



April 25, 2007

TIMOTHY C. HANEY
VICE PRESIDENT, NORTHEAST AREA OPERATIONS

SUBJECT: Audit Report – Efficiency Review of the Bridgeport Processing and Distribution Facility – Bridgeport, Connecticut
(Report Number NO-AR-07-004)

This report presents the results of our audit of the Bridgeport Processing and Distribution Facility (P&DF) (Project Number 06YG012NO001). The Bridgeport P&DF is in the Northeast Area and this is our second report on the Bridgeport consolidation.¹ The objective of this audit was to determine if a business case exists to support the transfer of the incoming mail processing operations at the Bridgeport P&DF to the Stamford, Connecticut Processing and Distribution Center (P&DC). The U.S. Postal Service Office of Inspector General (OIG) initiated this review in cooperation with the Postal Service.

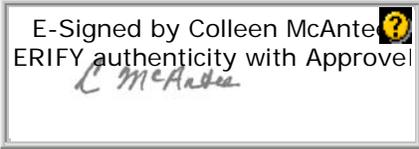
We concluded there is a favorable business case to transfer incoming mail processing operations from the Bridgeport P&DF to the Stamford P&DC. The Connecticut Customer Service District used more resources than necessary to process its mail volume. This consolidation would save an additional 53,000 workhours at the Bridgeport P&DF, improve network efficiencies, and potentially upgrade delivery service. This workhour reduction could produce a cost avoidance of over \$17 million based on labor savings over 10 years. We will report this amount as funds put to better use in our *Semiannual Report to Congress*.

We made one recommendation in the report. Management agreed with our finding and recommendation, agreed in principle with the monetary impact, and has initiatives in progress or planned addressing the issue in this report. Management's comments and our evaluation of these comments are included in the report.

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

¹ Our first report concluded the Postal Service was justified in moving the Bridgeport P&DF's outgoing mail processing operation into the Stamford Processing and Distribution Center.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Robert J. Batta, Director, Network Processing, or me at (703) 248-2100.



Colleen A. McAntee
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EXECUTIVE SUMMARY

Introduction

This is our second report on the Bridgeport Processing and Distribution Facility (P&DF) consolidation. At management's request, we reviewed the proposed consolidation of outgoing mail processing operations at the Bridgeport P&DF into the Stamford Processing and Distribution Center (P&DC).² We concluded the Postal Service was justified in moving the Bridgeport P&DF's outgoing mail operations to the Stamford P&DC. However, our analysis indicated additional opportunities may exist to further consolidate the Bridgeport P&DF's mail processing operations. Our objective was to determine if a business case exists to support the transfer of the incoming mail processing operations at the Bridgeport P&DF to the Stamford P&DC.

Results in Brief

The Postal Service has a favorable business case to transfer incoming mail processing operations from the Bridgeport P&DF to the Stamford P&DC. Our review found the Postal Service could:

- reduce 53,000 workhours and improve efficiency because the same mail volume could be processed using fewer workhours.
- use excess capacity to process approximately 405 million additional letter pieces. Stamford P&DC could absorb the Bridgeport P&DF's incoming mail volume of 241.7 million letter pieces.
- process Bridgeport P&DF's incoming mail at the Stamford P&DC more efficiently and economically.
- potentially improve delivery service. Our analysis showed a net service improvement of 98 upgrades with no downgrades for First-Class Mail® and Priority Mail®.
- reduce transportation costs with fewer routes as a result of the consolidation.

² OIG report titled *Bridgeport, Connecticut, Processing and Distribution Facility Outgoing Mail Consolidation* (Report Number NO-AR-06-010, September 30, 2006).

The Postal Service did not move the incoming mail processing operations concurrent with the outgoing mail operations because of concerns with capacity for the additional volumes and space for additional equipment at the Stamford P&DC.

As a result of not consolidating the Bridgeport P&DF's incoming mail processing operations with the outgoing operations, the Connecticut Customer Service District used more resources than necessary to process its mail volume.

**Summary of
Recommendation**

We recommended the Postal Service conduct an area mail processing study to consolidate the Bridgeport P&DF's incoming mail processing operations into the Stamford P&DC, which could result in a savings of approximately \$17.7 million over 10 years.

**Summary of
Management's
Comments**

Management agreed with our finding and recommendation and agreed in principle with the monetary impact. Management indicated they are in the process of conducting an area mail processing study to consolidate the Bridgeport P&DF's incoming mail processing operations into the Stamford P&DC. Management's comments, in their entirety, are included in Appendix F.

**Overall Evaluation of
Management's
Comments**

Management's comments are responsive to the recommendation. Management's actions should correct the issues identified in the report.

INTRODUCTION

Background

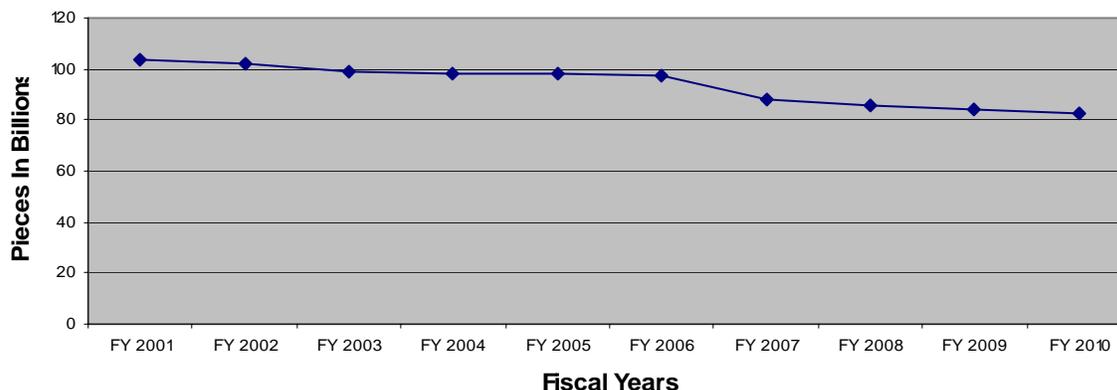
At management's request, the U.S. Postal Service Office of Inspector General (OIG) reviewed the proposed consolidation of outgoing mail processing operations at the Bridgeport Processing and Distribution Facility (P&DF) into the Stamford Processing and Distribution Center (P&DC). We concluded the Postal Service was justified in moving the Bridgeport P&DF's outgoing mail operations to the Stamford P&DC. However, our analysis indicated additional opportunities may exist to further consolidate the Bridgeport P&DF's³ mail processing operations. The objective of this audit was to determine if a business case exists to support the transfer of the incoming mail processing operations at the Bridgeport P&DF to the Stamford P&DC.

The Postal Service is attempting to right-size its domestic network in response to declines in First-Class Mail® volume, increased competition to traditional mail products from the private sector, increased automation and mail processing by mailers, and shifts in population demographics. Despite a recent increase in mail volume, the aggregate volume of First-Class Mail declined by 5 percent, or 5.5 billion pieces, from fiscal years (FY) 2001 to 2006. In addition, the Postal Service projects that First-Class Mail volume will continue to decline. Figure 1 shows these trends. The Bridgeport P&DF follows similar trends. The Stamford P&DC's mail volumes increased over this period as a result of incorporating various Bridgeport P&DF mail processing operations into Stamford P&DC's operations.

³ After the consolidation of the Bridgeport P&DF's outgoing mail processing operations, the Bridgeport facility became a post office. For consistency, we are using the term P&DF rather than post office throughout this report.

Figure 1. First-Class Mail Volume⁴

**FIRST CLASS ACTUAL (FYs 2001-2006)
AND PROJECTED (FYs 2007-2010) MAIL VOLUME**



The Bridgeport P&DF and the Stamford P&DC are located in the Connecticut Customer Service District, Northeast Area. (See Appendix A for a map of the Northeast Area.) During our review, the Bridgeport P&DF processed inbound⁵ mail for Bridgeport, Connecticut, and associate offices. The Stamford P&DC processed inbound and outbound mail⁶ for Stamford, Connecticut, and associate offices and outbound mail for Bridgeport, Connecticut, and associate offices.

The *Transformation Plan* states the Postal Service is committed to improving its operational efficiency by consolidating mail processing operations, when feasible. In addition, the President’s Commission⁷ found that the Postal Service had more facilities than needed and recommended optimizing the facility network by closing and consolidating unneeded processing centers.

The Postal Service uses the area mail processing (AMP) process to consolidate mail processing functions and to eliminate excess capacity, increase efficiency, and better use resources. The Postal Service defines AMP as “the consolidation of all originating and/or destinating distribution

⁴ Actual mail volume came from the USPS 2005 Annual Report. The 2006-2010 projected mail volume was provided by Postal Service.

⁵ Mail intended for the processing facility’s delivery area.

⁶ Outbound or outgoing mail is sorted within a mail processing center and dispatched to another facility for additional processing and delivery.

⁷ The President’s Commission on the United States Postal Service reported its findings on July 31, 2003.

operations from one or more post offices into another automated or mechanized facility to improve operational efficiency and/or service.” This process has been refined over 3 decades as mail processing has evolved from a manual and mechanized to an automated process.

**Objective, Scope,
and Methodology**

Our objective was to determine if a business case exists to support the transfer of the incoming mail processing operations at the Bridgeport P&DF to the Stamford P&DC.

To assess the feasibility of consolidating the Bridgeport P&DF with the Stamford P&DC, we analyzed⁸ mail volumes, workhours, service measurement systems and transportation costs; evaluated machine utilization; interviewed Postal Service officials; and benchmarked achievement to target productivities with similar-sized facilities.

We relied on Postal Service data systems, including the Service Standard Directory, Electronic Maintenance Activity Reporting and Scheduling, Web Complement Information Systems, the Breakthrough Productivity Initiative website, the Management Operating Data System, the Web Enterprise Information System, Enterprise Data Warehouse, Activity Based Costing System, and the Web End-of-Run System to analyze mail volume, workhours, and service. We also used data from the Transportation Contract Support System to review transportation issues. We confirmed our analysis and results with Postal Service managers.

We conducted this audit from March 2006 through April 2007 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our observations and conclusions with management officials on January 4, 2007 and included their comments where appropriate.

⁸ Our analysis was similar to the requirements contained in Handbook PO-408, *Area Mail Processing Guidelines*. However, AMP guidelines require additional steps, such as stakeholder notifications, before consolidations are approved.

Prior Audit Coverage We have issued 21 audit reports on operational efficiency. As a result of these audits, the Postal Service has agreed to reduce workhours by 2.3 million. These reductions could produce a cost avoidance of about \$697 million over 10 years. (See Appendix B for details.)

AUDIT RESULTS

Assessment of Consolidating the Bridgeport Processing and Distribution Facility's Incoming Mail Processing Operations

The Postal Service has a favorable business case to transfer incoming mail processing operations from the Bridgeport P&DF to the Stamford P&DC. In January 2006, the Bridgeport P&DF's outgoing mail processing operations were moved to the Stamford P&DC as part of an AMP consolidation.

After this consolidation, the Stamford P&DC had the capacity to process approximately 405 million additional letter pieces and could absorb the Bridgeport P&DF FY 2005 incoming mail volume of 241.7 million letter pieces. This would reduce 53,000 workhours⁹ and improve efficiency because the same mail volume could be processed using fewer workhours. Impact on employees would be minimal and delivery service should improve. In addition, transportation costs could be reduced by approximately \$270,000.

Title 39 United States Code (U.S.C.) paragraph 403 (a) states, "The Postal Service shall plan, develop, promote, and provide adequate and efficient postal services..." Also, the President's Commission included in its recommendations the need to optimize the facility network by closing and consolidating unneeded processing centers. In addition, the *Transformation Plan* states the Postal Service is committed to improving its operational efficiency by consolidating mail processing operations, when feasible. The Postal Service uses the AMP process to consolidate mail processing functions, eliminate excess capacity, increase efficiency, and better use resources.

Postal Service management considered moving the Bridgeport P&DF's incoming mail processing operations when preparing an AMP proposal in 2001. However, the entire process was placed on hold until 2005 and then only outgoing mail processing operations were included in the consolidation. The Postal Service had concerns with Stamford P&DC's capacity to handle Bridgeport P&DF's incoming mail volumes and space for additional equipment. As a result of not consolidating the Bridgeport P&DF's incoming mail processing operations with the outgoing

⁹ This includes an allowance of more than 50,000 workhours to the Stamford P&DC for processing Bridgeport's mail volume.

operations, the Connecticut Customer Service District used more resources than necessary to process its mail volume.

Labor Costs

The Bridgeport P&DF could eliminate 53,000 workhours associated with mail processing operations by transferring approximately 241.7 million pieces of letter mail to the Stamford P&DC. Specifically, the Bridgeport P&DF could eliminate:

- 37,000 craft workhours.
- 9,000 supervisory mail processing workhours.
- 7,000 maintenance workhours since the machinery would be relocated, eliminating the need for associated maintenance.¹⁰

The economic impact of these reductions could produce a cost avoidance of more than \$17.7 million over 10 years. (See Appendix C for details.)

These workhour savings could be accomplished through attrition. By the end of FY 2011, 57 of the 95 Bridgeport P&DF employees will be eligible to retire. At the same time, 198 of the 446 Stamford P&DC employees will be eligible to retire. Based on our analysis, we believe that no career employees would lose their jobs due to this consolidation.

Mail Processing
Capacity

Our review indicated that the Stamford P&DC has excess capacity even after absorbing the Bridgeport P&DF's outgoing mail volume. The Stamford P&DC has capacity to process approximately 405 million additional letter mail pieces¹¹ and could absorb the Bridgeport P&DF's remaining letter volume, approximately 241.7 million pieces.¹² Since the majority of Bridgeport P&DF's incoming letter mail pieces would be worked on Tour 1¹³ at the Stamford P&DC, we also analyzed the capacity at Stamford P&DC for Tour 1 operations.

We found that Bridgeport P&DF's total incoming letter volume could be absorbed within Stamford P&DC's excess

¹⁰ Maintenance workhours should not materially increase at the Stamford P&DC as the facility would not be receiving any additional equipment.

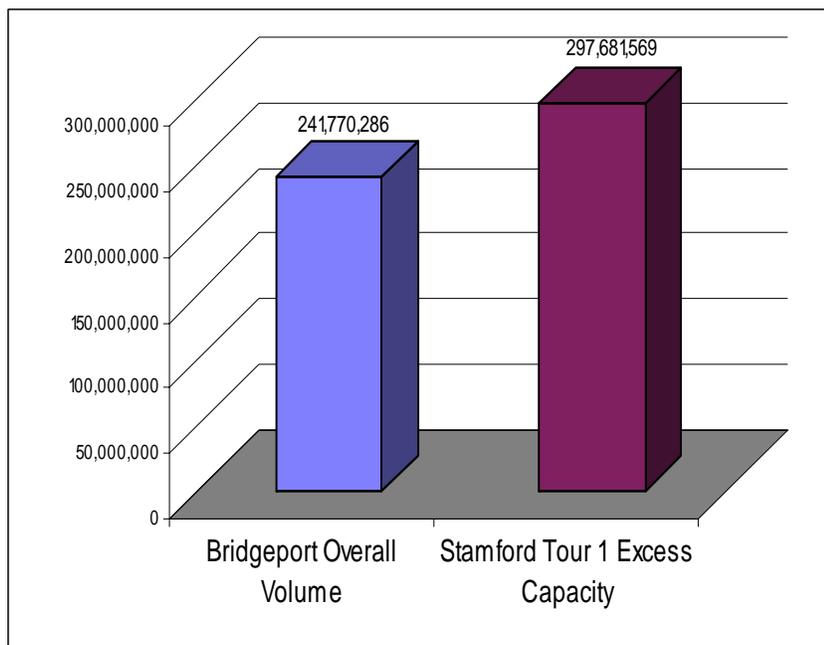
¹¹ Flat volumes were transferred to Stamford P&DC in late summer 2004.

¹² This volume was for FY 2005.

¹³ Tour 1 operations are considered to be from 2300 to 0700 hours.

capacity on Tour 1. See Chart 1 for a comparison of the Bridgeport P&DF's incoming letter volume to Stamford P&DC's excess capacity on Tour 1.

Chart 1. Stamford P&DC's Excess Letter Capacity on Tour 1 Compared to Bridgeport P&DF's Incoming Letter Volume



The consolidation of the Bridgeport P&DF's incoming mail processing operations could be achieved by increasing the operating time on the Delivery Bar Code Sorters by 1.82 hours on Tour 1 at the Stamford P&DC. See Appendix D for a chart showing the Bridgeport P&DF's incoming mail volumes and the Stamford P&DC's excess capacity by the type of equipment.

Mail Processing Efficiency

We found processing the Bridgeport P&DF's incoming mail at the Stamford P&DC would be more efficient and economical. For FY 2005, the Stamford P&DC's performance achievement was 71 percent. After consolidation of Bridgeport's outgoing mail processing operations, we projected that the Stamford P&DC's performance achievement would increase to 72.7 percent. We found from January 1 through August 31, 2006, the Stamford P&DC's performance achievement increased to 73.0 percent.

With the addition of the Bridgeport P&DF's incoming mail

volumes, the Stamford P&DC's performance achievement should increase to 81.6 percent.¹⁴ This additional workload represents 19.8 percent of Stamford P&DC's total workload.

These additional efficiency gains could be achieved by using excess capacity and existing available tour time at the Stamford P&DC. Table 1 shows the effects on Stamford P&DC's productivity as a result of processing Bridgeport P&DF's incoming mail.

Table 1. Estimated Efficiency Effects of Moving Bridgeport P&DF's Incoming Mail¹⁵

| | Stamford P&DC After Consolidation of Bridgeport P&DF Outgoing Mail | Bridgeport P&DF After Transfer of Outgoing Mail | Stamford P&DC After Consolidation of Bridgeport P&DF's Incoming Mail |
|---|--|---|--|
| Mailpieces Processed (Total Pieces Handled) | 1,833,073,940 | 362,384,868 | 2,195,458,808 |
| Function 1 Workhours | 751,694 | 87,458 | 801,928 |
| TPH per Workhour | 2,439 | | 2,738 |
| Target Per Workhour | 3,356 | | 3,356 |
| Percent BPI – FY 2005 | 72.7% | | 81.6% |

Delivery Service

Delivery service should improve as a result of the consolidation of the Bridgeport P&DF's incoming mail processing operations into the Stamford P&DC. Our analysis showed there would be 313 upgrades and 215 downgrades, resulting in a net service improvement of 98 upgrades. We identified no downgrades for First-Class and Priority Mail. Table 2 shows our analysis of delivery service changes.

Table 2. Delivery Service Changes

| Analysis of 3-Digit Pairings | | | |
|------------------------------|----------|------------|------|
| | Upgrades | Downgrades | Net |
| Priority Mail® | 51 | 0 | 51 |
| First-Class® | 9 | 0 | 9 |
| Periodicals | 36 | 0 | 36 |
| Packages | 177 | (209) | (32) |
| Standard Mail® | 40 | (6) | 34 |
| TOTALS | 313 | (215) | 98 |

¹⁴ We used the average performance achievement of the top 10 similar-sized facilities.

¹⁵ Based on FY 2005 data from the Plant Level Scorecard.

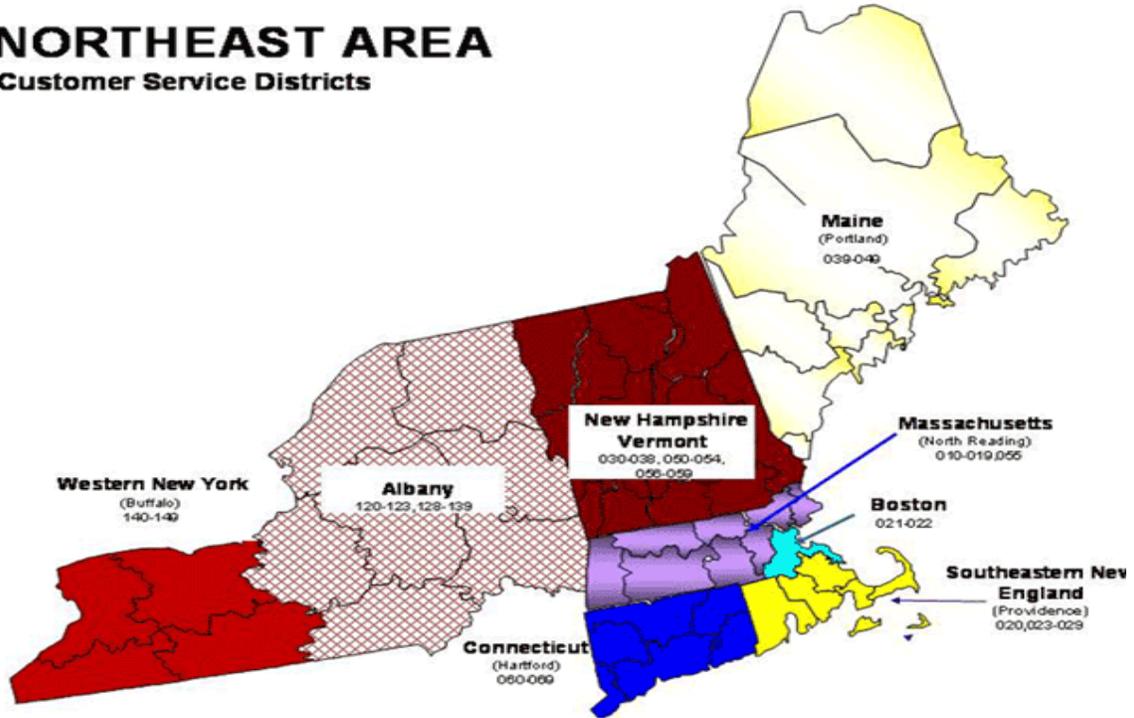
| | |
|--|---|
| Transportation | Transportation costs should decrease by approximately \$270,000 annually as a result of the consolidation. ¹⁶ Our analysis showed that four routes could be eliminated and seven other routes could be changed. See Appendix E for transportation route changes. |
| Recommendation | We recommended the Vice President, Northeast Area Operations: <ol style="list-style-type: none">1. Consolidate the Bridgeport Processing and Distribution Facility's incoming mail processing operations into the Stamford P&DC, following the requirements of Handbook PO-408, <i>Area Mail Processing Guidelines</i>. This consolidation should result in a savings of approximately \$17.7 million over 10 years. |
| Management's Comments | Management agreed with our finding and recommendation, and agreed in principle with the monetary impact. ¹⁷ Management indicated they are in the process of conducting an area mail processing study to consolidate the Bridgeport P&DF's incoming mail processing operations into the Stamford P&DC. |
| Evaluation of Management's Comments | Management's comments are responsive to the recommendation. Management's actions should correct the issues identified in the report. |

¹⁶ Because our analysis of transportation savings was subjective, the results were not included in determining the \$17.7 million in cost avoidance identified in this report.

¹⁷ In a supplemental e-mail dated April 19, 2007 to their original comments, management agreed with the finding and recommendation. However, they stated that the need for additional resources will reduce the identified savings. Our report included an allowance of more than 50,000 workhours to the Stamford P&DC for processing Bridgeport P&DF's mail volume. This is approximately 20,000 more workhours than the 31,000 identified in their management comments as being required to process the mail. Based on our analysis, reduction of identified savings, if any, would be insignificant.

APPENDIX A NORTHEAST AREA MAP

NORTHEAST AREA Customer Service Districts



APPENDIX B PRIOR AUDIT REPORTS

| Audit | Report Number | Issue Date | Workhour Savings | Monetary Impact |
|---|---------------|------------|------------------|-----------------------|
| Los Angeles, CA, Worldway AMC | NO-AR-06-006 | 9/12/2006 | 760,000 | \$ 192,000,000 |
| Carrier Sequence Barcode Sorters | NO-AR-06-005 | 8/2/2006 | 10,521 | 3,700,000 |
| Washington BMC | NO-AR-06-003 | 2/22/2006 | 400,000 | 118,000,000 |
| Chicago ISC AMRU | NO-AR-06-002 | 12/22/2005 | 3,860 | 1,100,000 |
| Canton, OH P&DF | NO-AR-05-013 | 9/22/2005 | 202,000 | 63,600,000 |
| San Francisco, CA ISC AMRU | NO-AR-05-012 | 9/6/2005 | 7,757 | 2,600,000 |
| Los Angeles, CA ISC | NO-AR-05-011 | 6/17/2005 | 85,000 | 26,100,000 |
| Los Angeles, CA ISC AMRU | NO-AR-05-010 | 4/28/2005 | 5,450 | 1,800,000 |
| Akron, OH P&DC | NO-AR-05-009 | 3/30/2005 | 235,000 | 74,000,000 |
| Mansfield, OH Main Post Office | NO-AR-05-004 | 12/8/2004 | 52,000 | 17,200,000 |
| New York ISC | NO-AR-04-009 | 9/24/2004 | 320,000 | 98,000,000 |
| New York ISC AMRU | NO-AR-04-011 | 9/24/2004 | 30,000 | 9,300,000 |
| San Francisco, CA ISC and GSA Facility | NO-AR-04-006 | 3/31/2004 | 120,000 | 44,200,000 |
| Oakland, CA ISC and Regatta Facility | NO-AR-04-007 | 3/31/2004 | 25,000 | 17,000,000 |
| Springfield, VA BMEU | NO-AR-04-004 | 2/9/2004 | 2,775 | 969,893 |
| Columbia, MD BMEU | NO-AR-04-002 | 12/26/2003 | 3,960 | 1,400,000 |
| Southern MD BMEU | NO-AR-04-001 | 12/24/2003 | 20,240 | 8,400,000 |
| San Francisco, CA BMEU | AO-AR-03-002 | 9/25/2003 | 18,000 | 6,900,000 |
| Los Angeles, CA BMEU | AO-AR-03-001 | 7/31/2003 | 28,000 | 9,300,000 |
| Seattle, Minneapolis, and Des Moines BMEU | CQ-AR-03-001 | 3/28/2003 | 15,053 | 588,730 |
| Colorado/Wyoming Performance Cluster BMEU | CQ-AR-02-001 | 9/26/2002 | 15,947 | 1,000,000 |
| Total Savings | | | 2,360,563 | \$ 697,158,623 |

Acronyms

| | |
|------|--------------------------------------|
| AMC | Airport Mail Center |
| AMRU | Air Mail Records Unit |
| BMC | Bulk Mail Center |
| BMEU | Business Mail Entry Unit |
| GSA | General Services Administration |
| ISC | International Service Center |
| P&DC | Processing and Distribution Center |
| P&DF | Processing and Distribution Facility |

**APPENDIX C
BRIDGEPORT P&DF COST AVOIDANCE
(FUNDS PUT TO BETTER USE)**

| Recommended Action and Employee Category Impacted | Workhour Reduction | Time Frame: Ten Fiscal Years | |
|---|-----------------------|------------------------------|--|
| | | Undiscounted Savings | Discounted Savings (Net Present Value) |
| Consolidation: Supervisors ¹⁸ | 9,000 | \$4,188,716 | \$3,254,458 |
| Consolidation: Mail processing clerks ¹⁹ | 24,700 | 10,247,876 | 7,962,171 |
| Consolidation: Mailhandlers ²⁰ | 12,300 | 4,874,455 | 3,787,247 |
| Consolidation: Maintenance clerks ²¹ | 7,000 | 3,521,724 | 2,736,231 |
| Total | 53,000 | \$22,832,771 | \$17,740,107 |

Notes:

- Cost avoidance was based on FY 2005 workhours and calculated using the workhour reduction multiplied by the fully loaded labor rate.
- Labor cost was escalated at 2 percent.
- Net present value was calculated using the discount rate of 5.25 percent.
- Fully loaded labor rates are based on the Postal Service's FY 2006 published rates.
- Labor cost escalation was based on the Postal Service's FY 2006 published Decision Analysis Factors.

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

¹⁸ Pay Level 17.

¹⁹ Pay Level 5.

²⁰ Pay Level 4.

²¹ Pay Level 11.

APPENDIX D TOTAL EXCESS LETTER CAPACITY

| Type of Equipment | Bridgeport Processing and Distribution Facility Incoming Mail Volume | Stamford Processing and Distribution Center Excess Capacity After Consolidation of Outgoing Mail |
|---|---|---|
| Delivery Bar Code Sorter | 229,013,988 | 378,565,727 |
| Multi-Line Optical Character Reader ²² | 12,756,298 | 12,412,767 |
| Mail Processing Bar Code Sorter | 0 | 14,017,255 |
| Totals | 241,770,286 | 404,995,749 |

Source: Enterprise Data Warehouse, FY 2005

²² Mail processed on the Multi-Line Optical Character Reader at the Bridgeport P&DF can be processed on either a Delivery Bar Code Sorter or a Mail Processing Bar Code Sorter at the Stamford facility.

APPENDIX E TRANSPORTATION ROUTE CHANGES

| Transportation Change | Dollar Amount |
|--|------------------|
| Eliminate contract 06432 | \$136,950 |
| Eliminate contract 06631 | 50,063 |
| Eliminate contract 06690 Segment A | 124,940 |
| Eliminate contract 06690 Segment B | 86,840 |
| PVS ²³ mileage adjustment savings | 83,321 |
| Reduce frequency for contract 068A3 Stamford P&DC to Bridgeport P&DF | 74,784 |
| Remove stop at Bridgeport P&DF on contract 068L0 | 1,067 |
| Remove stop at Bridgeport P&DF on contract 06420 | 2,615 |
| Add additional BMC ²⁴ trip for Stamford P&DC | (114,823) |
| Add additional L&DC ²⁵ trip for Stamford P&DC | (114,376) |
| Add additional trip from Southern Connecticut to Stamford P&DC | (61,609) |
| Total Savings | \$269,773 |

Source: Transportation Contract Support System

²³ Postal Vehicle Service.

²⁴ Bulk Mail Center.

²⁵ Logistics and Distribution Center.

APPENDIX F. MANAGEMENT'S COMMENTS

TIMOTHY C. HANEY
ACTING VICE PRESIDENT, AREA OPERATIONS
NORTHEAST AREA



April 2, 2007

KIM H. STROUD, DIRECTOR, AUDIT REPORTING

SUBJECT: Draft Audit Report-Efficiency Review of the Bridgeport
Processing and Distribution Facility, Bridgeport, CT
(Report Number NO-AR-07-DRAFT)

We have reviewed the recommendation for transferring incoming mail processing operations currently performed at the Bridgeport Post Office to the Stamford P&DC. The originating mail processing was transferred with the Area Mail Processing initiative implemented in January of 2006. At that time, consideration for also transferring the incoming processing was deferred until further review and analysis was completed.

Based on our review, the incoming volumes would require additional equipment at the Stamford P&DC, as these volumes would need to be processed during the same operating window currently utilized with Stamford incoming volume processing. A summary of equipment is as follows:

| Processing Equipment | | | |
|----------------------|-----------------------|-----------------------|------------------------------|
| | Current Stamford P&DC | Current Bridgeport PO | Consolidated @ Stamford P&DC |
| DBCS | 10 | 4 | 14 |
| DBCS/OSS | 3 | 0 | 3 |
| MLOCR | 1 | 1 | 0 |
| MPBCS | 1 | 0 | 0 |
| CIOSS | 1 | 0 | 1 |
| DIOSS | 1 | 0 | 2 |

Four (4) DBCS machines relocated from Bridgeport to Stamford will be required to process the volumes. Stamford's DBCS complement is occupied processing Stamford volumes during the same operating window. Also, there are some additional impacts as follows:

- ❖ Addition of a DIOSS kit to provide capability to replace the MLOCR processing currently at Bridgeport.
- ❖ Reconfiguration of Stamford workroom to accommodate additional equipment – relocation of an SP/BS, elimination of a LIPS machine, realignment of current DBCS fleet, and relocation of fixed mechanization components.

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- 2 -

- ❖ Evaluation of HVAC requirements with the addition of processing equipment will need to be completed. Power capacity is adequate for the additional equipment.

Staffing requirements have been developed for the additional equipment at the Stamford plant and are summarized below. The equipment will require eleven (11) Mail Processors and four (4) Mail Handlers for six days/week operating coverage. In addition, maintenance would require three (3) positions to support the equipment.

| Machine Staffing | | Annualized FTE hours@ 1760 |
|------------------|----|----------------------------------|
| DBCS | 11 | 19,360 |
| Allied- MH | 4 | 7,040 |
| Total | | 26,400 |

| Maintenance Staffing Requirements | | | |
|-----------------------------------|-----------------------|---------------------|---------------------|
| Machine Type | Number of machines | Annualized Hours | Annualized Hours |
| DIOSS | 1 | 1,434 | 1,434 |
| DBCS | 4 | 864 | 3,456 |
| Total | 5 | 2,298 | 4,890 |
| FTE Maint. Employees | | | 2.8 |

There will be further impacts and opportunities in transportation serving the facilities, and potential effects of the upcoming rate change upon flats processing capability. These will be considered as we move forward.

After careful consideration of the impacts and requirements for implementing the recommended action in the Efficiency Review, appropriate planning and expenditures for workroom floor revisions will be necessary for required equipment shifts. The four (4) DBCSs currently at Bridgeport will need to be relocated to Stamford to process the destinating volumes transferred. Changes will be accomplished with appropriate communications in accordance with PO-408 Area Mail Processing Guidelines, commencing in PQ 3 of FY 2007. Our efforts will be directed towards development of the most efficient plan to maintain service to the area and minimize costs.

If you have any question or need additional information, please contact Robert Cintron, A/Manager, In-Plant Support at (860) 285-7116.


Timothy C. Haney

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