



July 2, 2010

MEGAN BRENNAN
VICE PRESIDENT, EASTERN AREA OPERATIONS

SUBJECT: Audit Report – Consolidation of Lima Processing and Distribution Facility
Mail Operations into the Toledo Processing and Distribution Center
(Report Number NO-AR-10-007)

This report presents the results of our audit of the proposed consolidation of the Lima, OH, Processing and Distribution Facility (P&DF) mail operations into the Toledo, OH Processing and Distribution Center (P&DC) (Project Number 10XG022NO000). The report responds to three Congressional requests. Our objective was to determine whether a business case exists to support the proposed consolidation. This audit addresses operational risk. See [Appendix A](#) for additional information about this audit.

Illustration 1: The Lima P&DF



The Postal Service is in a difficult financial position, and needs to continue to streamline its processing network to reduce cost. The Postal Service has a number of proposed consolidations throughout the nation. In January 2010, the Postal Service proposed the consolidation of all mail processed at the Lima P&DF into the Toledo P&DC.

Conclusion

A business case exists to support consolidating the Lima P&DF's mail operations into the Toledo P&DC. Specifically, we found that:

- Sufficient capacity exists at the Toledo P&DC to process the Lima P&DF's mail volume.
- Customer service should be maintained.
- No career employees will lose their jobs.
- Processing efficiency should improve.
- Prior consolidation of the Lima P&DF's Saturday outgoing mail volume into the Toledo P&DC over the past 6 years has produced favorable results.

See [Appendix B](#) for our detailed analysis of this topic.

As a result of this proposed consolidation, the Postal Service projects it could save more than \$1.8 million during the first year and \$2.3 million during subsequent years. We generally agreed with the Postal Service's cost savings calculations, but found they overstated maintenance savings by \$244,059 in the proposed AMP. The study included in its maintenance cost savings three custodial positions that actually reported to the Lima Main Post Office. The Postal Service took action to correct this discrepancy and adjusted the projected savings to the amounts referenced above.

The Postal Service should increase communication with its employees regarding the effects of and reasons for the proposed consolidation based on employee concerns forwarded to congressional representatives. In addition, based on recent service performance Postal Service management must ensure adequate controls are in place to maintain service during implementation of this consolidation.

Additionally, during our observations on April 6 through April 11, 2010, we found weaknesses in physical security at the Toledo P&DC. Specifically, we found the gates surrounding the docks were left unsecured, leaving mail on the docks susceptible to theft. In addition, the doors in some areas of the facility did not have working locks, allowing possible unauthorized access to the building.

We recommend the vice president, Eastern Area:

1. Move forward with the consolidation of the Lima Processing and Distribution Facility mail operations into the Toledo Processing and Distribution Center.
2. Monitor service scores during implementation to ensure customers are not negatively impacted.
3. Continue to hold employee briefings to inform employees of relocation and retirement benefits as well as Postal Service job opportunities.
4. Meet with employees to update them on the consolidation process as it moves forward.
5. Ensure the Toledo P&DC access points are secure.

Management's Comments

Management agreed with the findings and recommendations and is proceeding with consolidating Lima P&DF operations into the Toledo P&DC. Management also agreed to monitor service scores during implementation, conduct training on retirement benefits and Postal Service job opportunities, and hold meetings with employees on the consolidation process. In addition, management agreed to address security concerns highlighted in this report. See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments



The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations in the report and management's corrective actions taken or planned should resolve the issues identified in the report.

The OIG considers recommendation 1 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

**Consolidation of Lima Processing
and Distribution Facility Mail Operations
into the Toledo Processing and Distribution Center**

NO-AR-10-007

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, or me at 703-248-2100.

E-Signed by Robert Batta 
VERIFY authenticity with ApproveIt


Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

cc: Patrick R. Donahoe
Steven J. Forte
Jordan M. Small
Frank Neri
Susan M. LaChance
Sally K. Haring

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Postal Service is facing one of the most difficult challenges in its history. There has been a continual decline in First-Class Mail[®] (FCM) volume over the past decade. In FY 2009 there was a decline in mail volume of more than 25 billion pieces, resulting in a net loss of \$3.8 billion. In the first half of FY 2010, the volume decline was approximately 6 billion pieces and a net loss of \$1.9 billion.

Although the Postal Service reduced expenses by nearly \$6 billion in FY 2009 and by almost \$1.4 billion during the first half of FY 2010, the expense reduction has not been sufficient to fully offset the decline in mail volume revenue and the rising costs of employee benefits. In testimony before Congress,¹ the U.S. Government Accountability Office (GAO) recommended that urgent action was needed to streamline the mail processing and retail networks, as the Postal Service no longer has sufficient revenue to cover the cost of maintaining its large network of processing and retail facilities. Furthermore, the GAO stated it was necessary for the Postal Service to consider whether it was cost effective to retain underutilized facilities and take action to right size its network.

Title 39, U.S.C., Part 1, Chapter 1, §101, states that the Postal Service “. . . shall provide prompt, reliable, and efficient services to patrons in all areas” Further, the September 2005 *Postal Service Strategic Transformation Plan* states “The Postal Service will continue to provide timely, reliable delivery to every address at reasonable rates.” The Postal and Accountability Enhancement Act, P.L.109-435-December 20, 2006, Title II, highlights “. . .the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services. . . .”

This report responds to Congressional requests for an independent review of the proposed consolidation of mail processing operations from the Lima P&DF into the Toledo P&DC. The concerns of these requests are the impacts on:

- Jobs and employees
- Service
- Cost

¹ GAO-09-475T, *Testimony before the Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, Committee on Oversight and Government Reform, House of Representatives*, dated March 25, 2009.

The proposed consolidation would move Lima zone 458 mail processing to the Toledo P&DC. This consolidation was announced on May 27, 2010. There would be a transfer of approximately 58.6 million originating and 114 million destinating mailpieces to the Toledo P&DC to process.

The Lima P&DF and the Toledo P&DC are in the Cincinnati District in the Eastern Area (see map).

Map: Districts within the Postal Service Eastern Area

Eastern Area
FY 2010



OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether a business case exists to support the proposed consolidation of mail processing operations from the Lima P&DF into the Toledo P&DC. We reviewed current and historical data and performed an independent analysis of mail volumes, work hours, and employee complement at both plants. We evaluated current and potential efficiencies as well as capacity at both plants. We estimated the costs and savings from this analysis. Additionally, we conducted observations at both sites during March and April 2010 and interviewed Postal Service management and employees.

We used computer-processed data from the following systems:

- Enterprise Data Warehouse
- Customer Satisfaction Measurement (CSM) System
- Web Complement Information System
- Activity-Based Costing System

We conducted this performance audit from February through July 2010 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on May 6, 2010, 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.

PRIOR AUDIT COVERAGE

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Pasadena, California Processing and Distribution Center Consolidation</i>	EN-AR-06-001	9/26/2006	N/A	The area mail processing (AMP) proposal work hour cost analysis was supported and OIG analyses provided evidence for consolidating outgoing mail processing operations from the Pasadena P&DC to the Santa Clarita and Industry P&DCs. However, the Postal Service did not always comply with processes in Handbook PO-408, Area Mail Processing Guidelines. Management agreed with the recommendations.
<i>Service Implications of Area Mail Processing Consolidations</i>	EN-AR-07-002	12/5/2006	N/A	The Postal Service could improve how it documents service impacts, including service upgrades and downgrades in all classes of mail in AMP proposals and post-implementation reviews. Management agreed with the recommendations.
<i>Timeliness of Mail Processing at the Los Angeles, California Processing and Distribution Center</i>	NO-AR-07-001	2/9/2007	N/A	The audit confirmed that during the period July 2005 through May 2006, the Los Angeles P&DC had difficulty with the timely processing of mail, resulting in mail delays and service declines. The excessive amount of delayed mail was due to the influx of mail volume as a result of closing the Marina del Rey P&DC; the retrofitting of flat sorting machines, which caused a temporary increase in machine downtime; and deficiencies in processing Periodicals and Standard Mail. Management agreed with the recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Steubenville – Youngstown, Ohio Outgoing Mail Consolidation</i>	NO-AR-07-003	3/30/2007	N/A	Consolidating the Steubenville Main Post Office's outgoing mail processing operation into the Youngstown P&DF achieved the desired results. Management agreed with our recommendations.
<i>Efficiency Review of the Bridgeport Connecticut Processing and Distribution Facility</i>	NO-AR-07-004	4/25/2007	\$17 million	There was a favorable business case to support transferring Bridgeport P&DF's incoming mail processing operation into the Stamford P&DC. This audit identified a savings of 53,000 work hours as a result of the consolidation. Management agreed with our recommendations.
<i>Kansas City, Kansas Processing and Distribution Center Consolidation</i>	EN-AR-08-001	1/14/2008	N/A	The AMP proposal, supporting documentation, and OIG analyses provided confirming evidence for consolidating mail processing operations from the Kansas City, Kansas P&DC to the Kansas City, Missouri P&DC. However, the OIG identified discrepancies in some costs and savings calculations, as well as transferred mail volume not documented, downgrades in some classes of mail and other potential risks. Management agreed with the recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Detroit, Michigan Processing and Distribution Center Consolidation</i>	EN-AR-08-005	7/17/2008	N/A	The Detroit AMP proposal was generally accurate and supported, reduced costs, and increased operational effectiveness. However, the OIG identified significant overstatement in proposed annual savings as well as issues with a potential service downgrade, the stakeholder communication process, legislative restrictions, and potential risk factors. Management agreed with the recommendations.
<i>Canton Processing and Distribution Facility Outgoing Mail Consolidation</i>	NO-AR-09-011	9/22/2009	N/A	Consolidating the Canton P&DF's outgoing mail processing operation into the Akron P&DC was a prudent business decision. No recommendations were necessary.
<i>Dallas Processing and Distribution Center Outgoing Mail Consolidation</i>	NO-AR-10-003	2/24/2010	\$114 million	We found that a business case existed to support consolidating the Dallas P&DC's outgoing mail operation into the North Texas P&DC. Through a net reduction of 280,374 work hours, the Postal Service could save more than \$11.9 million annually for a total economic impact of more than \$114 million over a 10-year period (taking into account work hours, maintenance, transportation, and equipment costs). Management agreed with the recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>New Castle Processing and Distribution Facility Outgoing Mail Consolidation</i>	NO-AR-10-002	2/1/2010	\$1.8 million	We found that consolidating the New Castle P&DF outgoing mail processing operations into the Pittsburgh P&DC was a prudent business decision. The Postal Service could save more than \$1.8 million annually (taking into account employee work hours, transportation reductions, and machine maintenance costs). Management agreed with the report but chose not to comment because there were no recommendations.

APPENDIX B: DETAILED ANALYSIS

Capacity

Adequate capacity exists at the Toledo P&DC to process the combined mail volumes under the proposed AMP. The increase in mail volume at the Toledo P&DC would be about 36 percent, or approximately 173 million first-handled pieces (FHP)² over FY 2008 levels.³ However, since the Toledo P&DC experienced a 10 percent decline in mail volume between FYs 2008 and 2009, the actual net increase in volume for the Toledo P&DC would be approximately 25 percent based on Toledo's FY 2009 volume. The additional mail volume should pose no problems for the Toledo P&DC because efficiency gains, additional capacity from new equipment, and increased staffing will give the Toledo P&DC sufficient capacity to process all mail volume.

The Toledo P&DC will have sufficient machine capacity⁴ as a result of additional mail processing equipment and existing machine idle time to process the Lima P&DF mail volume. Specifically:

- The addition of one Advanced Facer Cancellor System (AFCS),⁵ along with using the existing 43 percent of idle time, would provide excess capacity for approximately 54.4 million pieces. This is more than enough capacity to cancel the additional 30 million letters that could result from the consolidation.
- The addition of four Delivery Barcode Sorters (DBCS)⁶ and one DBCS output subsystem (OSS),⁷ along with using the existing 22 percent of idle time, would provide excess capacity of approximately 365 million pieces. This is more than enough capacity to process the additional 259 million letters that could result from the consolidation.
- The addition of one Delivery Bar Code Sorter with input/output subsystem (DIOSS),⁸ along with using the existing 25 percent of idle time, would provide excess capacity of approximately 129 million pieces. This is more than enough capacity to process the additional 84 million letters that could result from the consolidation.

² A letter, flat, or parcel that receives its initial distribution at a Postal Service facility.

³ Conversely, we found that attempting to put Toledo's mail volume into the Lima P&DF was not feasible due to space and equipment limitations.

⁴ We analyzed machine capacity using Total Pieces Handled, which is the number of handlings necessary to distribute each piece of mail from receipt to dispatch.

⁵ Equipment used in the first step of mail processing to face, cancel, and separate the optical character-readable mail and the pre-barcode mail from the non-readable mail.

⁶ Equipment that sorts letter-size mail by using a barcode reader to interpret an imprinted barcode. It consists of a mail feed and transport unit, barcode reader, stacker module, and associated electronic equipment that can sort into a large number of separations.

⁷ Equipment designed to receive barcode data from the image processing subsystem equipment and print barcodes on mailpieces previously unresolved by the input subsystem.

⁸ An enhancement to the DBCS that provides expanded processing capability. This enhancement lift images from letters, allows more in-depth sortation, and reduces secondary and manual handlings.

- By increasing run time on the Automated Flat Sorting Machine (AFSM)⁹ and the Small Parcel Bundle Sorter (SPBS),¹⁰ the Toledo P&DC can process an additional 21 million flats and 1.6 million parcels. This is more than enough capacity to process the additional 14 million flats and 242,000 small parcels that could result from the consolidation.

Customer Service

Based on current Customer Satisfaction Measurement (CSM)¹¹ and External First-Class (EXFC)¹² measurement scores as well as the Postal Service's planned expenditure in transportation, consolidation of mail processing operations should not have a significant impact on customer service. However, some service downgrades will result from the consolidation, and management should continue to focus on maintaining or enhancing service during and after the consolidation. For example:

- Both the Lima P&DF and the Toledo P&DC met or exceeded national CSM performance scores. In FY 2009, the Toledo P&DC's average CSM score was 94.67 percent and the Lima P&DF's CSM average score was 95.5 (see Table 1).

Table 1: CSM Scores

Percent of Customers Rating Their Residential Service as Excellent, Very Good, or Good						
	3-Digit ZIP	Q1 09	Q2 09	Q3 09	Q4 09	Average
Lima	458	96	95	93	98	95.50
Toledo	434	93	96	96	97	94.67
	435	94	94	96	97	
	436	95	92	94	92	
National	All	93	93	93	94	93.25

⁹ An automated sorter that process flats using an optical character reader (OCR), bar code reader, and online video coding system for processing OCR rejects.

¹⁰ Equipment that mechanizes the sorting of small parcels and bundles by receiving and sorting them into a maximum of 132 separate output bins. The mechanical capacity of the SPBS is approximately 11,000 pieces sorted per hour.

¹¹ A survey of randomly selected residential postal customers that, along with unsolicited consumer complaints, offers feedback on consumer services. Results should be stated as the percentage of customers responding Excellent, Very Good, or Good to the overall performance question.

¹² A system whereby a contractor performs independent service performance tests on certain types of First-Class Mail (that is, letters, flats, postcards) deposited in collection boxes and business mail chutes. It provides national, area, performance cluster, and city estimates, which are compared with USPS service goals. The results are released to the public quarterly by the consumer advocate.

- The EXFC scores at both locations during FY 2009 were above or near the national target rates. However, in Quarter 1, FY 2010 both overnight and 3-day service scores declined indicating that management's attention is necessary during the consolidation to ensure service is maintained.
- The net service downgrades of 393 paired cities only account for 11,250 mailpieces out of an average daily volume of approximately 1.26 million (or less than 1 percent) resulting in little or no service impacts. Of these, there are just 46 downgrades in First-Class and Priority Mail (see Table 2).
- The Bulk Mail Entry Unit will be relocated to the Lima Main Post Office.
- Transportation costs will increase by \$1.2 million in order to ensure that service standards are met.

Table 2: Upgrades/Downgrades in Service Standards by Mail Class¹³

Mail Class	Upgrades	Downgrades	Net Change
FCM	77	98	(21)
Priority Mail	134	159	(25)
Periodicals	99	187	(88)
Standard Mail	56	182	(126)
Package Services	50	187	(137)
All Classes	420	813	(393)

¹³ "Service Standards" is defined as "A stated goal for service achievement for each mail class." Service Standards represent the level of service that the USPS strives to provide to customers and are considered one of the primary operational goals against which service performance is measured. The Service Standards by Mail Class are as follows: Priority Mail: 1-3 Days, First-Class Mail: 1-3 Days Periodicals: 1-9 Days; Package Services: 2-8 Days; Standard Mail: 3-10 Days. An upgrade or downgrade means that service between 2 zip codes is one or more days faster or slower than it was before a change.

Employee Impact

The consolidation of Lima P&DF mail operations into the Toledo P&DC will impact employees. Specifically:

- Management will reassign all of the 92 employees at the Lima P&DF.
- No career employees will lose their job.
- Some employees will be entitled to relocation benefits.
- Management will reassign 41 employees from Lima P&DF to the Toledo P&DC.
- The remaining 51 employees will have opportunities for other vacancies within the Cincinnati District. The number of employees who retire could reduce the number of positions that will have to be accommodated within the Cincinnati District.

Management should increase communication with employees on the consolidation process to ensure a smooth transition. Management should also continue to hold employee briefings on relocation and retirement benefits and inform employees of job opportunities based on issues addressed to congressional representatives.

Efficiency

Efficiency should improve as a result of the proposed consolidation. Specifically, in FY 2009:

- The Toledo P&DC was more productive in comparison to similar-sized facilities than the Lima P&DF. For example, the Toledo P&DC's FHP productivity of 1,084 was above the Group 4 average of 993 pieces per workhour, while Lima P&DF's FHP productivity of 1,356 was slightly below the Group 7 average of 1,386 pieces per workhour. This indicates that the Toledo P&DC processes mail more efficiently compared to other similar-size plants than the Lima P&DF does when compared to similar-size plants (see Charts 1 and 2).
- The increase in mail volume at the Toledo P&DC would result in a productivity gain of approximately 17 percent, increasing the Toledo P&DC's FHP productivity to 1,269 pieces per hour.¹⁴
- The Toledo P&DC's processing costs per 1,000 letters was \$35.04 compared to the national average of \$40.47 (or 13.4 percent less than the national average).

¹⁴ This calculation is based on the transfer of 41 employees and mail volumes from Lima to Toledo.

Chart 1: Toledo P&DC's FHP Productivity Compared to Group 4 Productivity

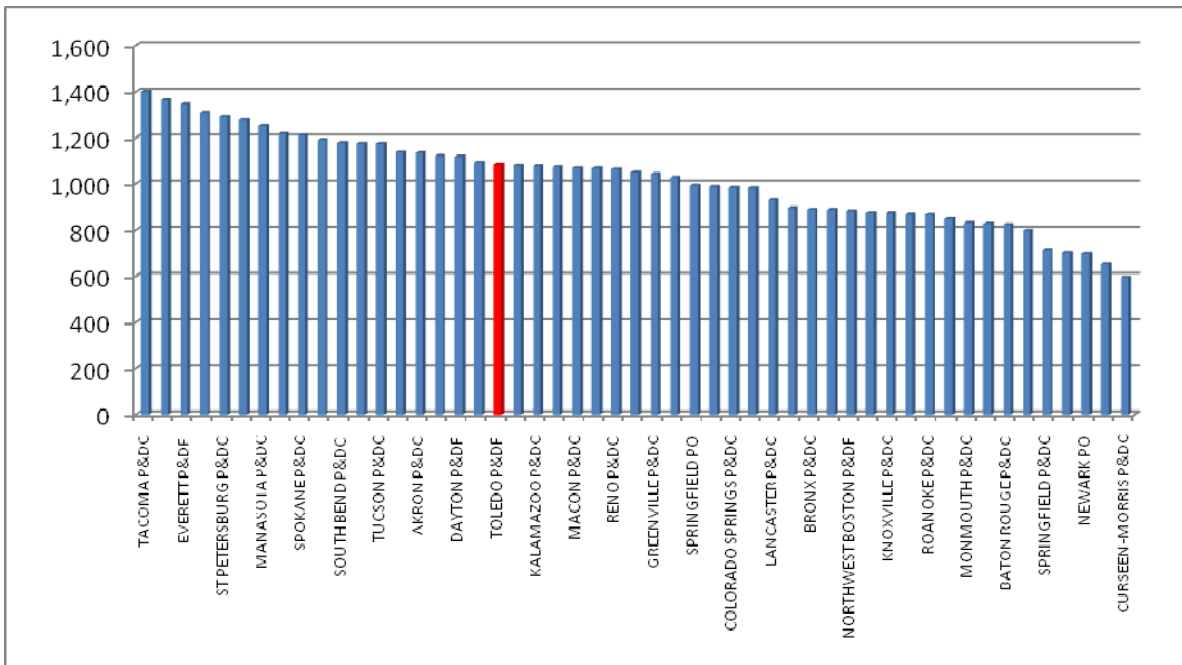
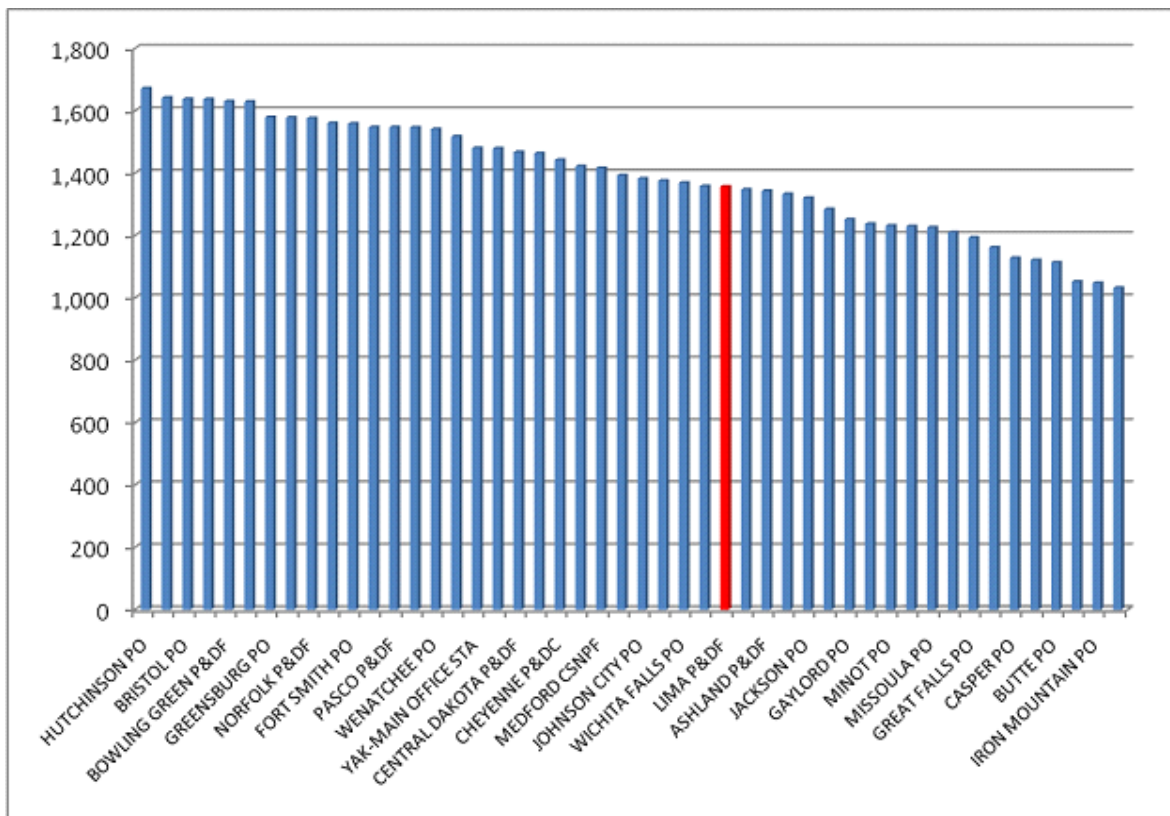


Chart 2: Lima P&DF's FHP Productivity Compared to Group 7 Productivity



Saturday Outgoing Mail Consolidation

In 2004, the Postal Service transferred the Lima P&DF's Saturday outgoing mail volume to the Toledo P&DC for processing. The transfer produced favorable results, specifically:

- Saturday productivity at the Toledo P&DC was better than any other day of the week.
- Service scores for Saturday at the Toledo P&DC were comparable to other days of the week. For example:
 - A Saturday overnight score of 95.79 was comparable with the average daily score of 96.55.
 - A Saturday 2-day score of 91.53 was higher than the average daily score of 89.38.
 - A Saturday 3-day score of 90.00 was significantly higher than the average daily score of 86.22.
- The Toledo P&DC's successful processing of Lima P&DF's Saturday mail volume demonstrates that the Postal Service had a successful prior consolidation involving these two facilities.

Cost Savings

The cost savings from the consolidation will primarily result from a reduction in workhours, offset by costs associated with the closure of the Lima P&DF. In their AMP proposal, the Postal Service calculated cost savings using standard AMP worksheets. We reviewed the Postal Service’s AMP proposal for accuracy and completeness. We generally agreed with their calculations, but found cost savings reported in the proposed AMP overstated maintenance savings by \$244,059. The study included in its maintenance cost savings three custodial positions that actually reported to the Lima Main Post Office. The Postal Service took action to correct this discrepancy and adjusted the projected savings.

The Postal Service adjusted their calculations and determined the first year savings to be \$1,808,104. This calculation takes into account additional transportation costs necessary to maintain service as well as the one-time costs of employee relocation, equipment relocation, and remodeling costs at the Lima Main Post Office.¹⁵ Annual savings in subsequent years total \$2,274,054 and include workhour savings minus the additional transportation costs necessary to maintain service. Table 3 details these savings.

Table 3: Cost Savings Breakdown

	First Year Savings	Annual Savings
Mail Processing Craft Workhours	\$1,588,614	\$1,588,614
Non-Mail Processing Craft Workhours	207,212	207,212
PCES/EAS Savings	464,069	464,069
Maintenance Savings	1,232,775	1,232,775
Transportation	(1,218,616)	(1,218,616)
Employee Relocation *	(205,000)	
Equipment Relocation *	(190,950)	
Facility Costs *	(70,000)	
Total Cost Savings	\$1,808,104	\$2,274,054

* One-time costs

¹⁵ These remodeling costs are associated with the movement of Mail Carriers and the Bulk Mail Entry Unit from the Lima P&DF to the Lima Main Post Office.

Other Matters – Safety Concerns

During our observations on April 6 through April 11, 2010, we noted security weaknesses at the facility. Specifically, we found that the gates surrounding the docks were left unsecured, leaving mail on the docks susceptible to theft. In addition, the doors in some areas of the facility did not have working locks, allowing possible unauthorized access to the building.¹⁶ (See Illustrations 2, 3, and 4.)

Illustration 2: Unsecured Open Gate at the Toledo P&DC Parking Lot. Photograph taken on 4/11/2010.



Illustration 3: Unsupervised Docks with Mail at the Toledo P&DC. Photograph taken on 4/11/2010.



¹⁶ The Administrative Support Manual (ASM) restricts access to postal facilities to authorized on-duty Postal Service employees, authorized contractors and other, properly escorted individuals with legitimate business on the floor (ASM, Section 273.121). Additionally, "Installation heads are required to carefully evaluate the work-flow cycles of their units to determine when the workroom doors should be locked." (ASM, Section 273.122.) Handbook RE-5, *Building and Site Security Requirements*, states that the perimeter of the building, all exterior gates, and operational and maneuvering areas should have controlled access. (Handbook RE-5, Section 2-1.5)

Illustration 4: Unsecured Door at the Toledo P&DC with
Broken Lock. Photograph taken on 4/9/2010.



APPENDIX C: MANAGEMENT'S COMMENTS

MEGAN J. BRENNAN
VICE PRESIDENT, AREA OPERATIONS
EASTERN AREA



June 28, 2010

MEMORANDUM FOR: Lucine M. Willis
Director, Audit Operations

SUBJECT: Lima, OH P&DF (Report Number NO-AR-10)

The Eastern Area has reviewed the subject Draft Audit Report (Report Number NO-AR-10-Draft) and is in agreement with the findings and recommendations.

Recommendation #1

Move forward with the consolidation of the Lima Processing and Distribution Facility mail operations into the Toledo Processing and Distribution Center.

Response:

The Postal Service has decided to move forward with the Lima consolidation into the Toledo P&DC. The full implementation strategy is currently being developed and all mail processing operations will be moved by the end of the calendar year.

Recommendation #2:

Monitor service scores during implementation to ensure customers are not negatively impacted.

Response:

In advance of the operational changes, the Eastern Area conducted a service improvement and AMP readiness audit at the Toledo P&DC. This audit identified several opportunities to increase our readiness to integrate the operations and improve service to our customers. It is expected that service scores as measured by EXFC will improve in the upcoming weeks. Performance will be monitored regularly throughout implementation and the post-implementation review process.

Recommendations #3 & #4:

3. Continue to hold employee briefings to inform employees of relocation and retirement benefits as well as Postal Service job opportunities.

4. Meet with Employees to update them on the consolidation process as it moves forward.

Response:

Although this consolidation is necessary for the Postal Service to maintain viability in the current environment, we recognize the impact to the employees in the Lima facility. The workforce realignment procedure that will occur as a result of the mail volume transfer is being developed by Human Resources in accordance with all national and local contractual agreements. District Human Resource representatives will continue to meet with impacted employees to discuss appropriate options and benefits. The first of these meetings is scheduled for July 1, 2010. Facility management will be encouraged to continue to discuss the consolidation process as implementation proceeds.

Recommendation #5:

Ensure the Toledo P&DC access points are secure.

Response:

With regard to the security concerns, locks on outside doors will be repaired and Standard Operating Procedures will be reviewed with local management. A security review will be conducted at the Toledo facility by August 31, 2010.

We have no Freedom of Information Act (FOIA) issues related to this audit except for the section depicting pre-decisional monetary results that were used in the draft.


Megan J. Brennan

cc: Kristin A. Seaver, Manager, Operations Support
Troy Seanor, Manager, In-Plant Support
Jim Hull, Manager, Distribution Networks
Karen Borowski, Manager, Human Resources
Chu Falling Star, District Manager, Cincinnati District
Joe Meimann, Senior Plant Manager, Cincinnati P&DC
Jordan Small, Vice President, Network Operations Management
Frank Neri, Manager, Processing Operations

5315 CAMPBELL'S RUN RD
PITTSBURGH PA 15277-7010
PHONE: 412-494-2510
FAX: 412-494-2582