



February 13, 2009

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DISTRICT MANAGER, SOUTHEAST MICHIGAN CUSTOMER SERVICE DISTRICT

SUBJECT: Audit Report – Metroplex Processing and Distribution Center Activation  
(Report Number NO-AR-09-004)

This report presents the results of our audit on the adequacy of the activation of the new Metroplex Processing and Distribution Center (P&DC) in Pontiac, MI (Project Number 08XG043NO000). Our objective was to determine whether the U.S. Postal Service complied with activation requirements for mail processing at the new Metroplex P&DC. This audit is the third and final report in a series and was conducted in cooperation with the Great Lakes Area. See [Appendix A](#) for additional information about this audit.

### Conclusion

The activation team did a commendable job on the site activation of the Metroplex P&DC. They successfully completed all activation requirements for mail processing, as outlined in the Facility Activation – Master Plan, dated July 21, 2003.

However, while completing our work, we noted that service scores for the Metroplex P&DC dropped or were fluctuating during the site activation, which took place from May to July 2008. While some improvement in service scores was made following the completion of the activation, the scores continued to trend below national composite averages through December 2008.

As of January 13, 2009, service scores had increased and were close to or above the national composite averages. This indicates that the Metroplex P&DC is recovering from the impact of their move into the new facility. See [Appendix B](#) for our detailed analysis of this topic, including charts that show service score trends.<sup>1</sup>

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<sup>1</sup> The charts show service scores through January 13, 2009.

## Compliance with Activation Requirements

The site activation team successfully completed the 11 requirements in the Facility Activation – Master Plan. Those activation steps are as follows.

- Establishing an activation coordinator/committee.
- Determining staffing levels.
- Identifying training and equipment requirements.
- Creating an employee orientation and a supervisor's guide.
- Implementing acceptance of business mail at the facility for bulk mailers.
- Reviewing the operating plan and contingency plan.
- Tracking the Decision Analysis Report (DAR)<sup>2</sup> return on investment.

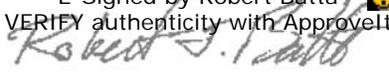
Further, 1,158 employees were successfully placed in new positions in the organization, and mail processing operations from four former facilities were moved into a single new facility. The Great Lakes Area organized a move team made up of area and district maintenance employees to move and install equipment, which freed local Metroplex P&DC maintenance employees to continue day-to-day operations. Because management has successfully completed all requirements related to mail processing during the site activation, we are making no recommendations in this report.

Management reviewed a draft copy of this report and did not suggest any changes or wish to provide a written response.

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<sup>2</sup> The sponsor or requesting organization prepares a DAR recommending an investment and gives the approving authority adequate information to make a prudent business decision. The DAR explains the background and purpose of the program and fully documents cost and benefit estimates.

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

E-Signed by Robert Batta   
VERIFY authenticity with ApproveIt  


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Deputy Assistant Inspector General  
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## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

At the end of the first quarter of fiscal year (FY) 2009, the Postal Service saw a decline in the total mail volume of 5.2 billion pieces or a 9.3 percent decline, resulting in a net loss of \$384 million. In testimony before Congress on January 28, 2009, Jack Potter, Postmaster General, stated the Postal Service is having financial difficulties due to the current economic climate and may need to temporarily reduce mail delivery to five days. In addition, Potter advised the Board of Governors in February 2009 that the Postal Service is taking bold steps to reduce cost and is examining, realigning and streamlining its business in order to address longer term financial pressures.

Since 1974, the Troy-Royal Oak P&DC has processed mail for ZIP Code areas 480 and 483. However, continuing volume growth and automation changes resulted in severe overcrowding and fragmentation of the Troy-Royal Oak P&DC operations. Various mail processing operations and equipment were deployed to existing and newly leased and constructed facilities to reduce space deficiencies. However, these changes increased transportation costs and reduced operational efficiency.

Therefore, in November 2005, the Board of Governors approved construction of a new building consisting of 803,325 square feet on a 70-acre site. The \$224 million building consolidated mail processing operations that had been performed in four different buildings.<sup>3</sup>

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<sup>3</sup> The four buildings were the Troy-Royal Oak P&DC, Troy-Royal Oak Annex, Troy Delivery & Distribution Center, and Troy Delivery & Distribution Center Number 2.



**New Metroplex Processing and Distribution Center**

The Metroplex P&DC completed activation in July 2008, and processes approximately 4.8 million pieces of mail daily for ZIP Codes 480 and 483. Management stated the new facility would alleviate space deficiencies, increase operating windows, and reduce transportation and labor costs, while increasing service and productivity. The Metroplex P&DC, an environmentally friendly facility, supports recycling programs by using green cleaning products and recycling 140 to 160 tons of paper and 20 to 30 tons of cardboard monthly.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective was to determine whether the Postal Service complied with activation requirements at the Metroplex P&DC for mail processing. To achieve this objective, we analyzed the facility activation plan, mail volumes, service scores, trends in delayed mail, training records, and the operating plan. We interviewed Postal Service officials and employees and used computer-processed data from the Web Enterprise Information System and the Enterprise Data Warehouse. We did not test controls over these systems. However, we checked the reasonableness of results by confirming our analyses and results with Postal Service managers and multiple data sources.

We conducted this performance audit from September 2008 through February 2009 in accordance with generally accepted government auditing standards and included such

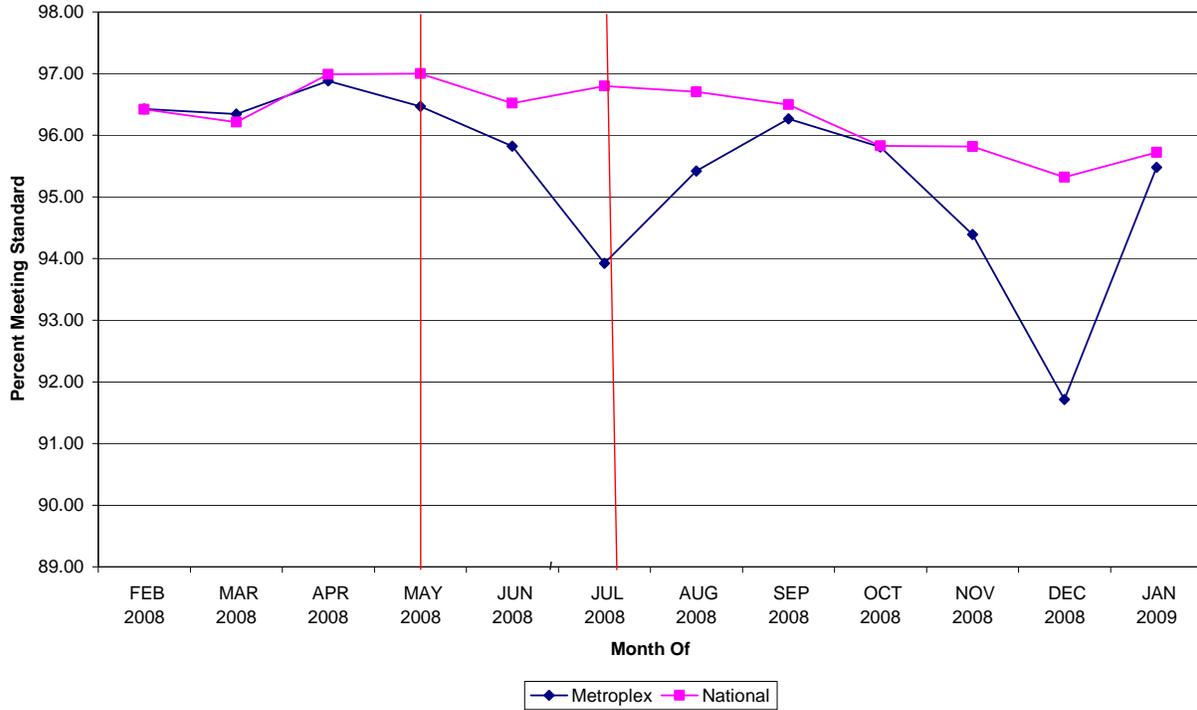
tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management officials on October 31, 2008, and included their comments where appropriate.

**PRIOR AUDIT COVERAGE**

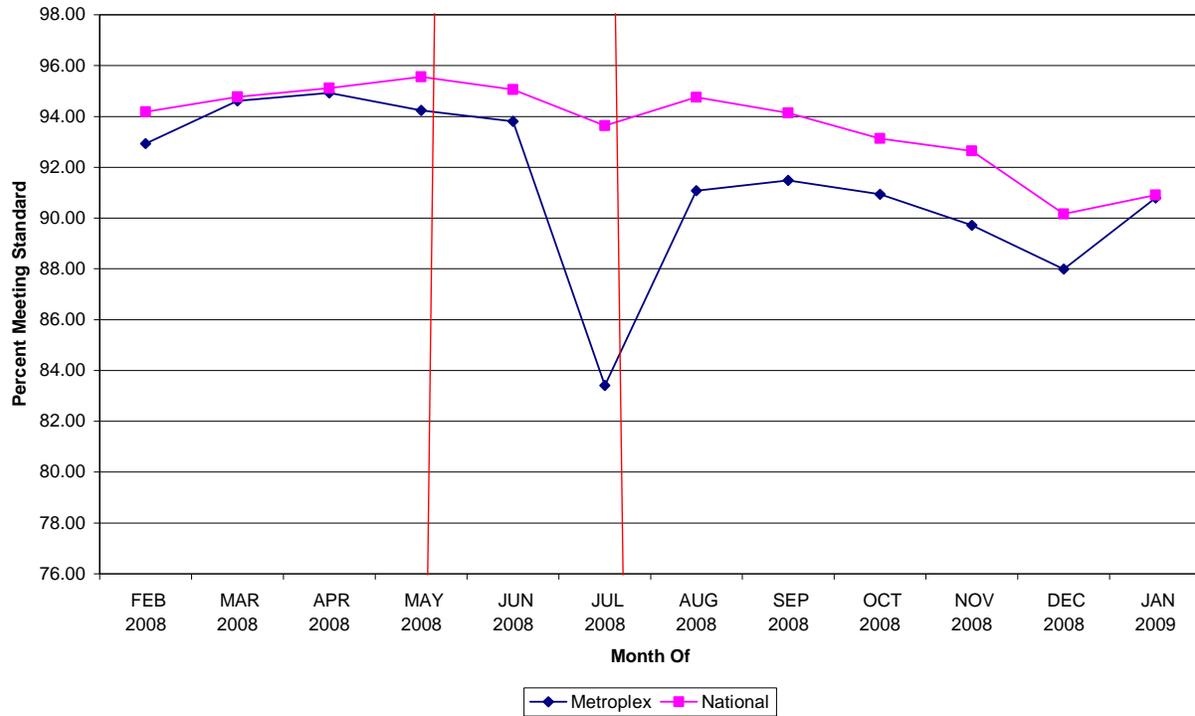
<b>Report Title</b>	<b>Report Number</b>	<b>Final Report Date</b>	<b>Report Results</b>
<i>Activation of the Philadelphia Processing and Distribution Center</i>	NO-AR-08-004	July 10, 2008	The Postal Service did not implement some key activation steps, resulting in significant delayed mail and service degradation.
<i>Oklahoma City Processing and Distribution Center Activation</i>	NO-AR-08-009	September 23, 2008	The Postal Service did a commendable job of implementing all but one of the activation steps. This, however, could result in mail delays and service degradation.

**APPENDIX B: SERVICE SCORES**

**Metroplex P&DC and National Composite Overnight EXFC Scores  
(Site Activation May 21, 2008 - July 21, 2008)**



Metroplex P&DC and National Composite 2 Day EXFC Scores  
(Site Activation May 21, 2008 - July 21, 2008)



Metroplex P&DC and National Composite 3 Day EXFC Scores  
(Site Activation May 21, 2008 - July 21, 2008)

