manager, San Francisco District, reduce hours as planned, close the GSA facility, and periodically reevaluate staffing. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of the Oakland International Service Facility and the Regatta Facility (Report Number NO-AR-04-007, March 31, 2004), found that the district should reduce the workhours necessary to process mail at the Oakland International Service Facility, transfer mail from the Regatta Facility, and close the Regatta facility. During the audit, Postal Service management agreed to reduce mail-processing workhours at the Oakland ISC by 25,000 hours by the end of FY 2006. This reduction in workhours could produce an estimated cost avoidance of approximately \$5.4 million over ten years. In addition, management agreed to close the Building 512 rather than the Regatta facility due to an early termination of the Building 512 lease. The closure of the Building 512 could produce a cost avoidance of approximately \$3.4 million. We recommended the Manager, Oakland District, reduce hours as planned, close Building 512, and periodically reevaluate staffing. Management agreed, and the actions taken and planned were responsive to the issues identified in the report.

Efficiency of the New York International Service Center (Report Number NO-AR-04-009, September 24, 2004), found that the New York ISC could improve the efficiency of processing international and military mail by reducing employee workhours by 326,000 and increasing supervisory workhours by 6,000, for a net reduction of 320,000 workhours. This 320,000-workhour reduction could produce a cost avoidance of more than \$98 million based on labor savings over ten years. We made two recommendations to Postal Service management addressing these issues. Management agreed to our finding, recommendations, and monetary impact and has initiatives in progress or planned addressing the issues in this report.

Efficiency of the Airmail Records Unit at the New York International Service Center (Report Number NO-AR-04-011, September 24, 2004), found that the New York ISC could improve the efficiency of the AMRU by reducing workhours by 30,000. Management should also consider outsourcing the AMRU, since this operation is not core to New York ISC's mission of processing international mail. A 30,000-hour reduction in workhours could produce a cost avoidance of \$9,248,967 based on labor savings over a ten-year period. We made two recommendations to Postal Service management addressing these issues. Management agreed to our finding, recommendations, and monetary impact and has initiatives in progress or planned addressing the issues in this report.

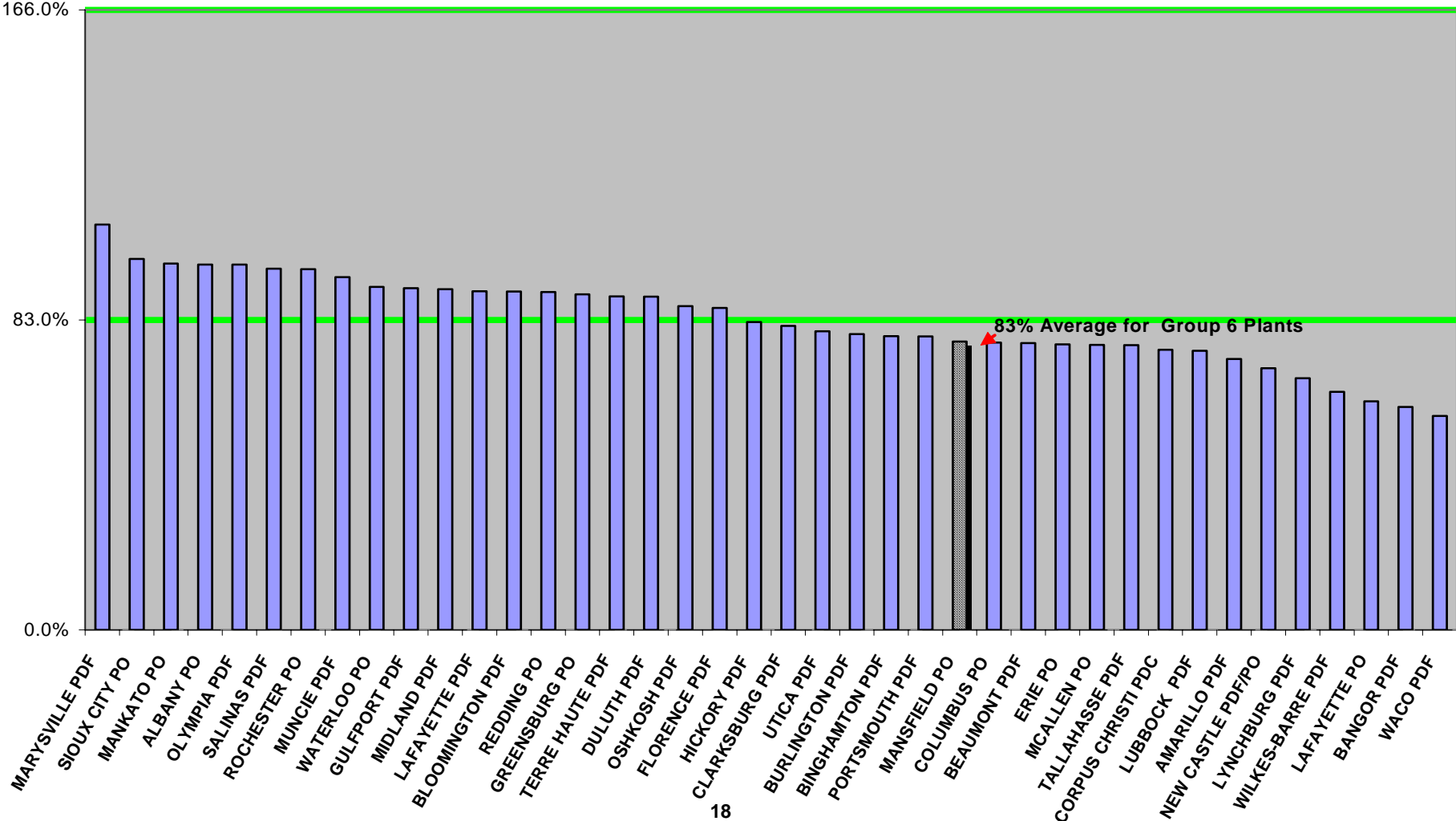
APPENDIX C

**MANSFIELD, OHIO, MAIN POST OFFICE
TARGETED PRODUCTIVITY LEVELS
FY 2003**

MAIL PROCESSING OPERATION	PRODUCTIVITY TARGET		TARGET ACHIEVED	POTENTIAL WORKHOUR SAVINGS			
	2003	2003 TARGET	2003	100%	90%	80%	70%
Delivery Barcode Sorter	7,867	12,019	65%	13,627	12,265	10,902	7,631
Multi Line Optical Character Reader	9,423	8,869	106%	(306)	(275)	(245)	(171)
Mail Processing Barcode Sorter	7,300	12,161	60%	5,786	5,208	4,629	3,240
Manual Letters	565	1,119	50%	15,255	13,729	12,204	8,543
Flat Sorter Machine 1000	261	567	46%	15,642	14,078	12,513	8,759
Upgraded Flat Sorter Machine	2,414	1,200	201%	(20,344)	(18,310)	(16,275)	(11,393)
Manual Flats	401	913	44%	212	191	170	119
Manual Priority & Parcel Post	930	583	160%	(3,889)	(3,500)	(3,111)	(2,178)
Advance Facer Canceler Sorter	16,092	20,890	77%	765	688	612	428
MANSFIELD LDC 11-14* TOTAL	2,063.31	2,793	74%	26,748	24,073	21,399	14,979
*Labor Distribution Code (LDC) for Automated Letters and Flats, Mechanized Letters and Flats, Mechanized Other, and Manual Distribution Note: Operations that achieved more than 100 percent exceeded there targeted productivity.							

APPENDIX D

FY 2003 GROUP SIX PLANT PERCENTAGE PERFORMANCE ACHIEVEMENT



APPENDIX E
REVIEW OF THE
MANSFIELD, OHIO, MAIN POST OFFICE
ANALYSIS SUMMARY

MONETARY IMPACT: FUNDS PUT TO BETTER USE

Recommended Action and Employee Category Impacted	Workhour Reduction	Time Frame: Ten Fiscal Years	
		Undiscounted Savings	Discounted Savings (Net Present Value)
Efficiency Improvement: Mail Processing Clerks ¹⁷	24,000	\$10,968,847	\$7,598,951
Consolidation: Supervisors ¹⁸	6,000	3,019,593	2,306,826
Consolidation: Mail Processing Clerks ¹⁹	22,000	9,526,279	7,277,627
Total	52,000	\$23,514,719	\$17,183,404

Notes

- Cost avoidance was calculated using the workhour reduction multiplied by the fully loaded labor rate.
- Labor cost is escalated at 2.7 percent.
- Net present value was calculated using the discount rate of 5 percent.
- Fully loaded labor rates are based on the Postal Service's 2004 published rates.
- Labor cost escalation was based on the Postal Service's 2004 published Decision Analysis Factors.

Funds Put To Better Use: Funds that can be used more efficiently by implementing recommended actions.

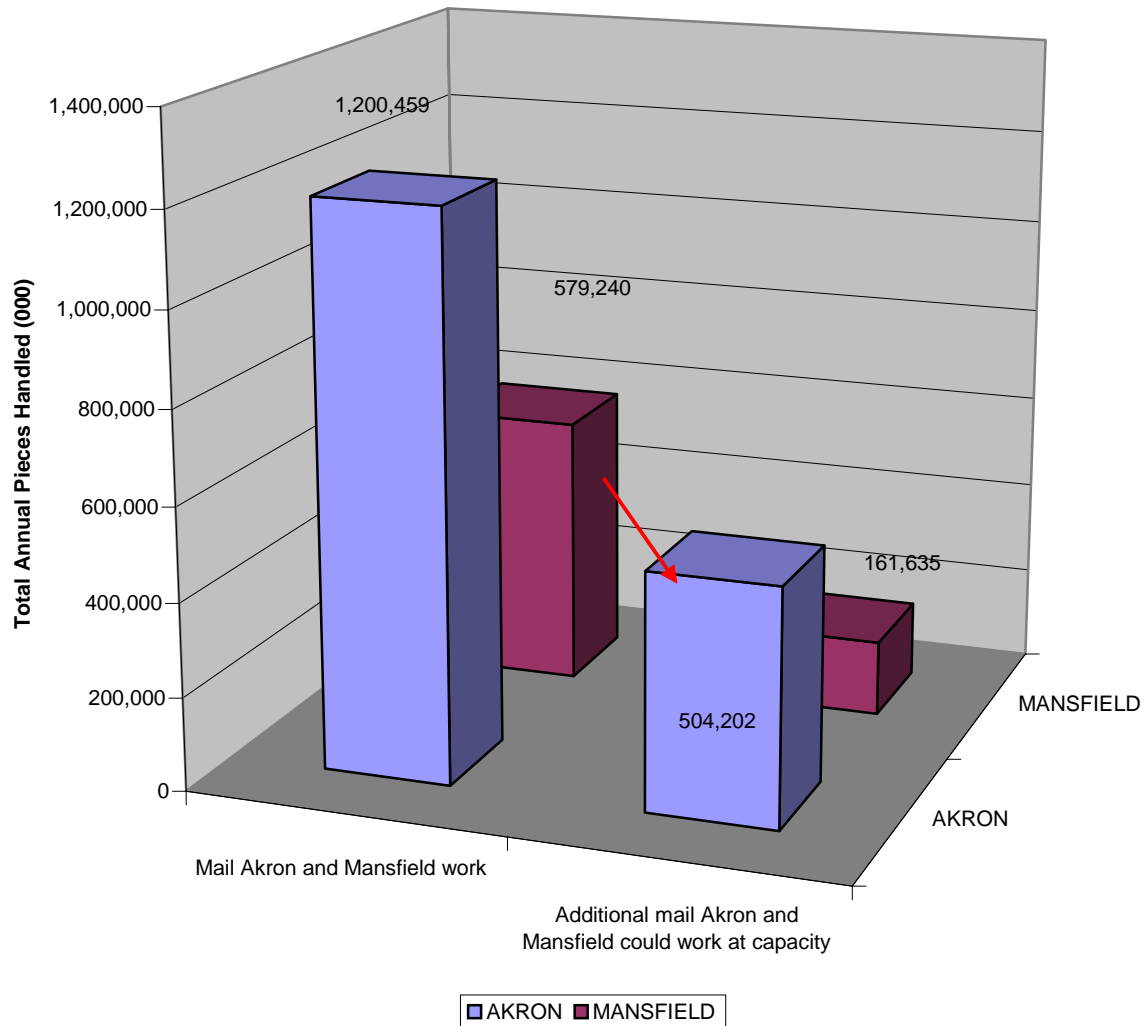
¹⁷ Pay Level 5.

¹⁸ Pay Level 17.

¹⁹ Pay Level 5.

APPENDIX F

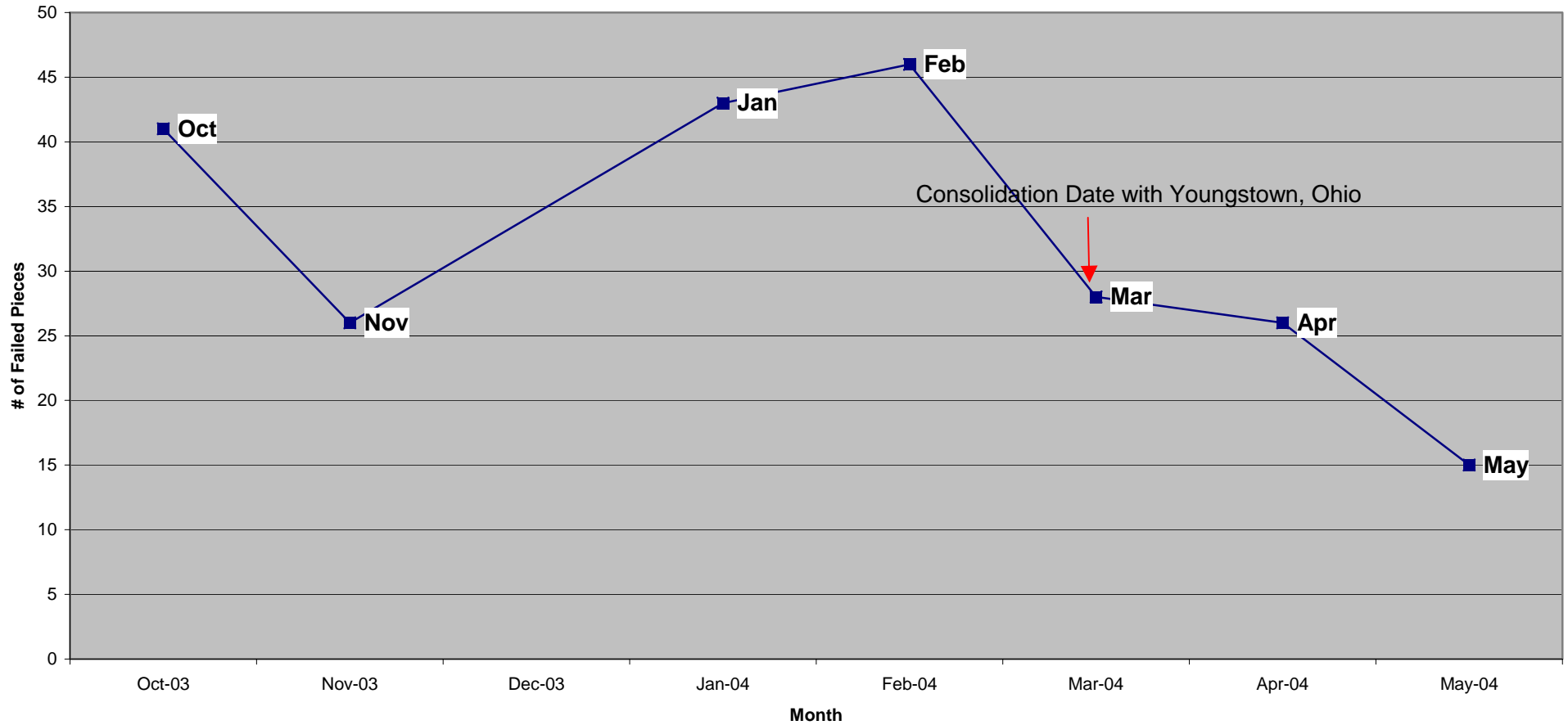
FY 2003 AKRON, OHIO, PROCESSING AND DISTRIBUTION CENTER AND MANSFIELD, OHIO, MAIN POST OFFICE MAIL PROCESSING CAPACITY



NOTE: The Akron P&DC has the capacity to process the Mansfield MPO's outgoing mail operations, which total over 69 million pieces annually.

APPENDIX G

FAILED* MAILPIECES FROM STEUBENVILLE, OHIO, POST OFFICE BY MONTH



***Mailpieces recorded in the Origin Destination Information System that did not meet overnight delivery standards.**

APPENDIX H

**YOUNGSTOWN, OHIO, PLANET CODE* SCANS
FROM MAY 4 THROUGH JUNE 4, 2004, AND JUNE 14 THROUGH JULY 13, 2004**

Facility	Zip	Score	Total Pieces	On Time	Failed
Steubenville, Ohio	439	98.98%	490	485	5
Youngstown SCF*	444	98.77%	81	80	1
Youngstown, Ohio	445	99.75%	805	803	2
	TOTAL	99.42%	1,376	1,368	8
* Sectional Center Facility					

NOTE: This chart shows that delivery service scores exceeded the national service goal of 95 percent for the Youngstown and Steubenville service area after consolidating Steubenville’s outbound mail on March 1, 2004.

***PLANET CODES are used to track letter sized mailpieces electronically.**

APPENDIX I. MANAGEMENT'S COMMENTS



November 24, 2004

MEMORANDUM FOR: Mary W. Demory
Deputy Asst. Inspector General for Core Operations

SUBJECT: Mansfield, Ohio Main Post Office (Report Number NO-AR-05)

Recommendations:

To improve efficiency, we recommend the Manager, Northern Ohio District:

1. Reduce 24,000 workhours at the Mansfield Main Post Office, based on FY 2003 workhour usage, by the end of FY 2009, with an associated economic impact of \$7.6 million over ten years.
2. Evaluate operating efficiency and staffing at the Mansfield Main Post Office to determine whether further workhour adjustments are necessary based on workload.
3. Reduce the Mansfield Main Post Office's mail processing craft workhours by an additional 22,000 and 6,000 supervisory workhours, with an associated monetary impact of \$9.6 million over ten years.
4. Consolidate the Mansfield Main Post Office's outgoing mail operations into the Akron Processing and Distribution Center, as planned.

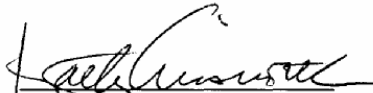
Response:

We agree with the conclusion that the Mansfield MPO has an opportunity to improve their overall BPI efficiencies. We will put processes in place to move their overall BPI achievement towards the 90 percent target. We will address each area identified as an opportunity in an effort to reach the maximum potential for this office. We also believe that the consolidation of the outgoing operation addressed in recommendations 3 and 4 in this report plays an integral role in providing us the opportunity to improve the overall BPI performance achievement in the Mansfield MPO. Implementation of all recommendations will enable us to realize the associated monetary impact of \$17.2 million over ten years.

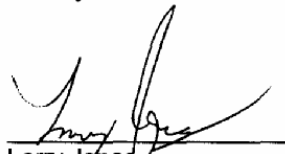
In concert with the planning for consolidation of the outgoing operation, we will complete an assessment of the remaining workload and efficiency opportunities in the Mansfield MPO. We will realign the staffing and scheduling to enable us to make better use of the equipment and thereby drive improved operational throughput. The responsible officials will include;

District Manager, Northern Ohio PC
Sr. Plant Manager, Northern Ohio PC
Plant Manager, Akron P&DC
Postmaster, Mansfield, Ohio
Manager, Operations Programs Support
Manager, In-Plant Support
Manager, Post Office Operations
Manager, Human Resources
Manager, Mail Processing, Mansfield

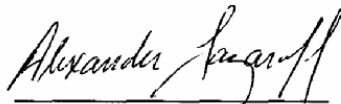
We are planning to implement the operational change in early 2005.



Kathy Ainsworth
District Manager
Northern Ohio PC



Larry Jones
Sr. Plant Manager
Northern Ohio PC



Alexander Lazaroff
Vice President, Eastern Area