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*Bringing Commercial Mailing,
Resources, and Solutions Together*

Mailers Hub is the only national organization exclusively serving commercial mail producers, including printers who mail and mailers who print, as well as in-house mail operations and advisors to the trade.

Our sole purpose is to provide information, training, and support on mailing, postal, and related issues to all companies, regardless of the class or category of hard copy mail they produce.

For more information, please visit us at MailersHub.com or contact us at info@mailershub.com or 703-831-3151.


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U.S. Postal Service Office of Inspector General


National Association of Presort Mailers

Leo Crowe, Manager Network Processing

April 10, 2025




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OFFICE OF
INSPECTOR GENERAL

Progress on Improvements at the Richmond, VA RPDC



- The Richmond Processing and Distribution Center became the first RPDC, in July 2023, consolidating operations from nearby facilities.
- Our objective was 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.

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Progress on Improvements at the Richmond, VA RPDC

Report Summary:

- In the year since launching the RPDC, the Postal Service has stabilized operations and service in the Richmond region.
- The Postal Service achieved over \$21 million of savings in workhours and transportation costs.
- While management implemented corrective actions in response to our prior report, the actions taken have not fully remedied the deficiencies related to leadership and staffing instability, aligning transportation, and integrating operations.


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Progress on Improvements at the Richmond, VA RPDC

Service Performance:



- Postal Service has generally improved service performance in the region since our last audit. However, scores remain below targets.
- Management expects scores to improve as more nationwide network changes and DFA initiatives are completed.

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Progress on Improvements at the Richmond, VA RPDC

Savings:

Savings Type	Expected Savings	Actual Savings	Difference
Mail Processing Labor	\$ 7,744,295	\$ 13,960,471	\$ 6,216,176
Maintenance Labor	\$ 2,022,411	\$ (1,723,776)	\$ (3,746,186)
Transportation Contract	\$ 5,177,437	\$ 9,247,570	\$ 4,070,133
Total	\$ 14,944,143	\$ 21,484,265	\$ 6,540,123

- The Postal Service expects to save more than \$185 million over the next ten years.
- We compared 2024 Estimated to Actual Cost Savings.

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Progress on Improvements at the Richmond, VA RPDC

Finding 1 – Continued Leadership Challenges at the Richmond RPDC:

- Fourteen Months After Launch, the RPDC did not have a permanent:
 - Plant Manager
 - Manager of Processing Support
 - Maintenance Manager
- During this time, the RPDC has had four different people serving as the plant manager, three as the manager of processing support, and two as the maintenance manager.

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Progress on Improvements at the Richmond, VA RPDC

Finding 2 - Transportation Schedules Still Not Fully Aligned:

Indicator	FY 24 Goals	Prior Audit Period 7/29-12/1/23	Current Period 12/2/23-9/30/24	SPLY 12/2/22-9/30/23	Diff From Current Period to SPLY
Trips on Time	86.47%	70.21%	69.28%	73.18%	3.90%
Canceled Trips	N/A	11.45%	16.08%	9.36%	6.72%
Extra Trips	N/A	4.59%	5.61%	3.69%	1.92%
Trailer Utilization	53.76%	54.51%	51.32%	54.65%	3.33%

- Extra trips used by the Richmond RPDC resulted in over \$2.3 million in additional transportation expenses.
- Management disagreed with our recommendation, stating they already have a comprehensive plan and transportation performance is within normal operational ranges.

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Progress on Improvements at the Richmond, VA RPDC

Finding 3 – Scanning of Trailer Loads Not Conducted:

- The Richmond RPDC is not always completing required “unload” and “load” scans needed to support operational planning and mail tracking.
 - Employees did not complete 17 percent of required scans.
- Postal vehicle service drivers were responsible for most of the missed scans.
- There was not sufficient oversight of employee scanning by logistics and processing management.

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Progress on Improvements at the Richmond, VA RPDC


Finding 4 – Continued Challenges Integrating Operations:

- The Richmond RPDC is still experiencing issues integrating operations among the facilities in the region:



- Collection mail often arrived late after sorting operations were completed.
- Collection mail was not properly placarded or separated, resulting in additional handling at the RPDC.
- The RPDC did not always complete processing operations on time, which delayed the mail.

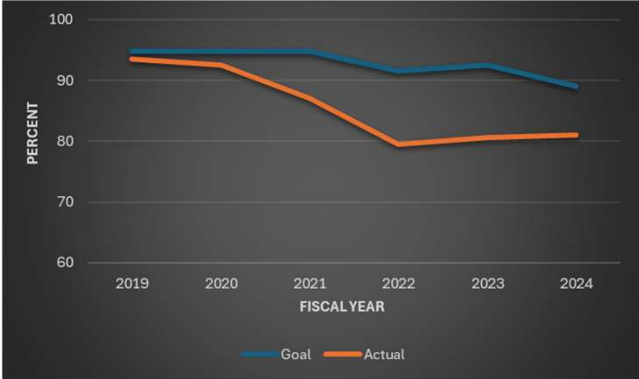
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Progress on Improvements at the Richmond, VA RPDC


Finding 5 – Employee Availability Challenges Continue:



Fiscal Year	Goal (%)	Actual (%)
2019	95	94
2020	95	93
2021	95	88
2022	92	80
2023	93	81
2024	90	81

- On average about 19 percent of people scheduled to work, did not show up.
- Local management attributed the low employee availability levels to a poor work culture and the lack of discipline enabled by plant management.

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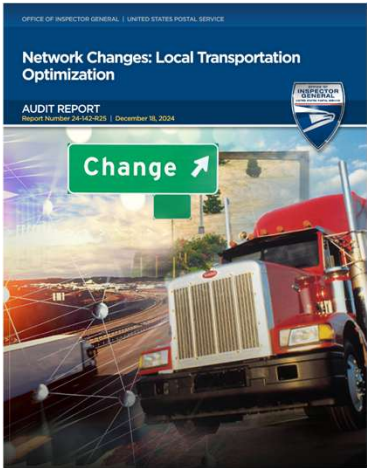


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Local Transportation Optimization


Network Changes: Local Transportation Optimization

AUDIT REPORT
Report Number 23-142-025 | December 18, 2024



- The Local Transportation Optimization (LTO) initiative is generally designed to reduce the number of transportation trips to and from select post offices and increase the amount of mail transported on each trip.
- Our objective was to determine the impacts to service performance, customer service, mail security, and expected cost savings from implementation of the LTO initiative.

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Local Transportation Optimization

Report Summary:

- We found the LTO initiative negatively impacted service to customers.
- The service performance scores for First-Class Mail declined after the implementation of LTO, more significantly impacting the rural population.
- Additionally, customer complaints about mail delivery delays increased after the LTO implementation.

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Local Transportation Optimization


Service Performance:

Legend: Single Piece First-Class (Rural) (Orange), Single Piece First-Class (Blue), Presort First-Class (Green), LTO Implemented (Red line)

- Originating First-Class Mail (FCM) for the first six LTO regions with 1,542 optimized offices implemented through March 2024.
- As of July 2024, Presort FCM service performance nearly returned to pre LTO levels, while Single Piece FCM service performance had not recovered.

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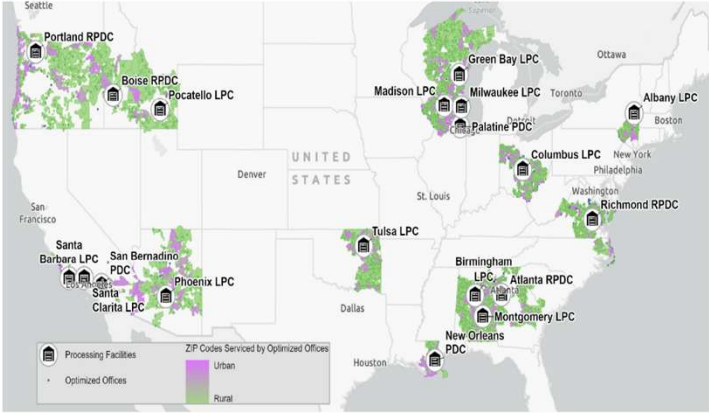
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Local Transportation Optimization

Customer Outreach:



- The Postal Service had not adequately informed the public in LTO implemented regions of the changes.
- The disparate impact to the rural population was about five times more than the urban population.

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Delivering For America Audit Work

Upcoming Audit Work

- Delivering for America: First-Class Mail and Priority Mail Service Performance Update
- Effectiveness of the New Regional Processing and Distribution Center in Boise, ID.
- Progress on Improvements at Atlanta, GA Regional Processing and Distribution Center
- Regional Transfer Hubs
- Local Transportation Optimization

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Oversight of the Delivering for America Plan Implementation

The OIG is committed to assessing the service, financial, sustainability, and labor impacts of network changes related to the Postal Service's 10-year Delivering for America (DFA) plan.

U.S. Postal Service Delivery for America Plan

OIG Semiannual DFA Oversight Report

Network Modernization

The DFA plan will invest \$40 billion in capital investments, including creating a modernized and consolidated network based around Regional Processing and Distribution Centers (RPDC), Local Processing Centers (LPC), and Sorting and Delivery Centers (S&DC). The plan includes other significant changes to operations, including the Regional and Local Transportation Optimization (RTO/LTO) initiatives.


Network Audits



Service

- Processing, Transportation, and Delivery
- Service Performance
- Customer Experience
- Customer Communication

Service Audits



Financial Impacts

- Cost Savings
- Revenue Growth
- Liquidity
- Planning, Monitoring, and Transparency

Financial Impacts



Sustainability Efforts

- Vehicle Acquisition Management
- Electric Vehicle Charging Infrastructure

Sustainability Efforts



Labor Management


- Recruitment and Retention
- Employee Availability
- Labor Relations
- Employee Communication

Labor Audits

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Questions



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