



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

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**Postal Service Retail Facilities  
Optimization Options**

**Management Advisory Report**

September 17, 2012

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Report Number CI-MA-12-002



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

# HIGHLIGHTS

September 17, 2012

## Postal Service Retail Facilities Optimization Options

Report Number CI-MA-12-002

### **BACKGROUND:**

In May 2012, the U.S. Postal Service announced a new retail strategy, the Post Office Structure Plan (POStPlan), to preserve post offices (PO) in rural America. Under the POStPlan, the Postal Service would modify retail service hours to match customer usage over a 2-year period. The Postal Service plans to hold community meetings and surveys for POStPlan offices to obtain community input before making changes.

Our objective is to evaluate the benefits and challenges of reducing retail service hours at two Postal Service retail locations, one in a low-density, rural location and one in a mid-density, non-urban location. We judgmentally selected the Antler PO in Antler, ND, and the Goldsboro PO in Goldsboro, MD, from the POStPlan to conduct a case study of potential customer service impacts.

### **WHAT THE OIG FOUND:**

Overall, customer service impacts resulting from the proposed plan varies for customers of the Antler and Goldsboro POs, because of the facilities' locations and access to alternate retail options. The proposed plan to preserve the two POs helps balance service with cost saving opportunities by matching retail hours to workload. It will also maintain community identities, ZIP Codes, lobby

access, and Saturday retail service hours. However, there would be customer inconveniences such as reduced hours of operation and traveling new distances to access alternate retail locations.

The Postal Service plans to explore other options, such as expanding partnerships with local businesses and staggering the open and close times of surrounding POs, with the communities of Antler and Goldsboro to mitigate reduced retail service hours. Also, customers would have the option of using *usps.com*, the Postal Service's toll-free number, 1-800-STAMP-24, and rural letter carriers to purchase products and services and pick up packages.

### **WHAT THE OIG RECOMMENDED:**

Because the potential service impacts resulting from the POStPlan will be based on the Postal Service's final decision after obtaining community input, we are not making any recommendations.

Management elected not to provide written comments, because there were no recommendations.

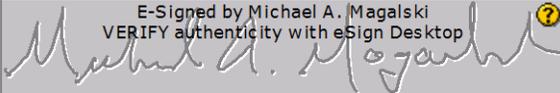
[Link to review the entire report](#)



September 17, 2012

**MEMORANDUM FOR:** DEAN J. GRANHOLM  
VICE PRESIDENT, DELIVERY AND POST OFFICE  
OPERATIONS

E-Signed by Michael A. Magalski  
VERIFY authenticity with eSign Desktop 



**FROM:** Michael A. Magalski  
Deputy Assistant Inspector General  
for Support Operations

**SUBJECT:** Management Advisory – Postal Service Retail Facilities  
Optimization Options (Report Number CI-MA-12-002)

This report presents the results of our case study of the potential customer service impacts resulting from the U.S. Postal Service's plan to modify retail service hours (Project Number 12YG036CI000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Michael L. Thompson, director, Planning, Innovation, and Optimization at 703-248-2389, or me at 703-248-2100.

Attachments

cc: Megan J. Brennan  
James J. Boldt  
Jeffrey C. Day  
Corporate Audit and Response Management

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## Introduction

This report presents the results of our case study of the potential customer service impacts resulting from the U.S. Postal Service's plan to modify retail service hours (Project Number 12YG036CI000). Our objective is to evaluate the benefits and challenges of reducing retail service hours at two Postal Service locations, one in a low-density, rural location and one in a mid-density, non-urban location. This self-initiated review addresses operational risk. See [Appendix A](#) for additional information about this review.

In May 2012, the Postal Service announced a new retail strategy, Post Office Structure Plan (POStPlan), to preserve post offices (PO) in rural America. Under the POStPlan, the Postal Service would modify retail hours to match customer usage. We judgmentally selected the Antler PO in Antler, ND, and the Goldsboro PO in Goldsboro, MD, from the POStPlan to conduct a case study of potential customer service impacts resulting from the new retail facility optimization strategy. The potential customer service impacts resulting from the POStPlan will be based on the Postal Service's final decisions after obtaining input from the Antler and Goldsboro communities.

## Conclusion

The Postal Service's plan to preserve the Antler and Goldsboro POs helps balance service with cost saving opportunities by matching retail hours to workload. It will also maintain community identities, ZIP Codes, lobby access, and Saturday retail service hours. However, there would be customer inconveniences such as reduced hours of operation, traveling new distances to alternate retail locations, and access to alternate retail options. The Postal Service plans to explore other options, such as expanding partnership with local businesses and staggering the open and close times of surrounding POs, to mitigate the reduced retail service hours.<sup>1</sup>

## Preserve Access

The Postal Service plans to preserve the Antler and Goldsboro POs by modifying their retail service hours from Monday through Friday to match customer usage. The Antler PO's retail service hours will be reduced from 6 to 2 hours, and the Goldsboro PO from 7 to 4 hours. According to the Postal Service, access to Antler and Goldsboro's retail lobbies, PO boxes, and Saturday retail service hours will remain unchanged. Also, by keeping the Antler and Goldsboro POs in operation, the towns will maintain their community identities and ZIP Codes. In addition, the Postal Service plans to explore other options, such as contracting with local

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<sup>1</sup> Starting in September 2012 and over a 2-year period, the Postal Service plans to hold community meetings and surveys with POStPlan offices to obtain community input before making changes.

businesses, expanding alternate access channels, and staggering retail service hours for surrounding POs, with the communities of Antler and Goldsboro to mitigate the reduced retail service hours.

### Antler Post Office

The Antler PO currently serves its customers with about 6 hours of retail service from Monday through Friday and 30 minutes on Saturday (see [Table 1](#)). The Antler PO lobby is open 24 hours, 7 days a week to provide PO box customers with access, and averages about seven retail transactions<sup>2</sup> per day.

We obtained surrounding access points within a 20-mile radius for the Antler PO address from the Postal Service's public website, *usps.com*, and found that customers have access to four POs, ranging from 14.5 miles to 18.7 miles away. However, customers do not have access to any self-service kiosks or contractor operated locations.<sup>3</sup>

The Antler PO is co-located in the same building with the community center and the fire department in the town of Antler, ZIP Code 58711. Antler has a population of 205<sup>4</sup> and four local businesses.<sup>5</sup> The town is about 50 miles from the nearest urban city,<sup>6</sup> Minot, ND, and 1.5 miles south of the Canadian border.

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<sup>2</sup> During the period July 9, 2011, to July 13, 2012, there was an average of seven retail transactions daily (2,269 transactions divided by 308 customer service days).

<sup>3</sup> Private businesses that are under an agreement with the Postal Service to provide postal products and services.

<sup>4</sup> U.S. Census Bureau, 2010 Census.

<sup>5</sup> One each: a restaurant, gas station, grain cooperative facility, and hunting preserve.

<sup>6</sup> According to the *Urban and Rural Classifications*, Chapter 12, the Census Bureau defines 'urban' as a place with at least 2,500 inhabitants. Minot, ND, has a population of 40,888.

**Table 1. Current Operations at the Antler PO**

Retail Service Hours		Lobby Hours	PO Box	Average Daily Retail Transactions	Self-Service Kiosk	Alternate POs	Contractor-Operated Facilities
					Within 20 Miles		
Monday – Friday	10:30 a.m. to 12:30 p.m.	24 hours	71 of the 88 PO boxes are rented to customers.	7	None	4	None
	1:00 p.m. to 4:45 p.m.						
Saturday	10:45 a.m. to 11:15 a.m.						
Sunday	Closed			Closed		Closed	

Source: *usps.com* Find Locations and Postal Service Retail Operations.

While the community will maintain their PO, there are limited customer inconveniences such as reduced retail service hours and traveling new distances to alternate retail locations when the Antler PO is closed. In addition, we found that the four POs nearby are POSTPlan offices under study for service hour modifications. Three of the four POs are under study for 2-, 4-, and 6-hours of retail service. The fourth PO will be reviewed for increasing retail service hours to an 8-hour office. Further, we noted that none of the POs are equipped with self-service retail options. Lastly, the nearest stamps-only contractor-operated location is more than 38 miles from the Antler PO and a mailing and shipping contractor-operated location is more than 50 miles from the Antler PO.

The geographic location and sparsely populated area present unique service requirements and access issues for the Antler community. To mitigate customer inconveniences, the Postal Service plans to explore options with the community, such as staggering the open and close times of the Antler and nearby POs to allow retail service access throughout the day. For example, one office opens from 7 a.m. to 1 p.m., a second office opens from 12:30 p.m. to 2:30 p.m., and a third office opens from 2 p.m. to 6 p.m. Other options include deploying self-service kiosks or other vending options in the PO lobby and establishing partnerships with local businesses. While self-service kiosks and contractor-operated locations do not carry the full line of postal products and services, they offer convenience and access when the PO’s retail service hours are not available.

For some, traveling new distances to reach another PO, self-service kiosk, or contractor-operated location is not an option. However, customers can use the

Postal Service's toll-free number or *usps.com* to purchase postal products and services. Finally, another option is to obtain certain services from the rural letter carrier, such as purchasing stamps, signing for a package (medications or certified mail), or insuring mail ([see Appendix B](#) for a list of alternate access options).

### Goldsboro Post Office

In our study of the Goldsboro PO, we identified retail service is open about 7 hours a day from Monday through Friday and 3 hours on Saturday (see [Table 2](#)). The lobby is open 9 hours daily, Monday through Friday, and 4 hours on Saturday, and provides customers with access to PO boxes. The Goldsboro PO averages 23 retail transactions<sup>7</sup> per day. The Goldsboro PO also provides copier services in the lobby.

According to *usps.com*, within a 20-mile radius from the Goldsboro PO address, customers have access to 35 POs, one self-service kiosk, and 27 contractor-operated locations, ranging from 3 miles to 19.5 miles away.

The Goldsboro PO is co-located with the Goldsboro Township office. The town of Goldsboro, ZIP Code 21636, has a population of 1,265,<sup>8</sup> and does not have any local businesses. Goldsboro, MD, is located near the Delaware-Maryland state line and the nearest urban city is Dover, DE,<sup>9</sup> about 14 miles away.

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<sup>7</sup> During the period July 9, 2011, to July 13, 2012, there was an average of 23 retail transactions daily (7,089 transactions divided by 308 customer service days).

<sup>8</sup> U.S. Census Bureau, 2010 Census.

<sup>9</sup> Dover, DE, population is 36,047, U.S. Census Bureau, 2010 Census.

**Table 2. Current Operations at the Goldsboro PO**

Retail Service Hours		Lobby Hours	PO Box	Average Daily Retail Transactions	Self-Service Kiosk	Alternate POs		Contractor-Operated Facilities
						Within 20 Miles		
Monday – Friday	8 a.m. to 11:30 a.m. 1:00 p.m. to 4:15 p.m.	7:30 a.m. to 4:30 p.m.	79 of the 160 PO boxes are rented to customers.	23	1	35	27	
Saturday	8:00 a.m. to 11 a.m.	7:30 a.m. to 11:30 a.m.						
Sunday	Closed							Retail hours are set by retailers.

Source: *usps.com* Find Locations and Postal Service Retail Operations.

Although retail service hours at the Goldsboro PO are under study for modification, the impacts on customer access may be minimal. Customers have access to 35 POs and 27 stamps-only contractor operated locations within a 20-mile radius of the Goldsboro PO. However, limited customer inconveniences remain, because the community will lose 3 hours of retail service and customers may have to travel new distances to access alternate retail locations when the Goldsboro PO is closed. We also found that 19 of the 35 surrounding POs are POSTPlan offices under study for service hour modifications. Fourteen POs are being studied for 2-, 4-, and 6-hours of retail service and five POs are under consideration for upgrades to 8-hour offices. As discussed previously for the Antler PO, the Postal Service also plans to explore other options with the Goldsboro community, such as:

- Staggering the open and close times of Goldsboro and its nearby POs to allow access to retail services throughout the day.
- Deploying a self-service kiosk or other vending.
- Expanding retail alliances with local businesses to provide postal products and services.

Customers with limited travel options could access postal products and services through the Postal Service’s toll-free number, *usps.com*, or their rural letter carrier.

## Appendix A: Additional Information

### Background

Under the POSTPlan, the Postal Service evaluated POs classified as executive and administrative schedule Level 16<sup>10</sup> and below to match retail service hours based on the offices' earned workload with customer usage. The Postal Service analyzed more than 17,000 POs, specifically:

- 13,167 POs will have retail service hours reduced to 2, 4, or 6 hours.
- 4,561 POs will remain the same or upgrade to an 8-hour office.

In September 2012, the Postal Service plans to begin having community meetings and surveys for POSTPlan offices to discuss options that could mitigate modified retail service hours by:

- Implementing mail delivery service to residents and businesses in the affected community by either rural letter carrier or highway contract route.
- Contracting with a local business to create a Village PO.
- Providing service from a nearby PO.

The POSTPlan will be implemented over 2 years with completion by the fall of 2014.

### Objective, Scope, and Methodology

Our objective was to evaluate the benefits and challenges of reducing operating hours at two of the Postal Service retail locations, one in a low-density, rural location and one in a mid-density, non-urban location. To accomplish our objective, we:

- Judgmentally selected two retail facilities from the POSTplan to review postal products and services, current operations, alternate access, surrounding facilities, and demographic and geographic data. We did not select an office from a high-density area, because under the POSTplan, the Postal Service plans to maintain or increase retail service hours at those locations.
- Reviewed Postal Service and Postal Regulatory Commission documents posted on their public websites related to the POSTPlan.
- Interviewed Postal Service Headquarters Retail Operations and local managers.

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<sup>10</sup> A salary structure that applies to managerial and administrative Postal Service employees.

We conducted this review from June through September 2012 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on August 23 and September 6, 2012, and included their comments where appropriate.

#### Prior Audit Coverage

The U.S. Postal Service Office of Inspector General did not identify any prior audits or reviews related to the objective of this review.

**Appendix B: Postal Service Alternate Access Options**

Postal Service Alternate Access Options	Stamp Only	Mailing and Shipping Services
Village PO – a community business that provides selected postal products and services, including Forever® stamps and Priority Mail® Flat Rate packages and envelopes.	✓	✓
Contract Postal Unit – a postal unit that is subordinate within the service area of a main PO. It is usually in a store or place of business and is operated by a contractor who accepts mail from the public, sells postage and supplies, and provides selected special services (such as money order or Registered Mail).	✓	✓
Approved Shippers – private packaging and shipping retailers that provide a variety of shipping service including Postal Service and competitor services.	✓	✓
Stamps to Go® (formerly Stamps on Consignment) – distributes stamp booklets, stamp coils, and automated teller machine stamps to consignees.	✓	
Automated Postal Centers – offer a number of products and services, including, but not limited to stamp sales; international postage for documents and correspondence; rate calculation; Express Mail, Priority Mail, First-Class Mail, and Parcel Post services; ZIP Code® lookup; Express Mail, Certified Mail, and return receipts; purchase Delivery Confirmation service; and PO box rental payments.	✓	✓
Postal Service website ( <i>usps.com</i> ) – offers a wide range of services, including, but not limited to, stamps sales; First-Class Mail, Express Mail, Priority Mail, Priority Mail and international mail services; shipping supplies; customized mailings through CardStore, Premium Postcards, and Click2Mail; ZIP Code lookup; PO Locator; rate calculation; change of address; packaging products; reserve or renew PO boxes; and hold mail.	✓	✓
Postal Service toll-free number – the Postal Service uses their toll-free 1-800-STAMP-24 number to allow customers to obtain general PO information, track and confirm the status of mail and packages, order stamps and shipping supplies and get technical support for online services	✓	

Postal Service Alternate Access Options	Stamp Only	Mailing and Shipping Services
<p>Stamps by Mail – the Postal Service uses their Stamps by Mail<sup>®</sup> service to allow customers in city delivery areas to purchase stamps by conveniently ordering them through the mail. Customers can order stamp products (booklets, sheets, or coils) by completing Stamps by Mail order forms. There is no additional charge to customers for this service or for shipping and handling when making a purchase using the Stamps by Mail brochure.</p>	<p>✓</p>	
<p>Carriers – the Postal Service will use rural letter carriers or contract carriers to accept, collect, and deliver mail; sell stamp supplies; and accept applications for postal money orders.</p>	<p>✓</p>	<p>✓</p>

Source: Publication 32, *Glossary Postal Service Terms*, April 2012; PO Handbook 603, *Rural Carriers Duties and Responsibilities*, February 2010; and POSTPlan Glossary, June 2012.