

Effectiveness of the New Regional Processing and Distribution Center in Boise, ID

AUDIT REPORT

Report Number 25-038-R25 | June 16, 2025



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Highlights

Background

As part of its Delivering for America plan, the U.S. Postal Service plans to create a modernized network based around Regional Processing and Distribution Centers (RPDC), local processing centers and sorting and delivery centers. RPDCs merge mail processing into a central facility within a region to reduce transportation and improve service reliability. In July 2023, the Postal Service began consolidating operations into the Boise facility and in October 2024, officially recognized it as the fifth RPDC in its network. Efficient and effective RPDCs are critical to the success of the Postal Service's Delivering for America plan and its goal of being financially self-sustaining.

What We Did

The objective of this audit was to assess the operational impacts related to the launch of the RPDC and identify successes, opportunities, and lessons learned. We conducted observations of the Boise, ID, RPDC and analyzed supporting data.

What We Found

Overall, the Boise RPDC implementation was a success, and the facility did not experience a significant decrease in service performance. The Postal Service learned from prior implementations, phased in operations, and did not implement multiple network changes at the same time.

However, we found compliance issues, excess costs, and potential transportation savings opportunities at Boise RPDC. Specifically, the consolidation of operations into the Boise RPDC required service standard changes that were not communicated to stakeholders. In addition, expected cost savings were not achieved, and decreases in mail processing efficiency and increases in overtime resulted in over \$1.6 million in questioned costs. Further, the Postal Service has not performed a cost comparison for insourcing contracted transportation at the Boise RPDC; rather the facility is 100 percent reliant on contractor transportation.

Recommendations and Management's Comments

We made three recommendations to address tracking and cost savings and to improve efficiency. Management agreed with recommendations 1 and 2 and disagreed with recommendation 3. Management's comments and our evaluation are at the end of each finding and recommendation. The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to recommendations 1 and 2 as corrective actions should resolve the issues identified in the report. We will pursue management's disagreement with recommendation 3 through the formal audit resolution process. See [Appendix B](#) for management's comments in their entirety.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

June 16, 2025

MEMORANDUM FOR: Steven Darragh, Vice President
Finance and Planning

Dane Coleman, Vice President, Processing Operations

Mary K. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Effectiveness of the New Regional Processing and
Distribution Center in Boise, ID (Report Number 25-038-R25)

This report presents the results of our audit of the Effectiveness of the New Regional Processing and Distribution Center in Boise, ID.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Todd Watson, Director, Network Processing, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of the Effectiveness of the New Regional Processing and Distribution Center in Boise, ID (Project Number 25-038). Our objective was to assess the operational impacts related to the launch of the Regional Processing and Distribution Center (RPDC) and identify successes, opportunities, and lessons learned. This audit will specifically focus on the network transformation and consolidation of operations at the Boise, ID, RPDC. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service is redesigning its processing network with the goal of reaching best-in-class mail and package processing as part of its 10-year strategic Delivering for America plan. The Postal Service plans to create a modernized network based around RPDCs, local processing centers (LPC),¹ and sorting and delivery centers.² RPDCs are multi-purpose distribution centers with common designs, layouts, and processing equipment. Each RPDC will process mail and packages originating in its service area and have one or more associated LPCs to sort letters and flats for mail carriers. The goal of an RPDC is to merge mail processing into a central facility within a region to reduce transportation costs and improve service reliability. These transformations are intended to dramatically reduce transportation costs between processing centers and within service areas, streamline mail and package handling, and increase service reliability. Efficient and effective RPDCs are

“The goal of an RPDC is to merge mail processing into a central facility within a region to reduce transportation costs and improve service reliability.”

critical to achieving success of the Postal Service’s Delivering for America plan and its goal of being financially self-sustaining.

RPDCs are also expected to improve service reliability. The Postal Service has service standards against which it measures its performance so it can track how timely it is delivering for the American public. These standards, which establish timeframes for delivering mail after receiving it from the customer, are different for each type of mail and are one of the primary operational goals, or benchmarks, against which the Postal Service measures its performance. Service standards are based on distance; the farther

a mailpiece travels, the longer the standard will be to deliver. Most customers send their mail or packages as First-Class, Ground Advantage, or Priority Mail.

In September 2023, the Postal Service approved a \$12.3 million investment to convert the Boise, ID, Processing and Distribution Center (P&DC) into an RPDC. The plan was to

reduce mail processing labor and contractor costs and realize net savings of \$6.8 million over 10 years. The changes required to launch the Boise RPDC were much smaller in scale than other RPDCs. Specifically, the building was already a mail processing facility, only one new machine was added, and additional volume was consolidated from only two locations, the Salt Lake City P&DC and the Boise Terminal Handling Service (THS).³ In July 2023, it consolidated letters, flats, and package sorting from the Salt Lake City P&DC for certain ZIP Codes⁴ into the Boise P&DC. A year later, it consolidated the THS operations into the facility and implemented the Local Transportation

¹ These facilities process destination mail for their service area and transfer mail and packages for delivery.

² This consolidates multiple delivery units and package sortation operations into one centrally located facility.

³ Terminal Handling Services are provided by contractors that are responsible for the hand-off of mail between USPS and air carriers. Their work includes loading and unloading mail into air transportation containers.

⁴ Zip Codes 832 and 834 were consolidated into Boise RPDC.

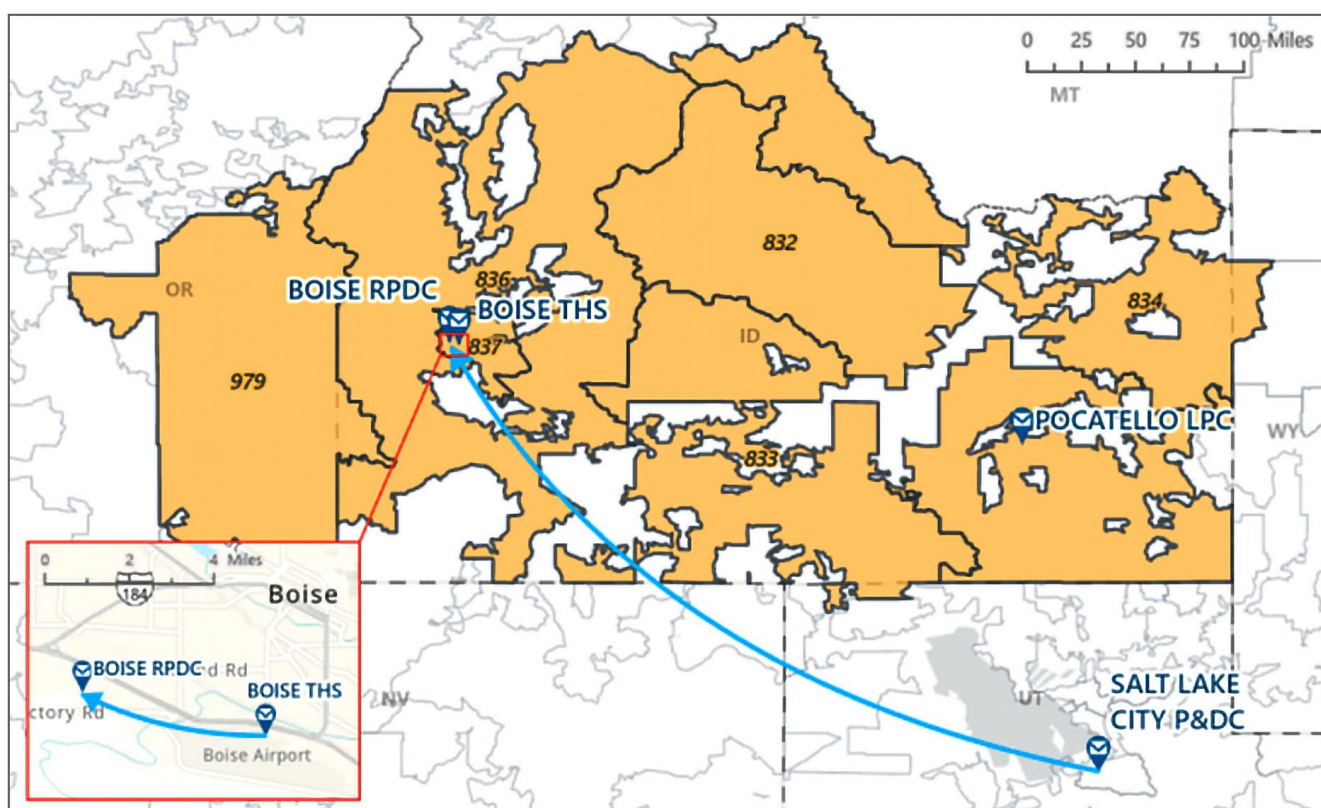
Optimization (LTO)⁵ initiative in July 2024. The Boise P&DC was not officially designated as an RPDC until October 2024 and its service area now covers Boise and Pocatello, ID, and a portion of Utah, sorting all mail originating in the following 3-digit ZIP Codes: 832-834, 836-837, and 979 (see Figure 1).

Prior Audits of Regional Processing and Distribution Centers

We have completed three prior audits on the effectiveness of new RPDCs in Richmond, VA,⁶ Atlanta, GA,⁷ and Portland, OR.⁸ Overall, the prior audits found the Postal Service experienced significant challenges when implementing RPDCs in Richmond, VA, and Atlanta, GA, which caused immediate and significant decreases in service performance. While each facility experienced its own unique challenges, we

also determined facilities faced similar challenges related to staffing, training, and supervision. While we found opportunities for improvement at the Portland RPDC, we also noted that it did not experience major service issues as lessons learned were applied and operations were phased in similar to the Boise RPDC. We made a total of 20 recommendations to the Postal Service to address the deficiencies identified and improve the implementation of future network changes. We followed up on progress at the Richmond facility and found service has stabilized but has not reached the level of performance prior to the launch.⁹ We plan to continue our follow-up reviews to determine if corrective actions taken by the Postal Service are improving operational efficiency and service performance of all RPDCs.

Figure 1. RPDC Map – Boise Area



Source: OIG-created map based upon RPDC Map in Postal Service Decision Analysis Report Business case, dated August 17, 2023.

⁵ LTO is designed to cut transportation costs by reducing the number of transportation trips to and from select post offices. For LTO optimized offices, the Postal Service no longer transports originating mail collected at those offices to the processing facilities the same day it is collected. Rather, the mail remains at the post office until the next day.

⁶ Report number 23-161-R24, *Effectiveness of the New Regional Processing and Distribution Center in Richmond*, issued March 28, 2024.

⁷ Report number 24-074-R24, *Effectiveness of the New Regional Processing and Distribution Center in Atlanta, GA*, issued August 28, 2024.

⁸ Report number 24-071-R24, *Effectiveness of the New Regional Processing and Distribution Center in Portland, OR*, issued September 19, 2024.

⁹ *Network Changes - Progress on Improvements at Richmond, VA, Regional Processing and Distribution Center* | Office of Inspector General OIG.

Findings Summary

Overall, when considering service, the Boise RPDC implementation was a success, and the facility did not experience a significant decrease in service performance. The Postal Service learned from prior implementations, phased in operations, and did not implement multiple network changes at the same time. Service performance for the Boise region remained close to nationwide averages before and after the implementation.

However, we found excess costs, and potential transportation savings opportunities at Boise RPDC. Specifically, the consolidation of operations into the Boise RPDC required service standard changes that were not communicated to stakeholders. In addition, expected savings were not achieved, and decreases

“Overall, when considering service, the Boise RPDC implementation was a success, and the facility did not experience a significant decrease in service performance.”

in mail processing efficiency, and increases in overtime resulted in over \$1.6 million in questioned costs. Further, the Postal Service had not performed a cost comparison for insourcing HCR¹⁰ contracts at the Boise RPDC; rather the facility is 100 percent reliant on contractor transportation.

¹⁰ Contracted transportation services under specified schedules outlined in the contract terms and conditions.

Finding #1: Successful Implementation of the Boise Regional Processing and Distribution Center

Overall, the Postal Service successfully implemented changes to launch the Boise RPDC and did not experience a significant decrease in service performance. The Postal Service learned from prior implementations, phased in operations, and did not implement multiple large scale network changes at the same time. Service performance for the Boise region remained close to nationwide averages before and after the implementation. The changes required to launch the Boise RPDC were much smaller in scale than other RPDCs. Specifically, the building was already a mail processing facility, only one new machine was added, and additional volume was phased in over time, consolidated from only two locations.

“The Postal Service learned from prior implementations, phased in operations, and did not implement multiple large scale network changes at the same time.”

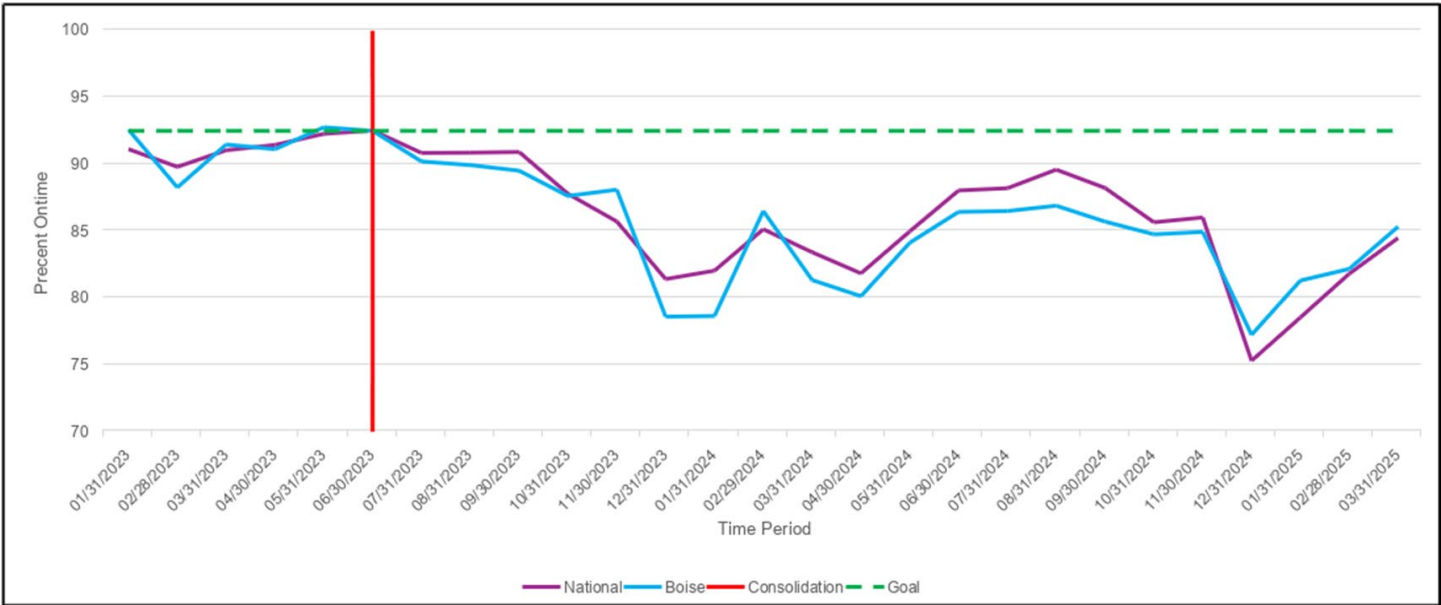
Service Performance Before and After Implementation

The implementation of the Boise, RPDC did not have major impacts on service performance in the region. The percentages of First-Class, Ground Advantage, and Priority Mail delivered on time decreased as much as [REDACTED] percentage points in the four months after the Postal Service consolidated mail into the facility but were in line with nationwide averages. Additionally, scores for most of these mail classes

were within one percentage point of their goals and levels prior to launch.

Service performance at the facility decreased during the Postal Service’s 2023 and 2024 peak mailing seasons, October through January, but rebounded and were again in line with nationwide averages (see Figures 2, 3, and 4).

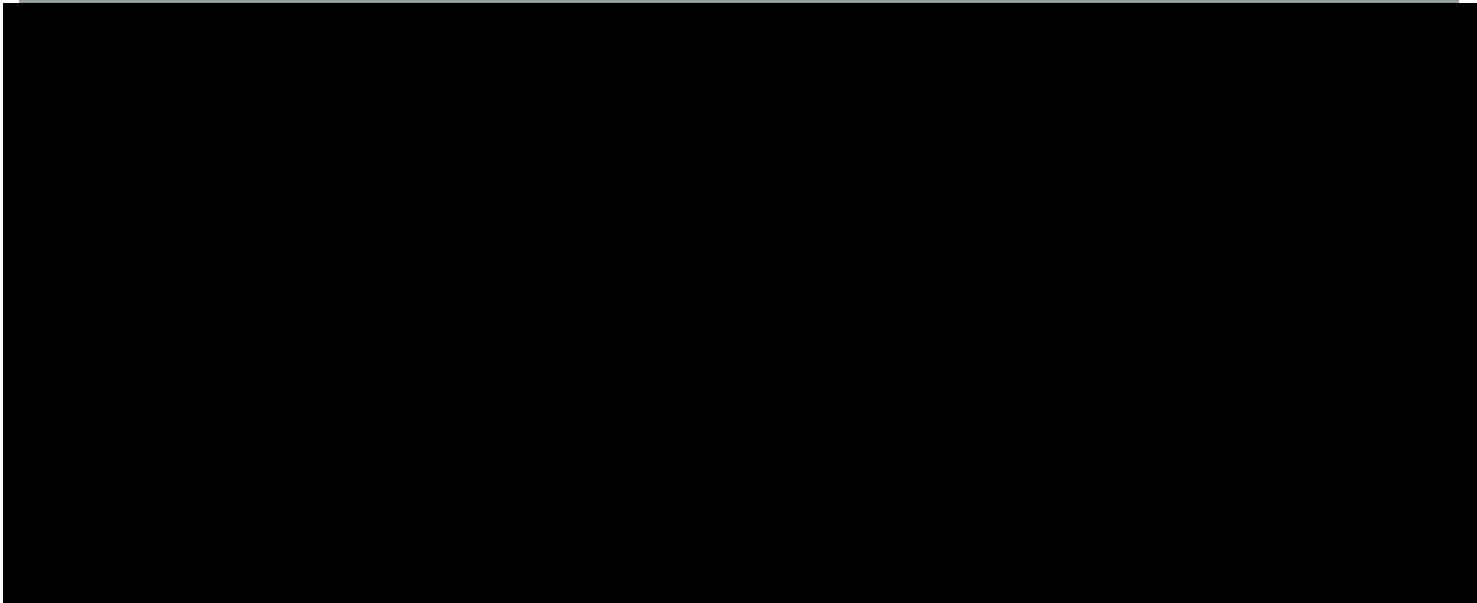
Figure 2. Boise RPDC First-Class Composite Scores¹¹



Source: Informed Visibility.

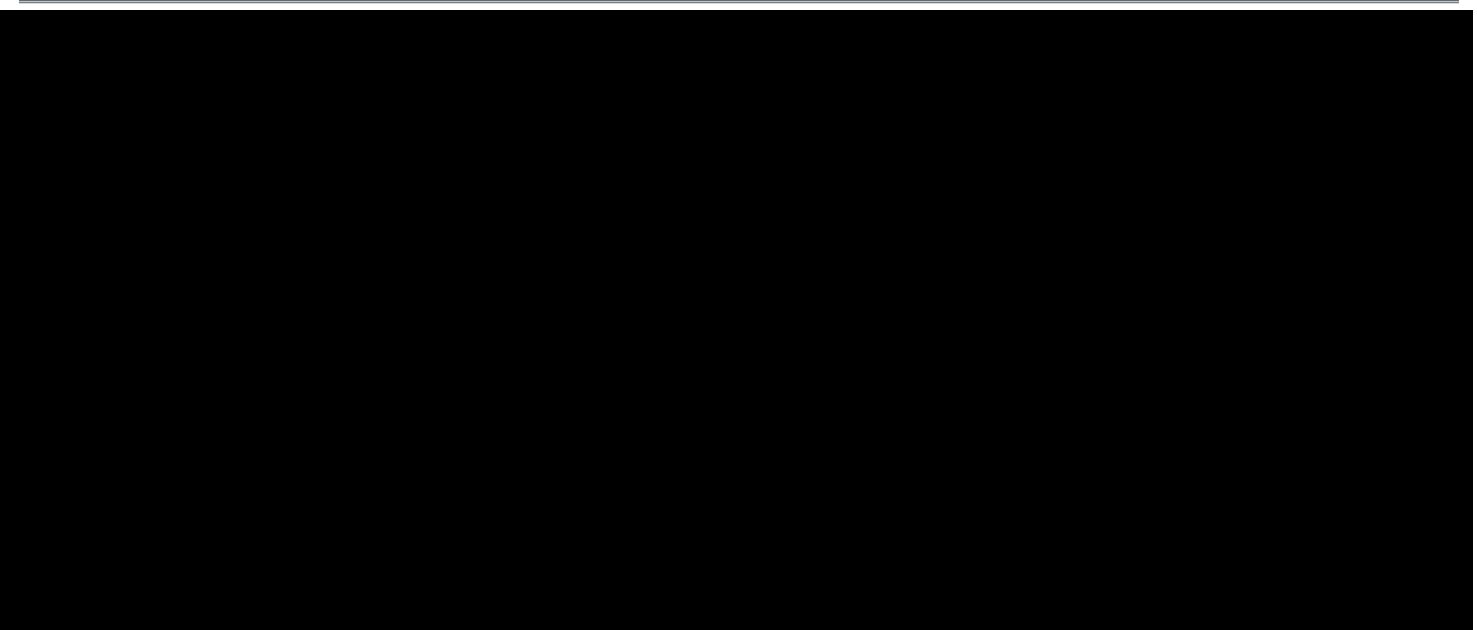
¹¹ First-Class Composite is made up of First-Class Letters, Flats, Single-Pieces Letters, and Presorted Mail.

Figure 3. Boise RPDC Ground Advantage Scores



Source: Informed Visibility.

Figure 4. Boise RPDC Priority Mail Scores



Source: Informed Visibility.

Based on the successful implementation of the Boise RDPC, the Postal Service should be able to implement future RPDC with similar pre-existing facilities with minor impacts on service performance. The Postal Service should continue to focus on lessons learned from prior challenges to improve upon the implementation of future RPDC. Since the Boise RPDC implementation did not have any

major impact on service performance, we do not have any recommendations regarding improving implementation at this time.

Postal Service Response

Management agrees with finding 1 that the Boise RPDC implementation was a success and appreciates the OIG for the recognition surrounding the implementation.

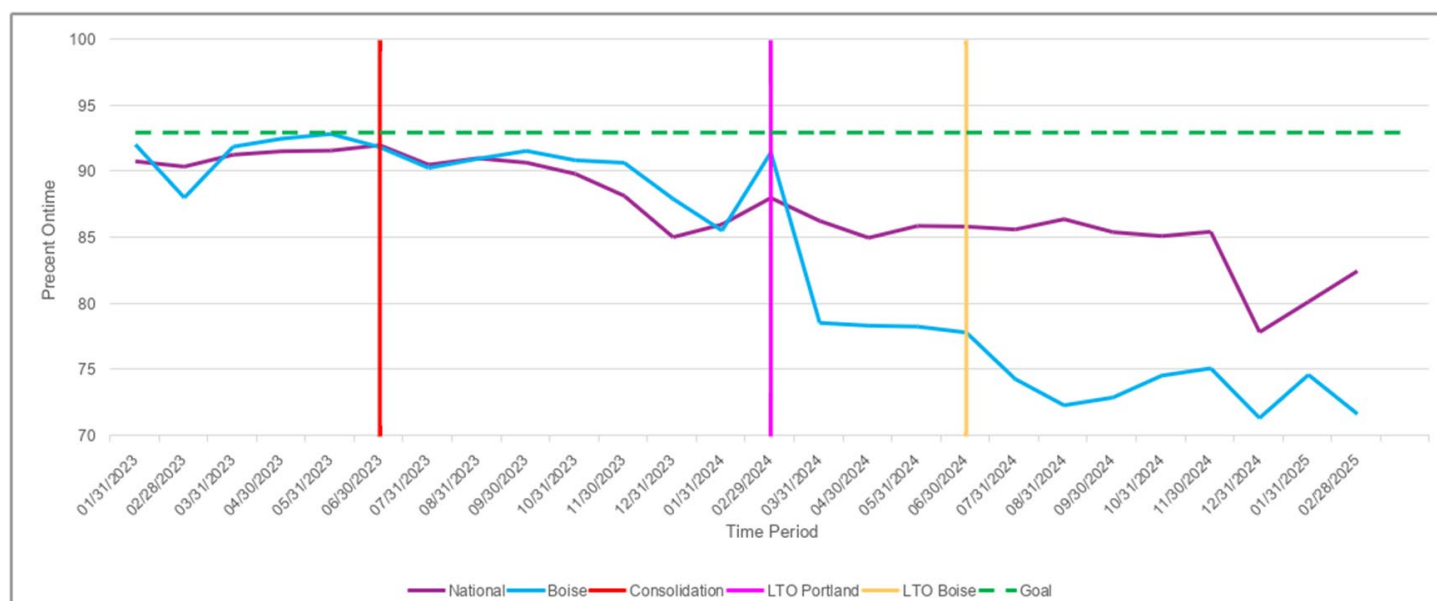
Finding #2: Service Standard Impacts Not Analyzed and Changes Not Communicated

The Postal Service did not analyze potential service impacts to customers or seek customer input prior to consolidating mail for ZIP Codes 832 and 834 from the Salt Lake City P&DC into the Boise RPDC in July 2023. Once it consolidated mail, the Postal Service was no longer able to meet existing two-day service standards for that mail. This was not due to poor performance, but as a result of not updating the service standards. Typically, the Postal Service sets a two-day service standard for First-Class Mail sent and delivered within 139 miles, or three hours, of a processing facility. However, once this mail was consolidated into the Boise RPDC, it needed to travel

to parts of Utah over 500 miles away, making it nearly impossible to deliver the mail within the standard. This led to poor service performance for two-day Single Piece First-Class Mail¹² at Boise RPDC, as only 84 percent of that mail was delivered on time compared to the nationwide average of 87 percent (see Figure 5).

Eighteen months after consolidating the mail, the Postal Service revised its service standards for the region, but did not notify or seek public input on the service standard impacts (see Figure 6).

Figure 5. Boise RPDC Two-Day Single Piece First-Class Scores

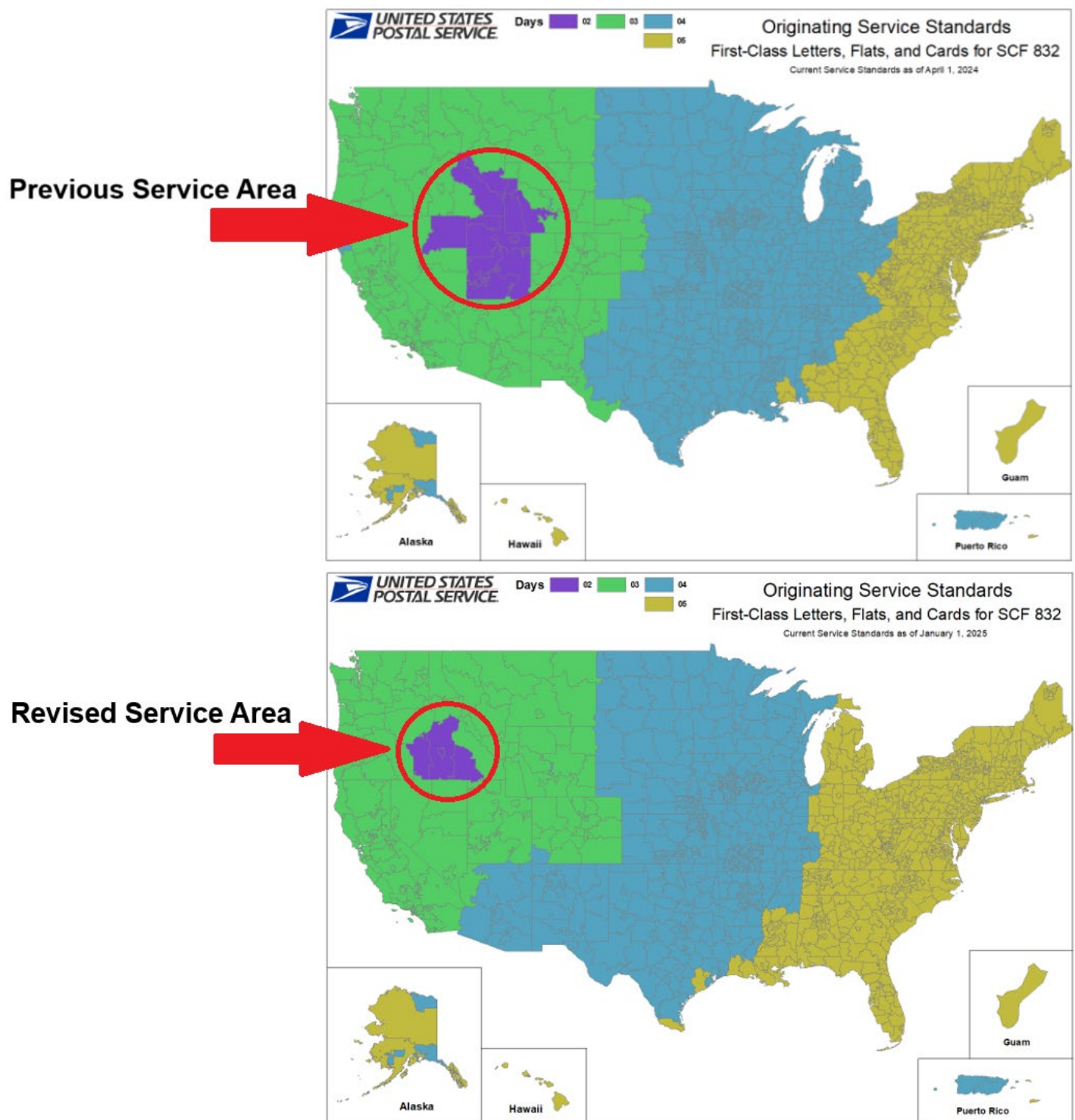


Source: Informed Visibility.

Note: The amount of mail delivered on time decreased in March 2024 and July 2024. These were the same times the Postal Service implemented LTO in Portland, OR, and Boise, ID. This audit focused only on service impacts from the implementation of the Boise RPDC. We have other nationwide audits evaluating the impact of LTO on customer service.

¹² Noncommercial First-Class Mail generally refers to single letters sent by customers and deposited into a blue collection box, a local post office, or carrier collections at a residence or business.

Figure 6. Previous and Updated Service Standards for First-Class Mail



Source: PostalPro Service Standard Map.

The Postal Service is required¹³ to provide adequate public notice to affected communities when closing or consolidating a processing facility. This includes providing information regarding service changes and affording those communities the opportunity to provide input on the decision. The Postal Service must then consider that input before making a final decision. However, the law does not define what constitutes a consolidation. Postal Service management stated its long-standing interpretation of this requirement, which is that a review process is only required when all operations move outside a “service area.” Since only ZIP Codes 832 and 834 were transferred from Salt Lake City P&DC to the Boise RPDC and several other ZIP Codes remained, the Postal Service did not complete this process because they did not move “all” operations outside a service area. In a prior report,¹⁴ we recommended management communicate any impacts to

“The Postal Service is required to provide adequate public notice to affected communities when closing or consolidating a processing facility.”

customers when permanently moving processing operations of a three-digit ZIP Code to another processing facility. The Postal Service disagreed with this recommendation, and we are working with management through the resolution process to implement corrective actions for this recommendation; therefore, we are not making additional recommendations at this time.

When the Postal Service does not complete service impact analysis when consolidating operations, it can result in unexpected service changes. Further, when service changes are not communicated to customers in affected areas, it can harm the Postal Service’s reputation and public trust.

Postal Service Response

Management did not respond to finding 2 in its official management comments.

¹³ 39 USC §3691 Section Note (c)(3)(D).

¹⁴ Report Number 23-161-R24, *Effectiveness of Regional Processing and Distribution Center in Richmond, VA*, issued March 28, 2024.

Finding #3: Missed Savings Targets, Decreased Efficiency, and Increased Operating Costs

The Postal Service did not meet its expected savings in FY 2024 from implementing the Boise RPDC. Further, since implementation, the facility has been less efficient in sorting mail and packages and uses excessive overtime to complete operations. Overall, total operating costs for Boise, RPDC, Pocatello LPC, and Salt Lake City P&DC increased over \$14 million (or 11 percent) from FY 2023 to FY 2024.

Expected Labor Workhours and Savings

As part of the investment justification for consolidating operations into the Boise RPDC, the Postal Service expected to save close to \$7 million over the next 10 years. For FY 2024, it expected to reduce mail processing costs at Salt Lake City P&DC by \$1.3 million, reduce maintenance labor at the Boise RPDC by \$106,000, and save \$555,000 by eliminating the Boise THS contract. The Postal Service did expect mail processing costs to increase at Boise by

\$1.4 million, for an overall net savings of \$570,000 for FY 2024. However, the Postal Service did not achieve the expected mail processing and maintenance labor savings, instead spending over \$5 million more than estimated. See Table 1 for a comparison of FY 2024 expected savings versus actual savings.

Decreased Efficiency in Mail Processing Operations

The Boise RPDC was less efficient in sorting mail and packages in FY 2024 compared to FY 2023. Specifically, the facility processed fewer pieces per workhour for letters, packages, and manual operations (see Table 2). This led to the facility using 17,248 extra hours to process the mail compared to the rate at which it processed mail previously. The Postal Service would have saved over \$800,000 if it were able to process mail volume at the same level of efficiency prior to implementation of the Boise RPDC.

Table 1. FY 2024 Expected Versus Actual Savings

Savings Type	Expected Savings (Cost)	Actual Savings (Cost)	Difference
Maintenance Labor Savings	\$106,000	\$16,346	\$(89,654)
THS Cost Savings	\$555,000	\$555,000	\$-
Salt Lake City P&DC Labor Savings for Volume Transferred to Boise	\$1,307,000	\$(2,123,875)	\$(3,430,875)
Labor Cost Increase at Boise	\$(1,398,000)	\$(3,592,112)	\$(2,194,112)
Total	\$570,000	\$(5,144,641)	\$ (5,714,641)

Source: USPS Decision Analysis Report for the Boise, ID, RPDC.

Table 2. Mail Processing Efficiency at the Boise RPDC

Mail Type	FY 2024 Mail Processing Efficiency			FY 2023 Mail Processing Efficiency		
	Total Pieces Handled	Processing Hours	Pieces Per Hour	Total Pieces Handled	Processing Hours	Pieces Per Hour
Letters		76,732			72,546	
Flats		18,221			14,873	
Packages		116,001			79,405	
Manual		49,192			41,067	
Total Pieces		260,146			207,891	

Source: Management Operating Data System.

Excessive Overtime

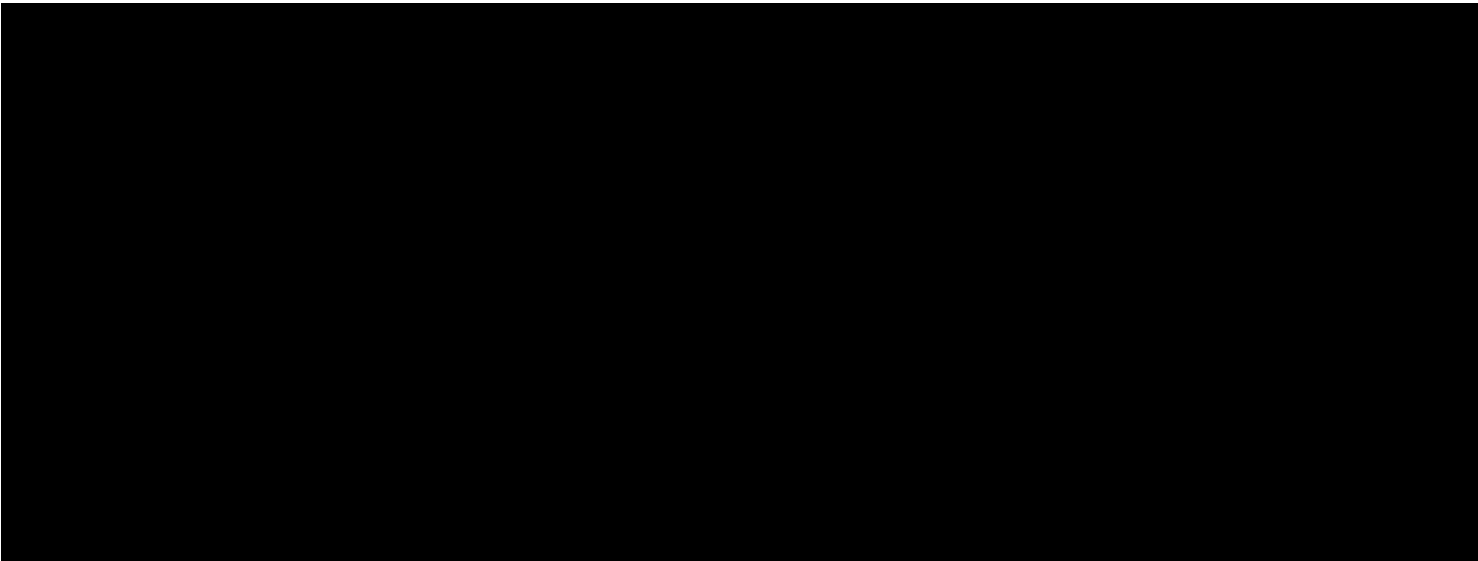
The Boise RPDC used excessive overtime hours to complete mail processing operations. The Postal Service’s nationwide goal is to limit overtime hours to 6.5 percent of all workhours. However, the Boise RPDC exceeded this rate by two and a half times. In FY 2024, the Boise RPDC used over 42,000 more overtime hours than its goal and over 23,000 more overtime hours so far through FY 2025, quarter 2. This excess use of overtime has

caused the Postal Service to incur over \$1.6 million in questioned costs.

Total Operating Expense

Operating costs¹⁵ for the Boise, RPDC and Salt Lake City P&DC increased from FY 2023 to FY 2024 by a combined total of \$14,684,490, or 11 percent (see Figure 7). Most of the increase was due to increases in labor costs.

Figure 7. Operating Costs FY 2023 and FY 2024



Source: Enterprise Data Warehouse FY 2023 and FY 2024 Financials.

¹⁵ Total Operating Expenses are a critical indicator of USPS performance that includes all controllable expenses within a particular operating unit.

The Postal Service does not plan to conduct a review of savings for the Boise RPDC.¹⁶ The Postal Service hired more people at the Boise RPDC than it planned for in its original projections. This has likely contributed to not meeting expected savings.

Mail processing efficiency decreased from FY 2023 to FY 2024 at the Boise RPDC. When processing efficiency decreases, the Postal Service is using more work hours to process mail and can result in millions of dollars in unnecessary expense for the Postal Service. It is vital for current and future RPDCs to be efficient and realize expected savings for the Postal Service to meet its goal of being financially self-sustaining. As a result of decreased efficiency and increased overtime, the Boise RPDC incurred over \$800,000 in extra wages that may have been unnecessary and another \$1.6 million in questioned costs¹⁷ for excessive overtime.

Recommendation #1

We recommend the **Vice President, Finance and Planning**, review the planned savings projections for the Boise Regional Processing and Distribution Center, determine where efficiencies were not achieved, and adjust savings projections of future initiatives, as needed.

Recommendation #2

We recommend the **Vice President, Processing Operations**, review mail processing operations to determine the cause of decreased efficiency and make adjustments as necessary.

Recommendation #3

We recommend the **Vice President, Processing Operations**, review the facility's authorized complement to determine staffing needs and adjust the complement, as needed.

Postal Service Response

Management agreed with the monetary impact and with recommendations 1 and 2 and disagreed with recommendation 3. Management disagreed with the analysis of the causes of decreased efficiency in mail processing operations. Management stated Boise is an area where hiring has been historically very difficult, adding that as positions are filled and more employees are assigned to operations, efficiency metrics may trend downward temporarily. Management also disagreed with the analysis of overtime use, stating overtime is used when necessary to process the mail timely.

Regarding recommendation 1, management stated it will push RPDC DAR savings out one to two years and/or reduce the savings targets, depending on if the RPDC is a newly constructed building versus a converted building. After providing the management comments letter, USPS indicated in an email a target implementation date of May 31, 2026.

Regarding recommendation 2, management stated that reviewing and improving operational efficiency is an ongoing process at the Postal Service and it adjusts as needed. The target implementation date is November 30, 2025.

Regarding recommendation 3, management stated it disagreed with the recommendation as it was written and noted the authorized complement has been reviewed and adjusted multiple times. Management added the difficulty is the inability to hire to the authorized complement level.

¹⁶ The Postal Service stated since RPDCs have been classified as a sustaining investment, it no longer needs to conduct formal reviews, as it did previously, when they were classified as capital investments.

¹⁷ A cost the Office of the Inspector General believes is unnecessary, unreasonable, or an alleged violation of law, regulation, or contract.

OIG Evaluation

Regarding management's disagreement with finding 3, as shown in our report, processing efficiency has decreased substantially from FY 2023 to FY 2024. While complement and hiring may be an issue, the increased number of workhours and excessive use of overtime, as the facility continues to decrease in efficiency, shows an imbalance between workload and workhours.

The OIG considers management comments partially responsive to recommendations 1 and 2, and we will verify corrective actions taken are sufficient to resolve the issues identified in the report.

Regarding recommendation 3, while management stated it has adjusted complement multiple times, productivity at the Boise RPDC has not improved, indicating an imbalance of workload and staffing. We view the disagreement as unresolved and will work to pursue the recommendation further through the formal audit resolution process.

Finding #4: Potential Overpayment for Transportation

The Postal Service has not completed a cost-benefit analysis on insourcing some HCR services to Postal Vehicle Service (PVS) at the Boise RPDC. The Postal Service has completed this analysis at other sites, including RPDCs, and found significant cost savings by having PVS drivers transport some routes versus contracted transportation. We determined, of the 212 total outbound transportation trips from the Boise RPDC, 169 (79.7 percent) were under three hours and may be eligible for PVS.

Currently the Boise RPDC exclusively uses contracted trips to transport mail between processing facilities. Management stated transportation at this site has always been serviced by contractors, and it has not conducted, and does not plan to conduct, any analysis of cost impacts from insourcing those operations.

Transportation eligible for PVS includes any route that is under eight hours roundtrip, or under 350 miles. Additionally, management should base sourcing and material management decisions on the best value.¹⁸ Best value is defined as the outcome that provides the optimal combination of elements, such as lowest total cost of ownership, technology, innovation and efficiency, assurance of supply, and quality relative to the Postal Service's needs.

The Postal Service is experiencing significant financial challenges, and cost reduction is key to its future sustainability. By not performing cost comparisons for insourcing HCR contracts, the Postal Service is at risk of overpaying for transportation.

In a prior audit¹⁹ we found management did not always insource HCR contracts to provide the lowest total cost to logistics operations, nor did it assess the actual cost savings or realized efficiencies after insourcing contracts. We recommended the Vice President, Logistics, look at transportation services nationwide to insource highway contract routes when economically advantageous to the Postal Service and implement a waiver process

when cost is not a main factor to insource. The Postal Service disagreed with this recommendation, and we are working with management through the resolution process to implement corrective actions. Therefore, we are not making additional recommendations at this time.

Postal Service Response

Management disagreed with finding 4 and the analysis on insourcing some HCR services to PVS at the Boise RPDC. Management stated it only completes cost comparisons for renewal contracts within a service area that is covered by PVS operations, and Boise does not have a PVS operation.

OIG Evaluation

Regarding management's disagreement with finding 4, we understand that the Boise RPDC does not have a PVS operation, and the Postal Service is not required to complete cost comparisons. However, the Postal Service has completed this analysis at other sites, including RPDCs, and found significant cost savings by having PVS drivers transport some routes versus contracted transportation. At the Boise RPDC, management has never conducted a cost comparison and is, therefore, unaware of any potential cost savings.

Looking Forward

As the Postal Service continues to move forward with the Delivering for America plan and implementing its RPDCs, it is important that the financial sustainability of the Postal Service remains a paramount goal as they continue to experience significant financial challenges. The Postal Service should look at their successes and failures from prior implementations, continue to implement lessons learned, and consider all opportunities for cost-savings.

¹⁸ *United States Postal Service Supplying Principles and Practices.*

¹⁹ *Postal Vehicle Services Operations*, Report Number 24-093-R25, dated March 27, 2025.

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Appendix A: Additional Information

Scope and Methodology

The team evaluated mail processing operations in the Boise, ID, region from January 2023 through March 2025.

To accomplish our objective, we:

- Reviewed policies, procedures, manuals, training materials, and the Delivering for America strategic plan to gain an understanding of how the Postal Service planned to operate, manage, monitor, and oversee operations in the Boise region.
- Interviewed Postal Service management to gain an understanding of management responsibilities, metrics for success, the internal control environment, and the establishment of the RPDC.
- Reviewed Decision Analysis Reports to understand the anticipated return on investment.
- Reviewed and compared operating plans, including clearance, dispatch and departure times, processing performance, operating expenses, and trip schedules to identify changes after consolidating operations.
- Analyzed and reviewed staffing, workhours, and overtime from Enterprise Data Warehouse data.
- Visited the Boise RPDC to observe collections, mail processing, and dispatch operations and THS operations. We observed facility conditions and interviewed processing facility personnel to identify successes and challenges from the launch of the RPDC.
- Visited Pocatello LPC to observe how operations aligned with the Boise RPDC.
- Interviewed headquarters and local management to discuss changes to operations when converting to the RPDC.

We conducted this performance audit from December 2024 through June 2025 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 May 19, 2025, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of the internal control structure at the RPDC to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following five components were significant to our audit objective:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to risk assessment and information and communication that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We used data from the Enterprise Data Warehouse, Informed Visibility, Transportation Optimization Planning Schedule. We assessed the reliability of this data by performing site observations and interviews with Postal Service officials knowledgeable about the data, testing for completeness, accuracy, and validity. We determined that the data was sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>Progress Improvements at the Richmond RPDC</i>	To evaluate operations and service performance at the Richmond RPDC and follow up on corrective actions taken by the U.S. Postal Service resulting from our prior audit to improve performance.	24-152-R25	January 27, 2025	\$0
<i>Effectiveness of the New Regional Processing and Distribution Center in Portland, OR</i>	To assess the operational impacts related to the launch of the RPDC and identify successes, opportunities, and lessons learned	24-071-R24	September 19, 2024	\$0
<i>Effectiveness of the New Regional Processing and Distribution Center in Atlanta, GA</i>	To assess the operational impacts related to the launch of the RPDC and identify successes, opportunities, and lessons learned.	24-074-R24	August 28, 2024	\$0
<i>Effectiveness of the New Regional Processing and Distribution Center in Richmond, VA</i>	To assess the operational impacts related to the launch of the RP&DC and identify successes, lessons learned, and opportunities.	23-161-R24	March 28, 2024	\$8M
<i>Postal Vehicle Services Operations</i>	To evaluate the Postal Service's management of PVS operations.	24-093-R25	March 27, 2025.	\$79M
<i>Transfer of Mail Processing Operations from Selected Facilities</i>	To review the U.S. Postal Service's plan to transfer processing operations from 18 mail processing facilities and analyze its adherence to established policy as well as identify any associated risks and opportunities.	21-240-R22	May 4, 2022	\$0
<i>U.S. Postal Service's Processing Network Optimization and Service Impacts</i>	To determine if the U.S. Postal Service's processing network is operating at optimal efficiency and meeting service standards.	19XG013NO000-R20	June 16, 2020	\$0

Appendix B: Management's Comments



June 5, 2025

VICTORIA SMITH
ACTING DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Effectiveness of the New Regional Processing and Distribution Center in Boise, ID (25-038-DRAFT)

Thank you for providing the Postal Service with an opportunity to review and comment on the findings and recommendations contained in the draft audit report, *Effectiveness of the New Regional Processing and Distribution Center in Boise, ID*.

Management agrees with the finding that the Boise RPDC implementation was a success and appreciates you recognizing that fact.

Management disagrees with the analysis of the causes of decreased efficiency in mail processing operations. Boise is an area where hiring has been historically very difficult. As positions are filled and more employees are assigned to operations, efficiency metrics may trend downward temporarily.

Management also disagrees with the analysis of overtime use. As stated, Boise is an incredible challenging market to hire in. Overtime is used when necessary to process the mail timely.

Management disagrees with the analysis on insourcing some HCR services to Postal Vehicle Service (PVS) at the Boise RPDC. There are no Article 32 cost comparisons for renewed HCR contracts out of Boise. We only do Article 32 cost comparisons for renewal contracts within a service area that is covered by PVS operations. Boise does not have a PVS operation. In the Collective Bargaining Unit national agreement under Article 32.2H it states, "contracts not encompassed by this section: services involving collections and box delivery, small contract operations in areas where no Postal Vehicle Service operations is currently operating".

We agree with the monetary impacts.

Included below are our comments on each of the six recommendations.

Recommendation 1:

We recommend the **Vice President, Finance and Planning**, review the planned savings projections for the Boise Regional Processing and Distribution Center, determine where efficiencies were not achieved, and adjust savings projections of future initiatives, as needed.

Management Response/Action Plan:

Management agrees with this recommendation.

Based on management discretion, we intend to push our RDPC DAR savings out 1 or 2 years and/or reduce the savings targets, depending on if the RPDC is a newly

constructed building versus a converted building into a RPDC. However, Integrated Finance Planning and budgeting target requirements could override the USPS ability to slide or reduce DAR savings.

Target Implementation Date:

The target implementation is the FY 2026 IFP and budget development.

Responsible Official:

Vice President, Finance and Planning

Recommendation 2:

We recommend the **Vice President, Processing Operations**, review mail processing operations to determine the cause of decreased efficiency and make adjustments as necessary.

Management Response/Action Plan:

Management agrees with this recommendation. Reviewing and improving operational efficiency is an ongoing process at the Postal Service. Management agrees to make adjustments as necessary.

Target Implementation Date: 11/30/25

Responsible Official: Sr Director, Processing Operations

Recommendation 3:

We recommend the **Vice President, Processing Operations**, review the facility's authorized complement to determine staffing needs and adjust the complement, as needed.

Management Response/Action Plan:

Management disagrees with recommendation 3 as written. The authorized complement has been reviewed and adjusted multiple times. The difficulty is the inability to hire to the authorized complement level.

Target Implementation Date: N/A

Responsible Official: N/A

E-SIGNED by ISAAC.S CRONKHITE
on 2025-06-05 10:22:00 EDT

Isaac Cronkhite
Chief Processing and Distribution Officer

E-SIGNED by LUKE.T GROSSMANN
on 2025-06-05 08:45:11 EDT

Luke Grossmann
Chief Financial Officer

cc: *Corporate Audit & Response Management*

OFFICE OF INSPECTOR GENERAL UNITED STATES POSTAL SERVICE



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