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Federal Engineering, Inc.

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Fairfax, VA 22030

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Attachment 7.1.1

MEMORANDUM (DGS Assessment Summary)

June 24, 2005

The Federal Engineering Team upon analysis of the DGS assessment Study has documented some salient items of interest to be used for future analysis.

Summary Exhibit 5A - provides charge back detail and presort not qualifying. Summary indicates only 5 agencies knew their postal contact. Largest 11 offices produce 88% of outgoing mail. That is 9% producing 88%. The largest 18% of the offices produce 96% of the volume. The smallest 105 agencies produce only 4% of volume with 82% of the stops needed to pick-up. Largest 9 stops produce 83% of inbound mail. That is 7% producing 83% of inbound mail. The smallest 111 stops produce only 8% of the inbound volume, or 85% of the stops. Per Exhibit 5A and MRG presort report, over 17 million pieces get presorted MRG for DMV, Health Professionals, Social Services and Taxation. Taxation plans to move another 1.4 million pieces to presort this summer upon moving printing from line print to laser print quality. Another 5 million or so letter pieces exist that are not discounted currently. Largest non-presorting agencies are Professional and Occupational, State Police, Fine Arts, VA Probation and Parole, Medical Assistance, Corporation Commission, Education, OAG and Agriculture and Consumer Services. These agencies represent over 4 million letter pieces annually.

Summary Exhibit 5B – Timings of Pickup and Delivery from USPS and COV agencies are provided. This information can be used to validate all PU/DEL times as to perceived option, picked up by, delivered by, with volumes in respect to agency locations.

High Level details

- Earliest PU – 6:00 AM VCU, 6:30 AM VEC Employment Commission
- Latest PU – 5 PM – War Memorial, Dep of Eng. and Building
- Few have up to 4 PU's VEC
- SMS is used in all except DGIF, DMAS?, Tax, VDOT (these two entries can be wrong), VCU (PBMS used) DHRM (? In field)
- 19 agencies responded as using Capital PO
- 15 agencies responded with Brook Rd.
- Other PO's listed but not sure if correct, many non-respondents
- 7 respondents said PU only

- 3 stated DEL only
- 24 had both PU and DEL
- Only 49 agencies pick up in the morning. This is a total that include Priority and larger customers. Should be considered when reviewing consolidated SMS morning pick-ups.

Possible ERRORS in Spreadsheet....

APA 0.36??? other in fractions assume it to be less than 1 a day

- total number of pieces summarized at end ...

101,595 envelopes, 13,986 flats, 6,558 bus reply, 2,857 registered

125,957 daily average totals from USPS

Summary Exhibit 5I - Vehicle Summary 5I detail – costs can be calculated for each option selected – must note that internal COV costs are redeployment costs possibly not actually savings whereas paid couriers are actually agency savings.

Details:

Vehicle costs:

31,172 for USPS (agencies except SMS)

20,980 for interagency mail (SMS only)

52,152 total

22 agencies have costs for interagency mail

24 agencies have costs for USPS mail

Summary Exhibit 5O - Safety Issues – details for summary of COV security:

Summary Exhibit 5C - Courier Summary – Detail can be used to demonstrate potential savings from proposed recommendations

-18 agencies have courier charges

Total 04' \$652,064, projected 05' \$643,542

From \$425 to \$385,000, \$385,000 probably can't be eliminated from DSS (courier required to hand deliver to other SS State agencies. Several agencies use couriers. Some seem necessary while others could be eliminated. Total cost was \$652,064. Of that, \$75,000 or so could be eliminated using SMS. Exhibit 5C

Shipping Summary Exhibit 5D - POTENTIAL for recommendation on overnight usage – may just be recommendation for uniform contract.

Not sure what we can do with this...can be potentially for competitive contract say USPS???? – or – perhaps a candidate for policing in Mail Management organization.

Presort Summary Exhibit 5E – Potential OPPORTUNITY for presort savings. DMV and Tax are NOT on this list. If so, up to 18,602 pieces outbound daily can be considered for presort. At a 50% presort acceptance rate that can amount to over \$134,000 annually in USPS savings... The team needs to review each option and assess which agencies are impacted. Only 4 Agencies contribute to presort through MRG. This mail is held by MRG and entered into the mail stream on the second day.

Postal Accounts Summary Exhibit 5F – The FE team does not see any real savings here but may have opportunity to consolidate some? The team's preliminary assessment is that the USPS charges \$111K annually to sort their mail. It would cost the COV much more to do it manually. All agencies should review their PO box usage. Are there boxes not used but being paid for, boxes or separations not needed, could they be located more conveniently at another station? Space is at a premium at Downtown Station, unless needed move to better location. Changes to Inbound morning pick-ups could warrant changing box locations to facilitate delivery routes

Personnel Summary Exhibit 5G – This detail can be used to estimate labor changes in options. This level of detail covers only the physical handling of the mail not the effort required for printing and insertion of the mail ... REDEPLOYMENT is only real savings fingers and toes...

Equipment Summary Exhibit 5H – This detail will be used for potential savings calculation on meters etc. as per options ... will also be used to gauge COST AVOIDANCE on 06' USPS edict. The vendor imposed penalty for early contract termination is included to illustrate the one-time costs that either must be negotiated down or paid to the vendor (Pitney Bowes). May be able to use lease expiration/replacement date as motivation for consolidation

- Replacement Costs can be COST AVOIDANCE
 - Savings can be extracted directly from spreadsheet
 - Some similar postal meters have contracts that far more favorable to the COV than others. Some agencies did not get the best leasing rate. These inconsistencies resulted from the fact that some agencies acted alone in negotiation of the leasing contract. \$184,000 is spent on Priority agencies meter machines while Non-priority agencies spent \$173,000. The replacement costs for Non-priority locations was \$43,714 for '05 and \$217,344 for '06. 53 Nonpriority agencies have mailing machines
- A.M. Delivery – SMS is in 29 offices prior to USPS delivery by at least one hour. Several of these locations receive their mail after lunch. Exhibit 5I

Square Footage Costs Summary Exhibit 5J – This exhibit lists Real Estate square footage used in the mail handling process. In some case this amounts to only a few square feet. The Fe team does not see any real savings here other than redeployment saving for the COV.

Special Requirements Exhibit 5K – This exhibit lists all of the agencies concerns that surround mail consolidation. All of these issues need to be address in any option proposed to the COV. It should also be used in our logic for including or excluding agencies in the option.

- most issues seen to arise from timely delivery and pickup
- CONFIDENTIALITY is brought up frequently
- Some agencies have legal statuettes preventing the movement of the mail process (Treasury)
- Some agencies voiced concern over security screening of biological samples (DHS) and museum artifacts (Arts Museum).

Funding Streams Exhibit 5L – This one MAY be a potential for us to try to divert some dollars to this effort....This one probably won't come into play until latter in the study I assume that the only dollars attributable to mail is Mail Operation Dollars. Also assume USPS, overnight and operational costs included. If you take out heavy hitters (tax, treasury, DMV etc) still 5.2M is left over from the 15+M spent.

Summary of Costs Exhibit 5M – This one will come into play for the final recommendation/presentation. We would probably need to recreate the new image on each of the proposed options. Capital should be separated from Expense dollars. Security should be a separate line item for both Capital and maintenance costs.

Miscellaneous

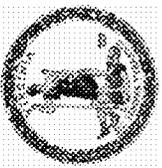
Mailing Equipment – All mailing equipment should be reviewed prior to any new purchase or surplus of excess equipment. Someone's old equipment may benefit another agency not as sophisticated. On the other hand, outdated equipment maintenance can be very costly. Can old inserter at Taxation be used somewhere else in COV after August upgrade? Possibly have DGS issue another memo concerning the purchasing of new mailing equipment. If some type of purchase moratorium exists, extend it...

VIB – Make sure that agencies know that VIB exists and what services that they can provide to other agencies. Move them to participate on presort contract.

Attitudes - This project is not new to the COV. Agencies have been handling their own mail for years. It will take time and some build up of confidence to change current attitudes and allow for some relinquishment of control by agencies. After some small successes, hopefully this confidence will begin to grow. There are also fears relating to loss of employees, equipment or funding. These issues must also be dealt with.

Inconsistencies - In exhibit 5I, we found that 4 ½ vehicles a day were not included. This was derived by using data from the DSG narrative. In the DGS narrative, O/N Express volume was listed as 188,305 rather than 722 pieces a day. OAG's incoming daily volume was listed as 3,000 pieces a day. That was a weekly figure found in Exhibit 5A. In Exhibit 5H, it was found that several agencies had no replacement cost for mailing machines, while other estimates were low. These numbers were updated with the help of DGS and contract 60071-30.

2004-2005

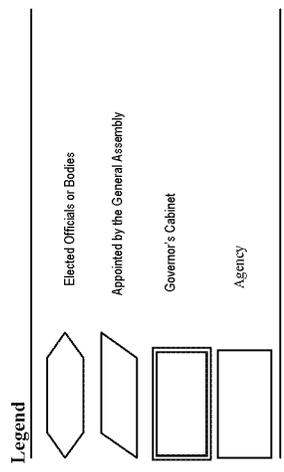


VIRGINIA Organization of State Government

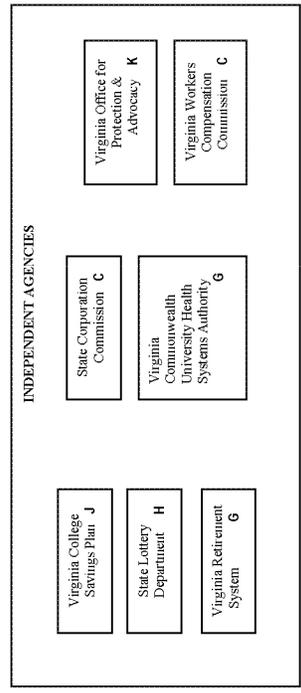
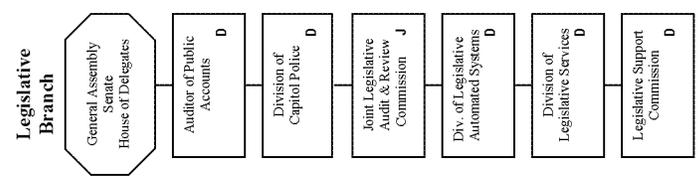
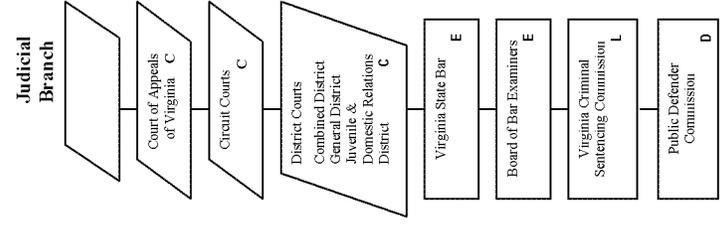
This publication illustrates the overall organization of state government as of July 1, 2004, including the reporting relationship of the agencies and entities with the three separate branches of the government. Seven independent agencies are displayed as well.

Public service telephone numbers are listed. As indicated, several agencies provide telecommunications for the hearing impaired. Information concerning agencies not listed may be obtained from the state operator at 1-800-422-2319.

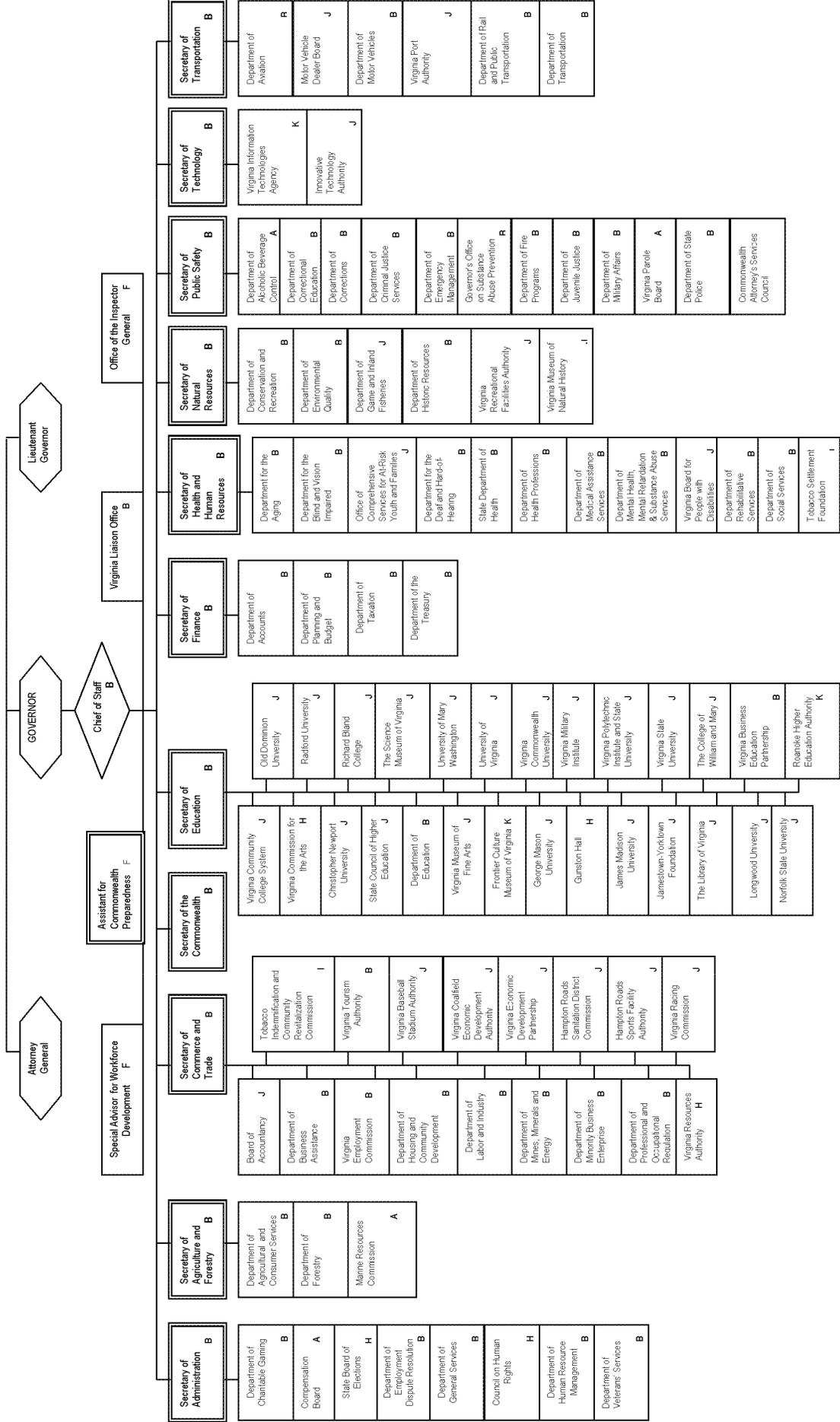
2004-2005 Organization of Virginia State Government



- Notes**
- A Board, Commission, or Council appointed by the Governor and confirmed by the General Assembly
 - B Administrative Head appointed by the Governor and confirmed by the General Assembly
 - C Court or Commission with administrative power elected by the General Assembly
 - D Court, Commission, or Administrative Head appointed by the General Assembly
 - E Appointed by the Supreme Court
 - F Administrative Head appointed by the Governor, not subject to confirmation by the General Assembly
 - G Board, Court, or Commission whose members are appointed in part by the Governor and the General Assembly
 - H Board, Commission, or Council and Administrative Head appointed by the Governor and confirmed by the General Assembly
 - I Commission whose members are appointed by both the Governor and the General Assembly, subject to confirmation by the General Assembly, and whose Administrative Head is appointed by the Governor and confirmed by the General Assembly
 - J Administrative Head appointed by the Board, Council or Commission, which is appointed by the Governor, not subject to confirmation by the General Assembly
 - K Administrative Head appointed by the Board, Commission, or Council, which is appointed by both the Governor and the General Assembly, not subject to Confirmation by the General Assembly
 - L Commission whose members are appointed in part by the Governor, the General Assembly and the Supreme Court



Executive Branch



Public Service Numbers

State Operator: 1-800-422-2319

Aging
 Department for the Aging (Voice/TTY).....800-552-3402

Alcohol and Drug
 ABC Violations.....800-552-3200
 CADRE—Alcohol and Drug Info.....800-451-5544
 Drug Violation Hotline.....800-552-3673

Children's Services
 Department of Social Services.....804-692-1900
 Child Abuse and Neglect Hotline.....800-552-7096
 Child Support Enforcement.....800-468-8894
 Virginia Missing Children Info.....800-822-4453
 Clearinghouse.....804-662-9815
 Comprehensive Family Services

Consumer Services
 Consumer Affairs.....800-552-9963
 Consume Inquiries/Office of Attorney General
800-451-1525

Education
 Department of Education.....800-292-3820
 Office of Teacher Education and
 Professional Licensure.....800-225-2022

Elections
 State Board of Elections.....800-552-9745

Employment
 Equal Employment Opportunity Hotline.....800-533-1414
 Virginia Employment Commission.....800-828-1140

Health Care
 HIV/STD Hotline.....800-533-4148
 Immunization Hotline.....800-568-1929
 Department of Health Professions Voice/TDD
 Compliant Hotline.....804-662-7197
 License Information.....800-533-1560
 804-662-7636

Legal Services
 Virginia Lawyer Referral Service.....800-552-7977

Vital Records
 Birth, Death, Divorce Records.....804-662-6200

Attorney General, Office of the
 Central Region Voice/TDD.....800-752-8445
 Northern Region.....703-277-3540
 Southwestern Region.....276-676-5410
 Tidewater Region.....757-631-4020
 Western Region.....540-857-6337

Corporation Commission, State
 Information.....866-722-2551
 TDD.....804-371-9206
 Consumer Inquiries.....800-552-7945
 Financial Instructions.....804-371-9657
 Insurance, Bureau of
 Securities and Retail.....804-371-9051

Governor, Office of the
 Voice.....804-786-2211
 TDD.....804-371-8015
 Liaison Office.....202-763-1769

Governor's Office for Substance Abuse Prevention
 Voice.....804-786-9072

House of Delegates
 Voice/TDD.....804-688-1619
 Legislative Information.....804-698-1500

Legislative Services
804-786-3591

Library of Virginia
 Information.....804-682-3500
 Voice/TDD.....804-692-3976
 Archives.....804-692-3888
 Reference.....804-692-3777

Lieutenant Governor, Office of the
 Voice.....804-786-2078
 TDD (VA Relay).....800-828-1120

Lottery, Department of
 Information.....804-692-7000
 TDD.....804-692-7115

Medical Assistance Services, Department of
 Information.....804-786-4231

Military Affairs, Department of
434-298-6100

Minority Business Enterprise, Department of
 Information.....800-223-0671

Motor Vehicles, Department of
 Voice.....800-435-5137
 TDD.....800-272-9268

Senate of Virginia
 Voice.....804-688-7400
 Voice/TDD.....804-688-7419

Social Services, Department of
 Adult Protective Services.....866-832-3656
 Family Violence Hotline.....800-688-8238
 Food Stamp Hotline.....800-552-3431
 Information and Referral Services.....800-230-6977

State Police, Department of
 Information.....804-674-2000
 TDD.....800-553-3144
 Division 1—Richmond.....800-552-9965
 Division 2—Culpeper.....888-300-0156
 Division 3—Apopattox.....800-552-0962
 Division 4—Wytheville.....800-542-8716
 Division 5—Chesapeake.....800-582-8350
 Division 6—Salem.....800-542-5959
 Division 7—Fairfax.....800-572-4510

Supreme Court of Virginia
 Information.....804-786-2251
 Voice/TDD.....804-692-0767

Taxation, Department of
 Information.....804-786-3587
 Voice/TDD.....804-367-8329

Transportation, Department of
 Highway Help line Voice.....800-367-7623
 TDD.....800-432-1843

Veterans Services, Department of
 Accomac.....757-787-5862
 Amelia.....804-561-1475
 Big Stone Gap.....276-523-1411
 Bristol.....276-466-2212
 Cedar Bluff.....276-963-5054
 Charlottesville.....434-295-2782
 Front Royal.....540-635-4201
 Hampton.....757-825-7893
 Lynchburg.....434-947-6727
 Norfolk.....757-455-0814
 Quantico.....703-630-2811
 Richmond.....804-786-2261
 Roanoke (Dept. Offices).....540-857-7104
 South Hill.....434-447-3231
 Staunton.....540-332-7840
 Wytheville.....276-228-6211

Secure Commonwealth Panel

The Secure Commonwealth Panel was originally established in 2002 and has developed into a 29-member panel chaired by Assistant to the Governor for Commonwealth Preparedness, George W. Foresman. The panel consists of the Governor's Cabinet, legislators, and our public-private partners. The panel is the backbone of the Secure Commonwealth Initiative and on September 11, 2005, the panel will roll out a comprehensive five-year strategic plan.

The Secure Commonwealth Panel is broken down into nine Sub Panels which are Agribusiness, Citizens and Communities, First Responders, Government Operations and Funding, Health and Medical, Industry and Commerce, Technology, Transportation, and Utilities. In addition, five new short-term task forces have been created to address outstanding issues of the Secure Commonwealth Panel. These task forces are Intelligence and Information Sharing, Funding, Critical Infrastructure Protection, Performance Measures, and Mass Fatality Management. The recommendations from each task force will be evaluated and disseminated into the Commonwealth's comprehensive five-year strategic plan.

Secure Virginia Panel
Summary of Recommendations

September 5, 2002

Office of the Governor

GOVERNMENT OPERATIONS AND FUNDING

There exists significant bifurcation of responsibilities internal to the Executive Branch as well as with its relation the Judicial and Legislative Branches. The Panel recognizes the need for “separation of powers” but notes the close physical proximity of the core facilities of the three branches of government and shared resources that support each. Decisions ranging from Continuity of Government to security require closer coordination between the three branches. Current inconsistencies between the three branches result in a vulnerability to state government as a whole. The following recommendations are provided:

1. STRENGTHEN CONTINUITY OF GOVERNMENT

THE GOVERNOR IN COORDINATION WITH THE LEADERSHIP OF THE LEGISLATIVE AND JUDICIAL BRANCHES SHOULD WORK TO FORM A SPECIAL WORKING GROUP

- a) Prepare a Constitutional Amendment for presentation to the General Assembly this year expanding the current line of succession for the Office of the Governor. A line of succession that provides not less than five alternates for leadership positions is recommended.
- b) Ensure development of a protocol for the evacuation of leaders of each of the three branches of government to jointly agreed upon alternate sites should the Capitol Complex become un-inhabitable. The Department of State Police has been designated as the lead Executive Branch agency responsible for preparing annually specific plans for actual movement of leaders.
- c) Develop a joint agreement providing that those in the line of succession will not physically travel together.
- d) Develop a joint agreement that at least one individual in the line of succession will be physically absent from joint appearances (i.e.: State of the Commonwealth).

2. IMPROVE GOVERNMENT FACILITY SECURITY

THE GOVERNOR SHOULD COORDINATE WITH THE LEADERSHIP OF THE LEGISLATIVE AND JUDICIAL BRANCHES CHAIRMEN TO FORM A SPECIAL WORKING GROUP

- a) Develop and agree upon a joint formal evaluation process to assess physical security at all buildings within the seat of government (within downtown Richmond) and to develop a jointly agreed upon policy and standard for implementing security that is consistent between the three branches. The assessment process should be jointly conducted by the Virginia State Police and Virginia Capitol Police with guidance provided by the working group and should be completed by December 15, 2002.

- b) Jointly develop a protocol to guide the decision making process concerning the closure of Capitol Square and adjacent buildings during periods of heightened alerts and provides for a joint decision process between the three branches for issues related to closure.
- c) Develop individual evacuation plans for all state owned or leased space near the seat of government (within downtown Richmond) by January 31, 2003. In addition, a training program reference these evacuation plans be developed and delivered to all state employees in the seat of government by March 31, 2003.
- d) To identify a minimum of two alternate sites where the three branches can convene and operate in the event the Capitol Complex is uninhabitable.
- e) To work with the City of Richmond in developing an action plan concerning the utilization of Governor Street behind the Mansion prior to the upcoming session of the Virginia General Assembly
- f) Evaluate the feasibility of creating of an off-site central mail processing facility to serve ALL of the Capitol Complex and that would provide for appropriate and prompt screening of mail to the three branches. This analysis should include the feasibility of creating a public-private partnership where such a facility could serve local, state and federal agencies and interested corporate and private businesses located around the seat of government.

The above actions are subject to concurrence of the leadership of the Legislative and Judicial Branches through the efforts of the working groups.

Those that follow address Executive Branch actions that the Governor has approved for implementation.

3. IMPROVE INFORMATION MANAGEMENT CAPABILITIES

- a) The Secretary of Technology and Secretary of Administration in consultation with the Assistant to the Governor for Commonwealth Preparedness will develop protocols and capabilities to transmit mass e-mail messages to all state employees concerning threats or actual emergencies or disasters. Procedures should include provisions for those employees without direct e-mail access.
- b) The Office of Commonwealth Preparedness has been designated as the single contact and coordination point for the federal government for the issuance of Security Clearances to state and local officials. The designation includes a requirement that all state agencies, including institutions of higher education, provide a listing of state employees currently possessing federal security clearances. The Virginia National Guard shall be exempted.



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Attachment 7.1.2

MEMORANDUM (OTHER STATES)

June 24, 2005

Federal Engineering has studied the current trends in State Government Mail Handling. We have examined the operations from the State of Iowa, Washington, Georgia, North Carolina, Michigan, Oregon, Tennessee and Florida.

A brief synopsis of each states activities:

The State of Iowa operates the General Services Enterprise for Fleet and Mail. The organization's mission is to provide "reliable and cost effective receipt, processing and distribution of US and Interoffice mail for state agencies..." The functions of the operation include:

- delivery of incoming federal mail and interoffice mail
- pickup and processing of outgoing letters, flats and parcels
- First class presorting and bar-coding
- provides Letter shop services including bursting, folding and document insertion
- handling and processing of certified, registered and insured mail
- mail administration and reporting.

The State of Washington's, General Administration operates the Consolidated Mail Services group. The functions of this operation include:

- provides bulk pick-up of incoming mail throughout the night and provides sorting and distribution of mail the next day
- outbound mail processing that will handle metering, bar-coding, processing expedited mail and parcel handling providing inserting, folding, labeling, bursting and trimming to clients

The State of Georgia's, Department of Administrative Services provides mail services for the state government. These functions of the operation include:

- interagency mail services for pickup and delivery
- metering services and presort capabilities.

The State of North Carolina, Department of Administration's Mail Service Center provides its agencies with:

- USPS pick-up and Delivery
- Interagency mail pick-up and delivery
- UPS air and ground handling of mail.

The State of Michigan's, Department of Management and Budget provides mail services for the following functions:

- automated inserting of generic or matched documents
- folding and sealing of continuous form mailers
- labeling, tabbing, bursting and direct image addressing onto envelopes
- metering and presorting of mail.

The State of Oregon's, IRMD Operations provides mail services to over 78 agencies. The functions of the operation include:

- USPS pick-up, sortation and delivery to the agencies
- Interagency pick-up, sortation and delivery to the agencies
- USPS outbound mail services for pick-up and USPS delivery
- provides publishing and distribution services to the agencies utilizing print shop technologies providing services for the creation of personalized letters, cards, checks, oversized or thick documents, regular envelope and flat processing
- provides automate inserting and folding equipment.

The State of Tennessee's Department of General Services oversees the Division of State Postal Services' operation. This division is charged with providing centralized mail service for all state agencies. The primary objective is to provide an efficient and economical mail system for state government that will ensure timely service for both incoming and outgoing mail. The functions performed include:

- delivery of incoming USPS mail
- interagency mail pick-up and delivery
- metering of outgoing mail
- folding and inserting service
- presorting of First-Class mail
- mail piece design.

The State of Florida currently has a business case developed for the "Consolidation and Outsourcing of agency mail services". The salient features of the business case are the creation of a central processing center for all inbound and outbound mail. The business case is seeking to centralize all mail handling and production of all outbound mail (print and insertion) in that central location. The study projects significant savings from the synergy of utilizing existing equipment, personnel and reduction in postal metering and associated costs with the maintenance and use of postal meters. Additional savings are sought based on the volumes of mail produced in a central location and the ability to presort the outbound mail.

One common thread from all the states examined is that a central mail organization is used in each state. Minimum functions provided from these organizations are: Interagency and USPS mail pick-up and delivery, and postal metering of outbound USPS mail from the various agencies. Some of the more sophisticated mailing services provided by some are Letter shop services, print and distribution, inbound mail screening and outbound parcel services.

The fact that a central mail services location provides the enterprise with many synergy opportunities and efficient processing is no secret. All major mailers/fulfillment houses today operate in large facilities that process all material in bulk. In Direct Mail operations, printers and inserters are utilized to their fullest extent. Labor used is well versed in a variety of equipment types and job set-ups. Some of the reasoning for examining the centralized mode of operation is that in a single center operation is that operation costs can be lowered by:

- eliminating the "float" of postal meter funding resulting in less funds held in postal escrow
- pooling of individual agency outbound mailing into larger groups for potential presort discounts
- increased integrity in postal addressing by use of IT/local software resulting in potential postal discounts
- elimination of redundant equipment (printers, inserters ...)
- elimination of the many postal metering systems and associated maintenance costs can be reduced significantly, additionally cost avoidance in cases where obsolete postal meters require replacement as per the USPS 2006 digital postal meter directive.
- Printers and associated print equipment and maintenance can be reduced by reusing the capacity within the centralized environment
- Inserters and associated inserter equipment and maintenance can be reduced by reusing the capacity within the centralized environment
- Labor can be shifted with work load in production operation that employs both inbound mail security and distribution and outbound production and distribution of agency mail
- increased integrity in postal outbound handling can be achieved by use of technology.



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General Services Enterprise - Fleet & Mail

[DALE SCHROEDER](#), ADMINISTRATOR

Mission: To provide essential support services to assist other state agencies of Iowa in the performance of their respective missions. To provide for and support the vehicular travel requirements of state agencies. To provide reliable and cost effective receipt, processing and distribution of U.S. and interoffice mail for state agencies within the Des Moines metropolitan area. To provide to state agencies within the Des Moines area the pickup and delivery of records and data processing.

The General Services Enterprise - Fleet & Mail provides the following services:

Fleet

- New vehicle purchase and assignment
- [Vehicle Operations Manual and Maintenance Manual](#)
- Vehicle maintenance and repair
- Daily trip pool for short-term vehicle requirements
- Surplus vehicle disposal - [Auctions](#)
- Fueling with 10% and 85% ethanol blended gasoline
- Fleet administration including departmental billings, vendor payment processing, vehicle replacement funding, and fleet management services

Mail

- Delivery of incoming federal mail and interoffice mail to Des Moines area customers
- Pickup and processing of outgoing letters, flats, and parcels in the Des Moines area
- First class presorting, bar-coding, and other mail automation services
- Lettershop services including bursting, folding, and document insertion
- Signature mail Services including certified, registered, and insured mail
- Mail administration and reporting

- [Mail Services](#)

[Risk Management](#)

- 515-281-7703 or e-mail [Kathy Shannon](#),
- State Fleet Accidents
- Capitol Complex Tort Claims
- Capitol Complex Events Liability

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Mail

In the Des Moines area, the Department of Administrative Services, General Services Enterprise - Fleet and Mail, Mail Center, meet state government's needs for incoming and outgoing local and U.S. Postal Service letters and parcels.

The following **resources** are provided for your assistance:

- **Accurate mail addresses and special mail needs**—what is needed on an envelope to ensure swift delivery and avoid the “dead end” letter bin for undeliverable mail. For the following information, click on [A Simple Guide to Capitol Complex Mail](#).
 - Correct local mail addresses
 - Zip code + 4 for state agencies
 - Use of initials
 - Who receives local mail
 - Local mail pickup
 - Cost savings for agency mailings
 - Correct U.S. Postal Service mail addresses
 - Mail received with incorrect addresses
 - Parcel needs
 - Contract carriers
 - Special needs—overnight, certified, registered or insured mail
 - Lettershop services—inserting, addressing, pre-sorting
 - Preparing mail for pick-up

- **Suspicious mail and how to handle it**—click on [How to Handle Suspicious Mail](#).

- **Preparing an agency mailing**—how to save 40% of the postage cost by meeting U.S. Postal Service regulations that allow a reduced postage rate. These regulations frequently change; however, our Mail Center staff is always current on what you need to do to qualify for this discount. Call them in the planning stages so they can help you determine the size, form, and format to get you the best value.

- **Mail Delivery/Pick-up locations**—click on [Mail Delivery/Pick-up Schedule](#).

- **Discontinued Local mail**—Effective December 2001, the Board of Regents moved and does not have local delivery service. Mail must be sent via the United States Postal Service with the appropriate postage attached. Their address is 11260 Aurora Avenue, Urbandale, IA 50322-7905.

- **Current employee names and locations**—In the past year, there has been and continues to be many agency moves on and off the Capitol complex. If you would like to verify a department mailing address, you may find the department phone numbers portion of the “ICN phone book” helpful. It is located on the State of Iowa home page at www.state.ia.us (Under “directories,” click on “state employees”) Note that state employee names and locations may not be current.
- **Questions**—Contact the Mail Center at 515-281-5143.

Consolidated Mail Services

- CMS Services
- Frequently Asked Questions
- PO Box/Mail Stop Information & Schedule Lookup
- Mailing Instruction Form (Pinkslip)
- Order Mail Supplies Online
- Contacting Us



Consolidated Mail Services (CMS) is a program within the Department of General Administration. CMS is a full service mail operation providing state, federal, county, and local government with safe, secure, reliable and efficient processing of mail. CMS picks up and delivers Monday-Friday in Western Washington counties.

We'll handle all your mailing needs
We're everywhere
We'll save you money
It's easy to do business with us

CMS - Working for you!



Mail Threat Awareness
 (for state mailers use only)



Window Envelope Regulation



CMS Express

Back Issues:

Tell us about yourself.

Please take a minute to tell us about yourself and why you've come to the GA web site today. Your response is anonymous and confidential. Your answers will be used to improve our site. Both questions are required. Thank you!

1. How would you describe your role in visiting our site today?

Government Employee: I am looking for information for myself.

Government Employee acting on behalf of Agency:
 I am looking for information about goods or services for my agency.

Vendor of goods/services

Contractor or AE Consulting Firm

General Public

Other (If you choose other, please explain:)

2. Please tell us what information you were looking for today.

[about GA](#)

[feedback](#)

[contact GA](#)

[privacy notice](#)

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Services

■ [Incoming Mail](#)

We receive 98504 zip code mail in bulk form from the Olympia postal facility throughout the night to sort and distribute the next day to offices throughout the Thurston County area.

■ [Campus Mail - Distribution](#)

Campus mail is sent from agency to agency via regularly scheduled pickup and delivery service. This service is offered Monday through Friday throughout most of Western Washington - [See Distribution Map](#)

■ [Outgoing Mail - Presort](#)

Our Outgoing Section is a full-service mail processing facility offering metering, presorting, barcoding, expedited mail, and parcel shipping.

■ [Outgoing Mail - Inserting](#)

The Consolidated Mail Services Inserting section has automation and staff available for inserting, folding, labeling, bursting, and trimming.

■ [Our Service Commitments](#)

■ [Mail Supplies Ordering](#)

Customers may order **mail supplies free** of charge using our online order form.

■ [Best Value](#)

■ [Central Stores Deliveries](#)

Tell us about yourself.

Please take a minute to tell us about yourself and why you've come to the GA web site today. Your response is anonymous and confidential. Your answers will be used to improve our site. Both questions are required. Thank you!

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Vendor of goods/services

Contractor or AE Consulting Firm

General Public

Other (If you choose other, please explain:)

2. Please tell us what information you were looking for today.



Document Services

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Document Services

Document Services provides document processing services to state government within metropolitan Atlanta. These offerings include Mail, Courier, and Rapid Copy Services.

200 Piedmont Avenue, S.E.
Suite 1304, West Tower
Atlanta, Georgia 30334-9010

Mail Services

Phone: 404-656-0985
E-mail: mailservice@doas.ga.gov

Courier Services

Phone: 404-656-0985
E-mail: courier@doas.ga.gov

Post Offices

Sloppy Floyd Building
Phone: 404-656-0986
E-mail: postoffice@doas.ga.gov

Legislative Office Building
Phone: 404-656-6048
E-mail: postoffice@doas.ga.gov

Rapid Copy

Phone: 404-656-3972
E-mail: rapidcopy@doas.ga.gov

Courier Services

Provides courier services to state offices.

Mail Services

Processes mail for state government in metropolitan Atlanta.

Postal Services

Provides a full complement of postal services.

Rapid Copy Services

Provides document reproduction/printing options for state entities.

Search

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Related Links

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Document Services

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Mail Services

DOAS operates a cost competitive and efficient interoffice mail services network that processes mail for state government in metropolitan Atlanta. Service offerings include mail processing, and presort mail. Through the use of presort mail services, DOAS offers increased efficiency and cost savings of 20 percent on postage.

For additional information about mail services call DOAS' Document Services at 404-656-0985.

Search

GO

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Related Links

- [Got Mail Brochure](#)



OREGON

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Mail Services

The latest information / new links

[Here](#) are some guidelines for making mail readable and easier to process.

Print to Post

The Oregon Department of Administrative Services (DAS), Publishing & Distribution (P&D) "Print-to-Post" service is a more economical and efficient way for state agencies and political subdivisions to get materials printed and mailed to their customers. Done in one easy step, customers send their printing orders and mailing address databases to P&D, indicating what to print and when to mail it. P&D prints the job according to customers' needs, then, folds, inserts, addresses, bar-codes, and prepares it for mailing, automated first class or automated standard A.

Publishing & Distribution also offers a variety of database services including data conversion and [NCOA](#) processing.

P&D has a variety of specialized printers that can meet most address and barcode printing requirements. These include printing addresses (and additional data if necessary) directly onto self-mailers, personalized letters, cards, checks, oversized or thick documents such as books and flats, regular envelopes, and even on labels. Automated folding and inserting equipment is also available to process the job faster, more economically, and more efficiently than manual processes.

This one-stop-shopping service incorporates digital communication technologies that enable customers to submit their documents and lists electronically to a file server, over the Internet, on a floppy disk, or as hard copy. Easy, economical, and more efficient than manual processes, Print-to-Post simplifies work, eliminates unnecessary transportation, and reduces over all costs.

Because printing and mailing happens at the same location, trouble-shooting, quick modifications, and major changes can take place on the front end of a project. This is something that can be more difficult when printing and mailing are done at separate locations.

For frequently asked questions and answers, see our [FAQ](#) page, or call your [customer service representative](#) for any questions regarding Print-to-Post.

Links

Mailing formats (envelopes and self mailers)
Database services (including NCOA)
Other Mailing Services
NCOA
FAQ
Postal Service Links

Mail/Shuttle/Delivery service

Mail shuttle and delivery services are offered to state agencies located in cities along the I-5 corridor. Services include pick-up and delivery of both interagency and postal mail.

Publishing & Distribution currently operates [15 shuttle routes](#) with 349 stops daily, serving 78 agencies. Last biennium, we transported an average of 467,000 pounds of mail per month. That's 22,238 pounds of mail per day!

Incoming mail (both interagency and postal) is sorted and directed to the agency address on the piece. Outgoing mail is either placed on the next available shuttle or sent through the [US Postal Service](#) or common carrier. Please read and follow our [guidelines](#) (pdf) for preparing your mail.

Delivery services are available for pallet-size loads by special arrangement. We operate two large trucks daily on an on-call basis. Please call 378-3397 extension 257 to schedule pick-up.

Gold Seal

Address the item in the normal manner, attach a "Gold Seal Express" sticker, and write the contact person's name and phone number on the piece so they can be called when the item arrives. For up to three days, we will hold the item at Publishing & Distribution in Salem, the Portland State Office Building (Superintendent's Office Suite #176), or the Eugene Motor Pool. If the piece isn't picked up within three days we'll return it to the sender.

You can get Gold Seal Express stickers from Publishing & Distribution. If you don't have access to a sticker just write "HOLD FOR PICK UP" in larger letters on the item. We'll take care of it.

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State of North Carolina
Department of Administration

Mail Service Center

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[Contact us](#)

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[Proper Addressing](#)

All Operations normal (919) 733-2913

[Biohazardous Material Packaging](#)

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Mission Statement

To provide mail services to and from state agencies with the highest quality, in the most cost-effective manner and with a high degree of customer satisfaction.

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Mail Service Center

NORTH CAROLINA DEPARTMENT OF ADMINISTRATION

The Mail Service Center (MSC) was created to provide professional mail processing services to state agencies at the lowest possible cost.

Services offered by MSC include:

1st Class US Mail - Pick-up and Delivery
Courier Mail - Pick-up and Delivery
Inter-Office Mail - Pick-up and Delivery
UPS Air and Ground - Outbound.

We appreciate your support of the Mail Service Center. Our number one goal is to make the service more efficient and more expedient than ever, while also saving the agencies and taxpayers thousands of dollars each year.



Department of Management and Budget



Michigan.gov
An Official State of Michigan Web Site

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[Financial Services](#)

[State Buildings, Land and Construction](#)

[Doing Business with the State of Michigan](#)

[Office of the State Budget](#)

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[Surplus/Excess Property Sales](#)

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• [Overview of Mailing Services](#)

The Mailing Services Program provides a wide variety of mail processing functions to all state agencies. These functions are completed by either automated or manual methods. As many jobs as possible are ...

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General Information on Services Offered

- [Perforated Postage Program Memorandum](#) [PDF](#)
- [How To Address Your Desk Mail for Maximum Postal Discounts](#) [PDF](#)
- [Meter Mail Preparation Guidelines](#) [PDF](#)
- [Top Ten Ways to Reduce Your Mailing Costs](#) [PDF](#)
- [Mail Presorting for Postal Discounts](#)
- [Address List Management with Direct Image Labeling \(PDF\)](#) [PDF](#)
- [Machine Processing](#)
- [Manual Functions](#)
- [United Parcel Service Processing](#)
- [U.S. Postal Services' Rates](#)
- [Reducing Your Postal Costs \(PDF\)](#) [PDF](#)

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- [State Employee Recognition](#)
- [Building Closure Procedure and Contacts](#)
- [Office of the Governor](#)
- [Executive Orders](#)

QUICKLINKS

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- [Doing Business with the State](#)
- [Office of Retirement Services](#)
- [State Surplus Auction](#)
- [MiBid Internet Auction](#)
- [US Postal Service](#)

Overview of Mailing Services

The Mailing Services Program provides a wide variety of mail processing functions to all state agencies. These functions are completed by either automated or manual methods. As many jobs as possible are processed by automated methods to speed processing times and to reduce processing costs. Services offered include automated inserting of generic or matched documents, folding and sealing of specially prepared continuous form mailers, labeling, tabbing, bursting and direct image addressing onto envelopes or self-mailers. Also offered is a full range of UPS, metering and presorting processing as well as certain mail list management services available through the use of Postalsoft Desktop Mailer.

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Department of General Services
Gwendolyn Sims Davis, Commissioner



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- Standard Mail
- Mail Piece Design
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- Contact Persons
- Customer Service
- Express Mail
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- Glossary
- Mail Security
- Postal Home



The Postal Services Division is charged with providing centralized mail service for all State departments, commissions, and agencies located within Davidson County. The primary objective of the Postal Services Division is to provide an efficient and economical mail system for State government that will ensure timely service for both incoming and outgoing mail.





Department of General Services
312 8th Avenue North, 24th Floor
Nashville, TN 37243-0530
615.741.9263

CENTRAL MANAGEMENT SERVICES

State of Illinois: Rod R. Blagojevich, Governor



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Mail & Messenger Service Guide

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[Procedures for Outgoing U.S. Mail](#)

[Mailing Options](#)

Postage Metering Services

Mail and Messenger Services provides postage metering services for numerous agencies, boards, and commissions through the Springfield and Chicago CMS mail centers. This service eliminates the need for many postage meter leases and reduces the workload in individual agencies.

Agencies completely prepare envelopes and flats for mailing and indicate class of mailing to be used. The outgoing mail is then picked up at the regular route time by a Mail and Messenger employee or dropped off by an agency employee at a CMS mail center prior to

5:15 p.m. Agencies are billed for their postage use on a monthly basis.

The Mail and Messenger postage metering service may be utilized alone or in conjunction with the presort contracts. If your agency is interested in utilizing the Mail and Messenger postage metering service, contact the Mail and Messenger Springfield office at (217) 782-7685.

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Presort Contractual Agreements

CMS has negotiated presort contractual agreements for outgoing State of Illinois mail in the Springfield area. Use of presorting can save more than 10 percent of postage costs without delaying mail delivery and is available for both envelopes and flats. The presort firm picks up outgoing mail at your facility, eliminating the need for your staff to deliver mail to the post office.

The presort contractual agreements may be utilized alone or in conjunction with the Mail and Messenger postage metering service. If your agency is interested in utilizing the presort contracts, contact the Mail and Messenger Springfield office at (217) 782-7685.

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Procedures for Outgoing U.S. Mail

While CMS Mail and Messenger Services offers delivery to more than 870 stops in the **Springfield** and metro **Chicago** areas, use of the U.S. Postal Service should be considered for deliveries not available through CMS Mail and Messenger Services.

The following procedures for the preparation of outgoing U.S. Mail were developed in conjunction with the United States Postal Service (USPS). Following these guidelines will help ensure that your U.S. Mail delivery is as fast, reliable, and economical as possible.

Mailing Economically

- All U.S. mail will be sent first class unless otherwise requested. Whenever feasible, users should request third-class bulk mail for printed materials and parcels weighing less than 16 ounces.
- Understand the various mailing options if your mail requires special handling. Certified mail with receipt for a one-ounce letter costs two-thirds more than just sending the same letter certified. Registered mail should not be used to gain a return receipt. Registered mail is only needed on domestic mail if insurance is needed. A registered one-ounce letter with no insurance will cost 117 percent more than a certified letter with return receipt.

- CMS has negotiated presort contracts for both first-class mail and flats. Utilizing these contracts will not slow mail service and will typically save over 10 percent on postage costs.

Addressing for Reliable Delivery

- Letter mail intended for dispatch through the USPS should be enclosed in an envelope containing the complete, legibly typed or written address of the recipient, including the ZIP+4 code, and the sender's complete return address.
- When using window envelopes, make certain that the address, including the ZIP+4 code, is completely visible.
- Business envelopes with top-sealing flaps need not be sealed. This is done automatically when the envelope is metered. However, large envelopes with side or top-sealing flaps should be sealed before being sent to your mailroom.
- To avoid mutilation in the metering process, stapled enclosures should be placed carefully into the lower left-hand corner of the envelope. The use of paper clips should be avoided.
- Remember, the post office delivers mail to the address shown immediately above the city and state. Example:

XYZ COMPANY
P.O. Box 0000
1875 North St.
Glenview, IL 60025-2345

This letter will be delivered to the street address, not the P.O. box number. If the box number had been placed above the city and state, the letter would be delivered to the box number.

Addressing for Faster Delivery

The U.S. Postal Service offers the following addressing suggestions to speed processing by electronic scanning equipment.

- Type or print complete addresses in the middle of a white envelope, using black ink. For fastest processing, use printed reply envelopes.
- Always use the complete return address.
- When an attention line is necessary, put it first.
- In addition to the street address, P.O. box number, rural route number, or highway contract route number, include the following:
 - N (North), S (South), E (East), W (West), NE, NW, SE, or SW
 - AVE (Avenue), ST (Street), DR (Drive), RD (Road), PL (Place), or CIR (Circle)
 - RM (Room), STE (Suite), or APT (Apartment) number
- Always use the ZIP+4 code on the last line of the address, next to the city and state. Use a hyphen(-) between the fifth and sixth numbers.

Other mailing Tips

- All parcels **must** weigh less than 70 pounds and **must** be smaller than 17 inches by 23 inches.
- Remember to mail early and often--prepare and place outgoing mail in the mailboxes throughout the day. Do not save it all until the last pickup.

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Mailing Options

When selecting delivery options, consider the full range of USPS choices along with those of private carriers and choose the most economical means to fit your needs.

Certified and Registered Mail

Certified mail provides the sender with a mailing receipt and a record of delivery that is maintained at the addressee's post office and online at www.usps.com. This service is used for items of no monetary value, which are sent and handled as ordinary first class mail. A return receipt acknowledging delivery may be obtained for an additional fee.

Registered mail is used for items of value, which can be insured for an additional fee. Registered mail may also be used for foreign mail that requires a signed receipt.

Fees:

CERTIFIED

\$2.30

Plus First-Class Postage

CERTIFIED WITH RETURN RECEIPT

\$2.30 Plus First-Class Postage

\$1.75 Return Receipt

Plus First-Class Postage

REGISTERED

\$7.50 minimum (no insurance)

Fee based on declared value

Insurance up to \$25,000.00

in declared value available

\$1.75 Return Receipt

Plus First-Class Postage

Bulk Mailings

Standard mail consists of mailable matter that is neither mailed or required to be mailed as First-Class Mail nor entered as Periodicals and that weighs less than 16 ounces. Standard mail may be reproduced by any process other than handwriting or typewriting. Circulars, including printed letters, which are being sent in identical terms to more than one person, are standard mail. A circular does not lose its character as such if a date and the individual names of the addressee and sender are written (handwritten or typewritten) on the circular or written corrections of typographical errors are made on the circular.

All bulk standard mailings must either contain a minimum of 200 pieces or weigh 50 pounds. All the pieces must contain a correct ZIP+4 code or a correct 5-digit ZIP code.

Dimensions for Standard Mail:

Each letter-size piece must be rectangular and:

- a. For height, no more than 6 1/8 or less than 3 1/2 inches.
- b. For length, no more than 11 1/2 or less than 5 inches.
 1. 0.007 inch thick, if no more than 4 1/4 inches high and 6 inches long; or
 2. 0.009 inch thick, if more than 4 1/4 inches high or 6 inches long, or both

Each flat-size piece must be rectangular and:

- a. For height, no more than 12 inches and no less than 5 inches.
- b. For length, no more than 15 inches and no less than 6 inches.
- c. For thickness, no more than 0.75-inch and no less than 0.009 inch.

Standard mail should be sealed or secured so that it can be handled by machines yet be easily examinable by a postal official since standard mail is not sealed against postal inspection. Mailing items at the standard mail rate implies consent by the mailer to inspection of the contents, whether secured or not.

All bulk mailings must be deposited at the post office where bulk mailing fees are paid.

Fees and Methods of Payment:

Annual Fees

Agencies that use bulk mail must pay the U.S. Postal Service a \$150.00 fee per 12-month period.

Postage may be paid by postage meter, pre-canceled stamps, or permit imprint. If an agency chooses to use permit imprint, the USPS will impose an additional one-time fee of \$150.00.

Permit Imprint

Permit imprint mailing can be paid through an established trust account at the USPS. Trust accounts must have a balance large enough to cover the cost of the entire mailing. If there is insufficient money in the account, the post office will refuse to accept the mail. Permit holders can inquire about trust account balances by calling the Bulk Mail section at the local post office.

Postage Meter

When an agency uses a postage meter on standard mail, a date is not required on the meter stamp or meter tape. However, if the meter does contain a date, it must be the same date the mail is presented for mailing. If the USPS refuses the mailing because of improper preparation, it must be returned for mailing on the same date shown in the meter impression. If it is not returned on the same day, the pieces would need to be re-metered (re-dated) with a .00 impression to correct the date.

Postage Statements

All bulk mailings must be accompanied with a completed postage statement. For information regarding the proper postage statement, contact your local post office.

Traying and Sacking

Information regarding the proper traying and/or sacking of bulk mailings is in the USPS Quick Service Guide. On the Internet, go to www.usps.com and click All Products & Services; click P for Postal Explorer, and under Domestic Mail, select Quick Service Guide.

Priority Mail

Large or thick envelopes, tubes, and packages containing mailable items up to 70 pounds can be sent using Priority Mail. This service is typically used to send documents, gifts, and merchandise. Free Priority Mail envelopes, boxes, and tubes are available at the Post Office or can be ordered online at www.usps.com. Flat rate envelopes let you send your documents for \$3.85, regardless of how much the item weighs. Priority Mail offers delivery to every address in the USA, including P.O. boxes and military addresses. There is no additional cost for Saturday or residential deliveries.

Extra services available with Priority Mail are:

- Certified mail
- Certificate of mailing
- Insurance
- Registered mail
- Special handling

- Delivery Confirmation
- Signature Confirmation
- COD
- Restricted delivery
- Return receipt
- Return receipt for merchandise

If you print the shipping label online at www.usps.com, Delivery Confirmation is free.

Express Mail

Letters, large or thick envelopes, tubes, and packages containing mailable items can be sent using Express Mail, starting at \$13.65. This guaranteed service includes tracking and insurance up to \$100. **Delivery to most destinations is available 365 days a year, with no extra charge for Saturday, Sunday, and holiday delivery.** Free Express Mail envelopes, boxes, and tubes are available at the Post Office or at www.usps.com.

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Further Assistance

For further assistance, contact your local post office, or CMS Mail and Messenger Services at:

Mail and Messenger Services
101 W. Washington St.
Springfield, IL 62701-1114
(217) 782-7685

Mail and Messenger Services
James R. Thompson Center
100 W. Randolph St.
Chicago, IL 60601-3219
(312) 814-2196

[Mail & Messenger Service Guide](#)

[Procedures For Ordering Postage Stamps](#)

[Procedures For State of Illinois Interagency Mail Service](#)

[Springfield Agencies Receiving Mail And Messenger Service](#)

[Chicago Agencies Receiving Mail And Messenger Service](#)



CMS Web Services
120 West Jefferson, 3rd Floor
Springfield, Illinois 62702-5103
(217) 557-5462 (Phone)
(217) 524-6161 (Fax)
(217) 782-4600 (TDD)



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Last updated: Thursday, February 5th 2004


Bureau of General Services
 DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
 STATE OF MAINE

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Central Services

Central Services is responsible managing central services in the area of Central Printing to include Copy Center, State Postal, Maine Audio Visual, Surplus Property, Central Warehouse and Central Fleet Management.

For more information on the services offered, please choose from the list below.

- [Central Warehouse](#)
- [Surplus Property](#)
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Bureau of General Services
 DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
 STATE OF MAINE

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Postal Center

The State Postal Center provides a wide range of mail services for State agencies, including interoffice mail. Mail is collected, distributed and processed daily using the latest automated equipment. The Postal Center offers a variety of vendors (FED-X, UPS, CD&L etc) giving customers multiple speed and cost options. The Postal Center presorts and bar codes mail which enables it to receive discounted rates from the United States Postal Service.

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[GSD > Office of Printing and Mail Services](#)

Mission Statement

Our mission is to offer a worry free, cost efficient mail service that our customers can depend on.

Mike Trackler
Mail Center Administrator

Phone: (614) 466-8684

Fax: (614) 728-0455

E-Mail: Mike.Trackler@das.state.oh.us

Harry Ivory
Mail Center Supervisor

Phone: (614) 466-7848

Fax: (614) 728-0455

E-Mail: Harry.Ivory@das.state.oh.us

The Department of Administrative Services, General Services Division, operates a statewide mail service available to state agencies. Services include but are not limited to the following:

Inter-office Mail Delivery

Inter-office mail delivery is offered to agencies located in the central Ohio area, to most institutional facilities of the Departments of Rehabilitation and Correction, Youth Services, Mental Health, and Mental Retardation and Developmental Disabilities. Inter-office mail delivery is also provided to state agencies located at 615 West Superior Avenue in Cleveland. Inter-office mail delivery is provided at no cost to state agencies on current delivery routes. The State Mail Service processes approximately 6,100 pieces of inter-office mail per day (1,531,100 annually), averaging three ounces (\$.75 cents if U.S. Postage were necessary). In 2000, savings for state agencies utilizing inter-office mail totaled an estimated \$1,148,325.00.

Presort Mail Services

Presorting mail is a process in which the mail is separated according to zip code and prepared for the United States Postal Service (USPS) for immediate distribution, thereby eliminating USPS' sorting process. The State Mail Service coordinates mail pick-up in the central Ohio area which is eligible for USPS presort discounts. In All state agencies in the central Ohio area are expected to utilize the presort services provided by the State Mail Service. There is an ongoing pursuit to recruit new customers to participate in the program.

During the last five years, the State Mail Service has increased the presort accounts from 54 to the current 90 accounts, which includes 12 new agencies that joined in 2000. Respectively, annual piece counts have grown from 18.6 million with a net savings of \$951,867.00 to 2000's figures of 37.4 million pieces with a net savings of \$2,135,190.00.

Centralized Metering Program

The State Mail Service provides a full service metering program that includes processing of all classes of mail and parcels, certified, presort standard, and first class presort. By utilizing this program, agencies can take advantage of immediate savings by eliminating the cost of equipment, service contracts, meter leases, supplies and even square footage expenses where your current mail operation is located. Agencies are billed quarterly for the amount of postage they have used only. There is no other fee. All state agencies are encouraged to utilize the metering program offered by the State Mail Service. The number of participating agencies, boards, and commissions continues to increase to the current level of 95 accounts. In 2000, the State Mail Service metered 2,404,250 pieces of mail and agency equipment savings were \$305,000.00.

Regional Mail Express (RMX)

In November 1998, the State Mail Service unveiled a flat sorting program designed specifically for bound printed matter. Agencies with outgoing mail such as calendars, annual reports, informational books etc, can utilize this program. Savings are quite significant verses first class U.S. mail. These mailings are Presort Standard which are sorted by RMX and taken to a Sectional Center Facility or a Delivery Destination Unit of the U.S. Postal Service and entered into the mail stream. In 2000, while still in its early stage and having limited participation, this program processed 466,092 pieces for a net savings of \$272,796.00.

Mail Scanning Program

In an effort to increase security and heighten front line protection to state employees and property, the State Mail Service created its newest program "Mail Scanning." Effective April 1, 1999, all incoming U.S. mail for the Riffe Tower for Government, 77 South High Street and the Rhodes State Office Tower, 30 East Broad Street is routed through the B-1 mail centers at each location to be scanned (x-rayed). As mail is delivered throughout the towers, tenants can be assured that what they are receiving is safe.

COMBINED NET SAVINGS FOR THE ABOVE PROGRAMS IN 2000 WERE \$3,861,311.00

[state home](#)[DAS home](#)[site map](#)[contact GSD](#)[search DAS](#)[privacy policy](#)The logo for Ohio DAS, featuring the word "Ohio" in a blue serif font and "DAS" in a white sans-serif font on a blue background.

Business Case for Consolidating and Outsourcing Agency Mail Service Operations November, 2004

Achieving maximum savings and efficiencies by eliminating duplicative resources, utilizing new technology and realizing the full savings available by using integrated postage

Lead Agency:

Department of Management Services
4050 Esplanade Way
Tallahassee, FL 32399
(850) 488-2786

Affected Agencies:

Agency for Healthcare Administration
Agency for Workforce Innovation
Department of Business and Professional Regulation
Department of Children and Families
Department of Community Affairs
Department of Corrections
Department of Education
Department of Elder Affairs
Department of Environmental Protection
Department of Health
Department of Highway Safety and Motor Vehicles
Department of Juvenile Justice

Department of Law Enforcement
Department of Management Services
Department of Revenue
Department of State
Department of Transportation
Division of Administrative Hearings
Division of Disability Determinations
Executive Office of the Governor
Florida Fish and Wildlife Conservation Commission
Florida Lottery
State Board of Administration
State Technology Office

Note: Agency contact information can be found in Attachment 5.

Contact Person:

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4050 Esplanade Way
Tallahassee, Florida 32399
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Justification Statement

The State of Florida's agencies currently use a very manual and labor intensive process to accommodate mail received and delivered to and from state agencies. There is an opportunity to provide Florida taxpayers considerable savings while improving mail services through a centralized mail center in Tallahassee.

Background

In October 2003, the State of Florida's Department of Management Services entered into a state term contract with Pitney Bowes Management Services, Inc., to provide more cost effective and efficient mail services for agency mail operations. Per this contract, if agencies choose to contract with the vendor individually, they are currently required to initiate the procurement of Pitney Bowes services by issuing separate task orders, of which the terms and pricing models are negotiated individually.

Estimated Cost

State agencies currently spend a combined total of more than \$27.8 million annually for Tallahassee mail service operations. This includes 99 positions and associated salaries and expenses, vehicles, equipment, operation and maintenance costs and postage. The cost to outsource Tallahassee agency mail services would be approximately \$22.6 million per year, resulting in an estimated savings of more than \$56 million during the next ten years.

Timeframe

This project will commence upon execution of a contract, with funding and a phased-in transition starting on July 1, 2005.

Statutory Authority

The State has statutory authority to conduct this project pursuant to Chapter 20, Florida Statutes.

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ATTACHMENTS

Attachment 1.....Staffing Information

Attachment 2.....Outside Contracts

Attachment 3.....Technology Inventory

Attachment 4.....Vehicle Inventory

Attachment 5.....Agency Mail Services Contact Information

1.01 Executive Summary

The Governor's Center for Efficient Government (Center) proposes consolidating the affected agencies individual mail service operations into one, centralized operation in Tallahassee. By consolidating these functions, the Center projects an annual savings more than \$5.6 million per fiscal year, while providing more efficient and effective mail services to agencies and their customers.

Mail and document messaging is one of the primary forms of communication across every state agency. While technology offers enticing options to reduce paper and paper-based communication, the broad and diverse customer base served by these agencies dictates a continuation of paper and mail-based communication. These interactions are the fundamental method by which many agencies communicate with clients regarding such elements as eligibility, current or changed status, and notices of action. Moreover, the timely delivery of mail to customers is often mandated, with penalties or financial repercussions if not achieved. Further, the complexity of the documents and overall communication continues to increase, driven by such requirements as providing communication and instruction in varying languages, or the inclusion of specific messages to narrowly targeted clients. Consequently, all governmental entities face a significant challenge of providing increasingly complex and targeted communications to customers in a timely fashion with a high level of accuracy and privacy, while at the same time trying to minimize administrative and operational costs.

While mail is critical to an agency's mission, it is not a core function. By creating a consolidated mail operation the state would achieve the following benefits:

- Improved cash flow by implementing consolidated systems
- A holistic view of mail distribution and production, which would lead to further process efficiencies
- Reduced duplication of effort and inefficiency in routine operations
- Leveraged value of new technologies across all areas
- Cost avoidance of penalties for poor performance while improving customer satisfaction
- Increased control over spending

An analysis of agencies' current mail service operations demonstrates that there are substantial savings and efficiencies available to the State by consolidating and outsourcing mail services. These savings and efficiencies could be realized by undertaking and implementing the following:

Creation of a central processing center for all incoming and outgoing mail

- Provide added security for incoming mail to the state
- Leverage one common infrastructure
- Deploy the latest software to support common document composition and address hygiene across all production areas
- Allow for easier integration of mail stream information ("track & trace") into other business processes
- Centralize key mail production technology to increase throughput and quality
- Enhance overall service while substantially reducing costs
- Reduce duplicative administrative efforts and resources

✚ Implement network consistency for mail meters across all agencies

- Replace analog postage meters; the United States Postal Service (USPS) is mandating the use of new postage meter technology be implemented in part by 2006 and in full by 2008. The analog postage meters that are now used need to be replaced due to mail postage fraud and the loss of postage funds by the USPS.
- Begin utilizing “Just in Time Postage”, which is the automated management of postage funds to replenish postage funds as needed, thus minimizing idle funds and reducing administrative expenses. This would provide a one-time release of postage funds currently “locked” in the meters for other uses.
- Manage postal funds using an enterprise-wide approach.

✚ Centralize automated sorting functions to gain economies of scale

- The State would optimize postage discounts by centralizing sorting functions
- The industry best practice is to sort to the 5 digit zip-code level to gain further postage savings because using this presort automation requires less manual sorting

The Center’s analysis projects a total savings, including the processing cost with advanced technology, of more than \$56 million during the next 10 years by focusing on these key improvements in the mail and document messaging area. Immediate savings would be realized due to reduced administrative and postage costs. Further, the state would not incur additional capital outlay costs to achieve these savings.

Consolidated Mail Services Comparison	Current State Mail Operations	Consolidated Solution - Vendor
Postage Expense	\$ 21,992,557	\$ 18,033,698
Mail Services Related Staffing and Equipment	\$ 5,537,834	\$ 4,115,934
Real Estate (Rent)	\$ 319,024	\$ 500,000
Project Management	NA	Included
TOTAL	\$ 27,849,415	\$ 22,649,632
Rent paid to the State of Florida by Vendor		\$ 500,000
Annual Savings		\$ 5,699,784
Ten Year Savings		\$ 56,997,840

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

1.02 Benchmarking

As stated earlier, Florida's state agencies currently provide mail services through individual agency mail centers. Each agency posts, picks up and delivers mail differently and conducts anywhere between one and seven mail "runs" per day. These "runs" typically take up several hours in a day for each agency and, in many instances, each agency goes to the same pickup/drop off location. For example, several agencies make the same runs at basically the same time from the Capital Circle Office Complex (CCOC) to various downtown Tallahassee locations. Different agencies take separate vehicles to the same downtown locations and bring mail back to the CCOC. If mail services were centralized, this function could be accomplished more efficiently with one vehicle making each agency's pick up at the same time.

Benchmarking with mailing industry standards, the Center identified the current state of these processes from readily available data and departmental feedback. We focused on the largest state agency mailers (in terms of mail distribution and production volumes), such as the Departments of Health, Children & Families, Revenue and Highway Safety and Motor Vehicles, which together produce more than 57 million envelopes annually and receive more than 28 million letters annually. The current scope of services covered under mail services are:

Specific Service Descriptions

There is a wide degree of variance between how each individual agency processes and delivers mail. However, the common functions agencies perform daily include:

- AM pick-up and sorting of United States Postal Service (USPS) mail
- AM receipt and sorting of all incoming accountable packages
- AM delivery of USPS and accountable packages
- PM delivery of all interoffice, USPS mail and accountable packages
- PM processing of all USPS outgoing mail
- PM processing of all outgoing accountable packages

Performance Measures

There are no performance measures in place, and agencies currently only capture workload data. Since performance data is neither captured nor measured, it is difficult to determine current efficiencies and effectiveness. Performance should be tracked and measured in several areas including error rates, customer satisfaction and delivery speed.

Data Collection

The vendor would be required to compile various data including:

General

- Inbound USPS Volumes (by type, i.e., number of letters, types, boxes, checks)
- Inbound Accountable Volumes (requiring signatures)
- Number of Pieces of Inbound Generic Mail (opened, read and routed)
- On Time Mail Runs (percentage)
- On Time Accountable Deliveries (turn around time percentage)
- Number of Outbound USPS Volumes
- Number of Outbound Accountable Volumes

- Postage Savings (amount)
- Overall Savings (amount)
- Presort Percentage Savings (for each discount levels)
- Value Added Services
- Number of Special Projects Performed

Production Mail

- Production Mail Volumes (by type – designated by agency)
- Envelope Usage (by size/type)
- Piece Count By Form Type
- Error Rate
- Turnaround Type
- Machine Utilization

The state could begin to track performance levels to ensure continual improvement of service.

There are a few distinct functions of mail services, each with its own benchmarks and performance measures. They are: Incoming Mail Distribution, Outgoing Mail Inserting, and Finishing and Pre-sorting. While each specific agency performance will vary, the aggregate is clear that there is significant room for performance improvement. Estimated projections show increased efficiency by 33 percent in Incoming Mail Distribution, 80 percent in Outgoing Mail Inserting, and 80 percent in Finishing and Pre-sorting functions.

Benchmark Figures for Inserting	
Automated Letters Per Month	2,380,000
Inserting Machines	7
Mail Pieces Per Machine Per Month	340,000
Number of Mail Pieces Per Machine Per Day	15,692
Capacity Per Machine (6,400/hr X 12hr)	76,800
Current Utilization	20.43%

Benchmark Figures for Sorting	
3&5 Digit Sorted Letters	2,300,000
Sorting Machines	3
Sorted Pieces Per Machine Per Month	766,667
Work Days Per Month	21.667
Number of Sorted Pieces Per Machine Per Day	35,384
Capacity Per Machine (15,000/hr X 12hr)	180,000
Current Utilization	19.18%

The primary areas to consider in achieving an efficient and effective mail service operation are:

- US Postal Service – Mail Preparation Total Quality Management Certification
- Secured facilities and mail handling processes
- Quality assurance to minimize rejected mail pieces
- Bar-coding of all mail to support track and trace
- Move update capability tied to USPS databases
- Guaranteed pricing (fixed-unit pricing methodology)

Staffing Information

Below is a sample of the staffing information as reported to the Center by affected agencies. The entire list can be found in Attachment 1.

Department	Position Title	Responsibility	Is the employee OPS or an authorized FTE?	Full-time or part-time?	Hourly Wage	OT Wage	Average Weekly Hours	Gross Annual Salary (w/o benefits)	Gross Annual Salary (with benefits)
AWI	Manager	Mail Management	Contracted Position	Full-Time	N/A	28	40		
AWI	Team Lead	Correspondent Manager	Contracted Position	Full-Time	N/A	25	40		
AHCA	Office Ops. Manager I	*Please see note below	FTE	Full-Time	15.17		40	\$31,554	\$41,651
AHCA	Senior Clerk	Sorting, delivering, and applying postage to mail	FTE	Full-Time	11.03		40	\$22,942	\$30,284
DOR	Clerk	Clerk	OPS	Full-Time	7.00		36	\$13,104	\$17,297
DOR	Clerk	Clerk	OPS	Full-Time	6.50		36	\$12,168	\$16,062

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

Budget Information

The following table represents Fiscal Year 2004-05 annualized Tallahassee mail service expenditures for affected agencies.

Item	Current Fiscal Year Mail Operation Costs
Postage Expense	\$ 21,992,557
Mail Services Related Staffing and Equipment	\$ 5,537,834
Real Estate (Rent)	\$ 319,024
TOTAL	\$ 27,849,415

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

Current Service Agreements

There are several service agreements between state agencies and other entities to handle presort and courier services. These service agreements are used by agencies for large, as-needed mail related functions. By consolidating the state's mail service operations, the need for these types of agreements should be minimal. The table below contains a list of current service agreements for those mail-related functions.

Agency	Vendors with pre-sort or courier contracts
Agency For Health Care Administration	FSU
Agency for Workforce Innovation	Pitney Bowes
Department of Business and Professional Regulation	Modern Mailers, FSU
Department of Education	FSU, Modern Mailers
Department of Elder Affairs	FSU
Department of Environmental Protection	FSU
Department of Health	FSU, Modern Mailers
Department of Juvenile Justice	FSU, Pony Express
Department of Law Enforcement	FSU
Department of State	FSU
Fish & Wildlife Conservation Commission	FSU
Department of Management Services	FSU

SOURCE: Agency responses to Center survey

NOTE: Copies of these service agreements can be found in Attachment 2

Technology Resources

Below is a sample of the agency equipment inventory as reported by surveyed agencies. The entire list can be found in Attachment 3.

Equipment Inventory

Agency	Make/Model	Serial #	Description	Status	Original Purchase or Lease Date	Original Purchase or Lease Payment	Annual Maint. Cost	Current Book Value	Lease Company	Phone #
				(O)Owned (L)Leased						
AHCA	Pitney Bowes	6769829	Postage Meter	Leased	N/A	1) See notes	N/A	N/A	Pitney Bowes	800-659-2555
AHCA	Pitney Bowes	6784490	Postage Meter	Leased	N/A	1) See notes	N/A	N/A	Pitney Bowes	800-659-2555
AHCA	6100	72488	Mail Machine	Own	N/A	2) See notes	N/A	N/A	N/A	850-922-3699
AHCA	6100	47273	Mail Machine	Own	N/A	2) See notes	N/A	N/A	N/A	850-922-3699
AHCA	2 ea A3001 077		Postage Accumulator	Leased	N/A	2) See notes	N/A	N/A	A-1	850-668-7935
AHCA	2 ea Detecto		Postage Scales	Leased	N/A	2) See notes	N/A	N/A	A-1	850-668-7935
AHCA	Appollo	A120621	Tracking System	Leased	N/A	2) See notes	N/A	N/A	A-1	850-668-7935
AHCA	1225	A100389 1	Letter Opener	Leased	N/A	2) See notes	N/A	N/A	A-1	850-668-7935

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

1.03 Rationalize basis for introducing competition into service

Agencies currently spend more than \$1 million on postage per month. **A projected 18% reduction in postage costs could occur** due to:

- “Just in time” postage management would reimburse postage throughout the day as needed and would allow the State to empty meters at the outset of a project
- Increasing zip code density for presorting to allow for greater postage discounts
- Metering all first class mail at the lowest appropriate postal rate
- Using the best possible class selection for all outgoing mail

Agencies also own mail equipment, and as a result, equipment repairs and maintenance cost the State more than \$800,000 per year. **A projected 71% reduction in equipment, as well as a significant reduction in associated costs and maintenance, could occur** due to:

- Elimination of obsolete, inefficient or inaccurate mail processing equipment if the equipment:
 1. Lacks the features for today's automated environment
 2. Cannot be upgraded or integrated into an efficient production facility
 3. Is worn out due to over extended use
- Consolidation of all mail processing equipment to eliminate maintenance cost
- Automation of insert jobs of significant volume that are now being handled manually

Agencies currently use 39 vehicles to conduct mail services operations in Tallahassee. **A 62% reduction in vehicles and associated costs could occur** due to:

- Reducing the number of agency vehicles used and associated vehicle expenses such as gas, insurance, maintenance and labor
- More efficient vehicle utilization by eliminating up to 25 individual trips to the USPS

Issues Associated with Current Mail Service Operations

- **Expensive repairs to old outdated equipment.** If mail service operations continue to be conducted by each individual agency, the State runs the risk of high operation costs by having to repair outdated equipment. Even if repaired, the equipment would not perform at the capacity of new mail equipment technology. Due to fiscal constraints, the purchase of new equipment is unlikely. The vendor would be required to replace equipment utilizing the latest technology.
- **Operating at less than optimal or maximum capacity.** Continuing to use outdated equipment will result in poor service to customers through slower mail service and increased mailing errors, resulting in the inefficient use of taxpayer dollars. The contractor would replace old equipment. New equipment would operate at more efficient and effective levels saving taxpayer dollars.

- **Slower and more error prone mail services.** The state currently operates mail services without sufficient performance management tools. Due to the lack of an error report, it is virtually impossible to measure the effectiveness and efficiency of mail services. A vendor could implement a comprehensive performance management system. In addition, the vendor would be contractually bound to enhanced service performance levels.
- **Security.** State facilities need to be upgraded and agencies lack a consistent security policy. In coordination with the Florida Department of Law Enforcement and applicable federal requirements, the vendor would implement a consistent security policy and implement the necessary upgrades to enhance mail services security.

Options Considered

The Center identified the consolidation of mailroom services in Tallahassee as an opportunity to achieve further and immediate efficiencies/savings and improve the level of service to agencies and their customers. The Center explored three options for the state's current mail services system:

1. Reengineer the current system by consolidating current resources internally.

Although this option would most likely result in some increased efficiencies and consequently cost savings, it does not offer the same level of projected savings as private vendor options. The majority of the projected cost savings are driven by proposed efficiencies that are only available to companies focused on mail management. In addition, there would be a time lag and a capital expense involved in realizing these savings if they were to be pursued through an internal solution.

 - a. The primary driver of immediate cost savings under a vendor provided solution would be realized from reduced postage expense. This equates to approx \$3.9 MM in savings per year, or 68% of the projected annual savings. Vendors are able to offer these reduced expenses due to previously negotiated long term contracts. While the state may negotiate reduced postage expenses over time, these savings would not be immediately available and could only be expected if the state were to look to compete with private vendors in the provision of mail services.
 - b. The other major driver of cost efficiencies would be realized through improved staffing and equipment expenses, primarily driven by enhanced processes and technology utilized by private vendors focused on mail management. This equates to approx \$1.4 MM in savings per year, or another 25% of the projected annual savings. The state would incur a significant capital outlay if it was to look to achieve the additional efficiencies offered through new technology or processes. Technology and capital equipment would need to be procured and processes would need to be introduced via new training and/or new policies.
 - c. If the state were to pursue an internal consolidation, the state would also incur additional costs related to ongoing maintenance, as well as the disposal of old equipment that would ordinarily be incurred by the vendor.

2. Negotiate the current state term mail services contract by consolidating current resources to the state term contract provider through an enterprise wide approach.

This is the most viable option because it would provide estimated savings of more than \$5.6 million per year and would provide improved services, accountability and increased security. Further, the current provider has expressed their intent to retain all current mail services employees, who choose to accept employment with the company, at a minimum of their current salary and benefit levels.

3. Revisit the procurement process by re-bidding the mail services via an Invitation to Negotiate.

This option was not deemed feasible since the State has a current state term contract for outsourced mail services that is valid through September, 2006. When the initial Invitation to Negotiate (ITN) commenced in February, 2003, Pitney Bowes, Inc. was the only bidder on the ITN and was consequently awarded the state term contract. There is no indication that other companies would respond to a mail services ITN if re-advertised.

Since the state currently has a state term contractual provider, agencies can negotiate individual contracts to achieve savings, efficiencies and effectiveness. The original intent of the state term contract was to negotiate an enterprise wide task order in order to maximize savings and efficiencies. Since an enterprise wide task order under the current state term contract has not yet been explored, a handful of agencies have either a signed individual agency task order (in conjunction with the state term contract) or have expressed interest in doing so. However, an enterprise wide approach would result in even further savings than if each agency negotiated individually.

Consequently, the Center believes it is in the State's best interest to retain the current provider, negotiate an enterprise wide task order and not re-bid the contract.

Statutory Authority – Chapter 20, Florida Statutes

20.051 Review of programs.--

(1) To achieve maximum efficiency and effectiveness of government as intended by s. 6, Art. IV of the State Constitution, and to promote quality management and accountability as required in s. 19, Art. III of the State Constitution, all programs, functions, and entities must be reviewed by the executive and the legislative branches. The review must identify and examine the purpose of each program, function, or entity to ensure that each program, function, or entity is administered in the most effective and efficient manner possible, and to assess the public benefit derived from the program, function, or entity. Reviews must determine whether the function, program, or entity:

(a) Serves an identifiable purpose that benefits the public and accomplishes the purpose for which it was created;

- (b) Operates efficiently and effectively within its statutory framework, and whether there are any statutory changes that would likely increase the effectiveness and efficiency of the function, program, or entity;
- (c) Is necessary to the public health, safety, or welfare, and what would be the effect of its abolition;
- (d) Serves a beneficial purpose to state agencies in improving the effectiveness and efficiency of the operations of the state;
- (e) Directly or indirectly increases or decreases the costs of any goods or services, and whether any identified increase in cost is more harmful to the state than any of the harm that could occur absent the function, program, or entity;
- (f) Is situated within an organizational structure that promotes its efficient and effective administration and does not duplicate activities conducted in other agencies of the state; and
- (g) Could be assigned to another state agency or to private enterprise, and if so, the most efficient way of doing so.

1.04 Describe Assumptions and Methodology

Agency mail services can be broken down into three major categories:

1. Postage

Postage rates are higher than necessary under the current system. Under a consolidated approach, volume discounts apply, thus lowering rates. In addition, the rate of accountable mail (DHL, Pony Express, etc.) can also be audited for all agencies to ensure accuracy, something that is not currently being done enterprise-wide. These additional savings realized through auditing accountable mail billing are estimated at \$500,000 annually.

2. Equipment

Current equipment is old, outdated and needs replacement. Replacement parts for equipment currently used are, in many instances, no longer in production thus making it difficult and costly to repair. The contractor would provide new equipment with the latest technology. Lastly, all current state mail equipment would be analyzed for practicality of use, and all equipment deemed unnecessary would be returned at the earliest possible date in compliance with lease expiration. This includes hardware, software, and meters.

3. Vehicles

Current vehicles are depreciating and will need repair and replacement. Information received from agencies indicated that 33 percent of vehicles currently used have more than 70,000 miles and 15 percent have at least 100,000 miles. In addition, more than 25 percent are ten years or older. The contractor would use new vehicles and would be responsible for all operations, including fuel, thus lowering operation and maintenance costs. With current fuel costs, this could be a significant cost avoidance.

Below is a sample of the vehicle inventory as reported surveyed agencies. The entire list can be found in Attachment 4.

Vehicle Inventory

	Department	Year	Make	Model	Mileage	Condition of Vehicle	Average Weekly Hours Used
1	AWI	2000	Ford	E150-Van	36,000	Excellent	20
2	AWI	1997	Ford	Ranger Truck	136,000	Good	5
3	AWI	1999	Isuzu	Box Truck	75,000	Excellent	8
4	DBPR	1992	Chevy	Astro Van		Fair	23
5	DBPR	1997	Ford	Escort	28,944	Good	12

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

The following chart describes current state mail service activities.

Agency	Issue	Area	Notes
Agency for Workforce Innovation	Savings of \$250,000/yr (2003)	Production & Correspondence Mail	Most of the savings were realized with labor reduction and process improvements. While there was a 98% increase in outgoing mail from 2002 to 2003, overall costs were reduced by 16%. There was a substantial savings opportunity in penalty mail that has been declined to date (approx. \$300K/yr). With the proposed efficiencies of consolidating the mail services for state agencies, it is estimated that AWI's costs would be reduced approximately 40% overall since initial start-up.
Department of Children & Families' Disability & Determinations	Savings of \$510,000/yr (2003)	Production Mail, Correspondence Mail and Courier Services	Most of the savings were realized with labor reduction and process improvements. This operation encompasses five locations and utilizes 30 FTEs across the state.
State Agencies	Utilization	Equipment	Each agency is "siloeed" and utilizes individual mailing equipment which is grossly underutilized. A centralized environment would drastically reduce equipment needs and eliminate the unnecessary expense of redundancy.
State Agencies	Resource Management	Labor	Each agency is staffed to perform mail functions that take place at specific times of the day. This results in significant "down time" where employees could be used more effectively. A centralized environment would allow for a more efficient utilization of human resources.
State Agencies	Process Efficiencies	Technology	The state's mailing technology is woefully deficient in many areas (e.g. mail processing equipment, incoming tracking systems, record keeping, postage maintenance, address cleansing, etc.). The vendor would be required to provide the latest technology that would improve process efficiencies while reducing costs.
State Agencies	Postage Float	Meter Replenishment	Agencies have more than 600 meters that maintain an average of \$800,000 to \$2,000,000 in postage on any given day. These funds are sitting idle continuously and costing the state money in lost interest and most of it could be made available for other projects. The vendor would implement a "just-in-time" centralized postage process which would allow the state to keep minimal amounts of postage in their meters and provide full accountability for all meters.
State Agencies	Redundancies	Courier Runs	Each agency has internal and/or external couriers delivering to various agencies throughout the day. There is a tremendous amount of overlap and costly redundancies in this area. PBMS would examine the current delivery needs and streamline the routes and significantly lower the state's current courier costs.

Summary of Current Mail Services Resources and estimated savings by consolidating and outsourcing

Agency Name	Mailing Machines	Inserters	Sorters	Vans	Real Estate Sq. Ft.	Staff
Agency for Health Care Administration	3	0	0	0	864	4.5
Agency for Workforce Innovation	4	2	0	3	3,350	0
Dept of Business & Professional Regulations	2	0	0	2	1,235	4
Dept of Children & Families	3	4	1	2	4,200	10
Dept of Community Affairs	1	0	0	1	475	1
Dept of Corrections	1	0	0	0	1,517	3.25
Dept of Education	4	1	0	2	3,623	5.5
Dept of Elder Affairs	0	0	0	0	172	1
Dept of Environmental Protection	3	0	0	4	3,325	7
Dept of Health	1	0	0	3	2,000	7
Dept of Highway Safety & Motor Vehicles	2	2	1	2	2,760	22
Dept of Juvenile Justice	0	0	0	2	1,500	2.5
Dept of Law Enforcement	1	0	0	1	425	3
Dept of Management Services	1	2	0	2	1,250	3
Dept of Revenue	2	1	1	3	0	7
Dept of State	1	0	0	3	416	3
Dept of Transportation	2	0	0	1	2,500	4
Executive Office of the Governor	1	0	0	1	0	2
State Board of Admin	1	0	0	2	120	1.5
Fish & Wildlife Conservation Commission	2	0	0	2	936	3
Florida Lottery	0	1	0	1	1,800	4
Division of Administrative Hearings	1	1	0	0	45	1
Division of Disability Determinations	1	2	0	2	3,112	0
Total	37	16	3	39	35,625	99.25
Proposed State Term Contract Solution	8	6	2	15	25,000	
Reduction Difference (Percentage)	78%	63%	33%	62%	30%	

SOURCE: Agency responses to Center surveys as well as periodic updates from agencies (as of November, 2004).

1.05 The Detailed Recommended Solution

Consolidating Mail Services Operations

The Center recommends consolidating all Tallahassee state agency mail rooms into one centralized location in Tallahassee. By consolidating individual mail service operations into one, centralized operation agencies could more efficiently and effectively conduct their mail services.

Through consolidation, initial estimated savings should be realized due to an estimated 30 percent reduction in space alone. In addition, much of the excess space would be premium space located downtown which could move private leases into state owned space, resulting in increased revenue and additional savings. Using a central facility also limits security risks.

Realigning current resources would allow for more efficient scheduling to meet peak and non-peak volume fluctuations, resulting in a reduction of overtime while providing for sufficient staffing during slower periods. The elimination of multiple pick ups from the USPS and other locations increases efficiency by reducing duplicative efforts.

The optimal solution would approach the current environment in four specific areas:

- **Optimization of operations via consolidation**
- **Integrated, networked cash management of postal/carrier funds**
- **Increased efficiency & extensibility via new technologies**
- **Increase mail density for presorting**

The goal in reevaluating mail service operations is to find the most efficient and fiscally sound solution for the state to incorporate using an enterprise-wide approach. The Center recommends implementing a solution that could quickly, easily and seamlessly be implemented without requiring cash outlay from the state.

1.06 Identify State and Agency Impact

Agencies and their current mail service employees, as well as those agency's customers, are impacted. **However, all effected employees would be offered positions with salaries and benefits equal to or better than their current salaries and benefits, with the contractor mitigating any negative impact.**

The method of service delivery would change as mail services are integrated into a central location rather than within each individual agency. By centralizing mail services, the number of vehicles currently used will be reduced by 62 percent from 39 to 15; pieces of equipment used will be reduced by 71 percent from 56 to 16; and office space will be decreased by 30 percent from 35,625 square feet currently being used to 25,000 square feet in the proposed centralized facility.

The change would result in enhanced service delivery at a lower cost with improved security and accountability. Further, this would allow agencies to focus resources on their core activities.

Risks Associated with Proposed Mail Service Operations

- **Contractor fails to deliver services.** There is always some risk that a contractor would not deliver the terms of the contract. However, this risk can be mitigated with performance incentives written into the contract, performance bonds and creation of a strong contract management plan for the State.
- **Disruption of service.** There is a risk that mail services would be disrupted during any transition. This risk appears to be minimal since the current state mail services contract provider operates regional processing centers in Tallahassee, Jacksonville, Orlando, Tampa, and Miami. The vendor has tremendous experience in managing complex transitions and the Center would work closely with the Department of Management Services, affected agencies and the vendor to minimize disruptions in service.

The risks for maintaining services in-house far outweigh any potential risk with consolidating and outsourcing operations. This is primarily due to the high cost of upgrading the entire process and the new equipment and vehicles that are needed. Risks associated with outsourcing can be mitigated with a strong contract and monitoring plan.

1.07 Explain Transition Management Strategy:

The transition management strategy includes the creation and use of a change management team using current resources from the Department of Management Services (DMS), the Center, impacted agencies and the vendor to address and resolve any issues related to the transition and implementation of this proposal; a communications plan to keep internal and external customers informed of the progress and status of the project; an employee transition plan; and, an employee and customer training plan.

Change Management Plan

Upon the approval of this proposal, the Center intends to create a change management team comprised of senior level staff from select affected agencies and vendor staff to solicit input from the various impacted agencies. The team would include, but not be limited to, the Department of Management Services' Communications Director and Administrative Services Division Director, representatives from impacted agencies and contractor representatives. This team would oversee the transition and implementation of the proposed mail services consolidation.

The change management plan envisions the use of several go/no-go decision points to control the scope and quality of the project. There would also be ongoing communications between the change management team and internal and external stakeholders in the form of a departmental website, email and in-person informational sessions addressing the outsourcing initiative with affected employees, agency management and any other interested parties.

Communications Plan

A flexible communications plan would be developed upon execution of a contract in conjunction with the vendor to keep internal and external stakeholders informed of the project's progress. It is the DMS' expectation that the communications plan would clearly identify all stakeholders and employee classes to be impacted by the project, along with identifying the most effective manner to facilitate the development of clear pathways for affected employees to seek and obtain information or assistance. It is envisioned that the communications plan would make use of email, flyers, workshop training sessions, in-person informational sessions and agency websites to distribute information to impacted staff, agency personnel and other interested parties.

Employee Transition Plan

As part of the implementation of this proposal, it is the Center's intent that the vendor will retain all current agency mail services employees, who choose to accept employment with the vendor, at a minimum of their current salary and benefit levels.

The vendor would evaluate current staff to determine how their particular skill sets would be best utilized in the consolidated mail services facility and work plan. Based on this evaluation, current employees would be given the opportunity to transfer from state employment to employment with the vendor.

The parameters of the transition of these employees would conform to the guidelines of the Governor's Center for Efficient Government's Employee Transition Guide.

Employee and Customer Training Plan

It is the expectation that the vendor would be responsible for conducting initial and ongoing employee and customer training under terms of any agreement signed pursuant to this proposal. Customer training would be conducted in-line with an agreed upon roll-out schedule. It is expected that such training would be offered in both web-based and in-person environments. All current state mail services employees who are transferred to employment with the vendor would be provided training.

Transition Phase-In

The Department of Management Services, in consultation with the change management team and the vendor, would determine the most cost effective roll-out plan for converting mail services for each agency. It is anticipated that a phased roll-out during Fiscal Year 2004-05 would address any agency unique issues. As part of the development of a roll-out plan, the various programs, services, functions and/or computer systems that would need to run in parallel until implementation of this project would be identified. It is important to note that this phased roll-out approach will be in such a manner that the vendor can not begin implementing a new agency until the previous agency was implemented satisfactorily.

It is the expectation that the transition phase-in period occurs in such a manner to minimize any potential decline in either performance or customer service. The vendor would be responsible for reporting through the use of state approved performance standards, service levels and customer service satisfaction levels.

The project management team would be responsible for ongoing performance and contract monitoring to ensure the vendor is meeting the agreed upon performance and customer service standards.

1.08 Identify and Document Critical Success Factors

Critical success factors in consolidating agency mail service centers are:

- Significant cost reduction (cheaper)
- Increased service level (better and faster)
- Higher degree of accountability
- Employee retention
- Mail security

Cost reduction

Cost reduction would be measured by comparing the annual amount paid to a private vendor against current agency mail center costs. Savings would be realized in several areas, primarily through increased efficiencies of new equipment and technology, better postage management, a more efficient utilization of human resources and a reduction in rent.

Increased service levels

Increased service levels would be measured with customer satisfaction surveys and monthly service level reports provided by the vendor. The speed and consistency of mail delivery would be the primary benefit. Mail would be delivered more quickly and consistently by reducing errors and time delays.

Accountability

A higher degree of accountability would be measured in the monthly performance report as well as in the monthly service level report. Performance would be measured for each of the following: incoming and outgoing volumes, times of all mail and courier runs, accountable recipient signatures, and quantified monthly savings. In addition, all relevant personnel would be bonded to the highest level necessary as required by the State of Florida.

Employee retention

Employee retention would be measured by the number of employees that are displaced. The Center's intent is for the vendor to retain all current agency mail services employees at a minimum of their current salary and benefit levels. The vendor has guaranteed a position for every affected employee.

Mail Security

As part of the contract, the vendor would be required to adhere to mail security standards as directed by the Florida Department of Law Enforcement (FDLE) and all applicable federal standards and requirements. Further, the vendor would be required to x-ray and screen all incoming mail for potential threats prior to delivering agency mail. Should the vendor discover any potentially hazardous mail, the vendor would follow FDLE mail security protocol and contact the proper authorities.

The following table represents a general description of options offered by the current state term contract provider for secure mail processing.

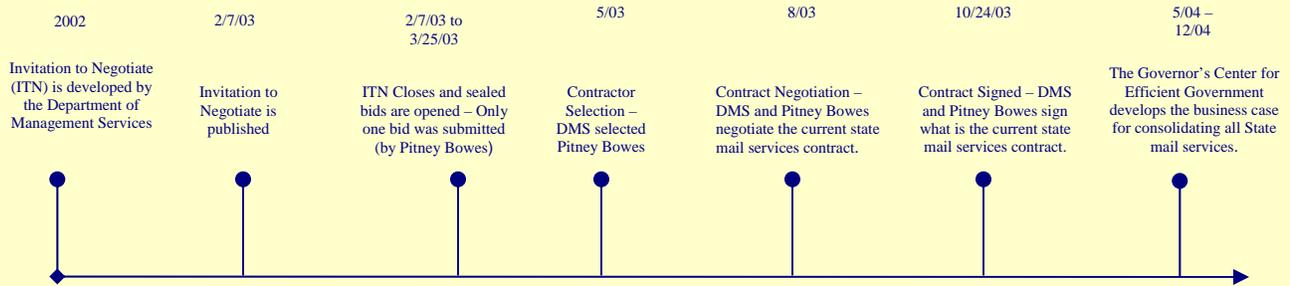
Mail Center Security

Item	Secure Mail - Standard	Secure Mail - Advanced	Secure Mail – Premium
Included in service level	Sort and deliver all USPS, express carrier and interoffice mail. Screen for suspicious mail.	Sort and deliver all USPS, express carrier and interoffice mail. Screen for suspicious mail. X-ray all incoming mail and parcels.	Sort and deliver all USPS, express carrier and interoffice mail. Screen for suspicious mail. X-ray all incoming mail and parcels. Open all mail.
Gloves and respirators	Available	Available	Available
Optional Services			
USPS pick up	Optional	Optional	Optional
X-Ray	Not an option	Interoffice mail – optional	Included
Open mail	Not an option	Not an option	Included
Off-site mail processing	Optional	Optional	Optional
Biohazard Detection	Not an option	Not an option	Optional
Image mail and deliver electronically	Not an option	Not an option	Optional

1.09 Outline the Proposed Procurement Process

In 2002, the Department of Management Services used the competitive procurement process to obtain a state contract in order to provide more cost effective and efficient mail services for Florida's statewide operations. In February 2003, the Department of Management Services initiated an Invitation to Negotiate (ITN). Pitney Bowes Management Services Inc., was the only bidder on the ITN. In October 2003, a contract between Pitney Bowes and the State of Florida was signed and is valid through September, 2006.

TIMELINE - State Mail Service Contract



1.10 Conclusion

Consolidating individual agency mail service functions into one, centralized operation would provide **improved services, accountability and cost savings**. Reengineering current resources is cost prohibitive due to operating capital outlay costs, vehicle purchases, operations and maintenance needs, and employee retention issues. Consequently, the Center recommends negotiating an enterprise-wide task order in conjunction with the current state contract for mail services.

As previously stated, agencies have the ability to negotiate individual contracts with the current state contractual provider for outsourced mail services. By negotiating individual contracts, agencies could realize increased savings, efficiencies and effectiveness. However, an enterprise wide approach would result in even further savings than if each agency negotiated individually.

By employing Governor Jeb Bush's philosophy of a "smaller, more efficient government," consolidating the state's individual mail service operations would provide increased efficiencies and accountability while **saving Florida taxpayers more than \$56 million during the next ten years**.

Next Steps

- If approved, the Governor's Center for Efficient Government will work with senior level staff from affected agencies. Once this team concurs on contract deliverables, the Department of Management Services, in conjunction with the Center, can negotiate a joint task order under the current state term contract (Contract #991-530-04-1) with Pitney Bowes, Inc. This is authorized under section 2.5.2 of the current state term contract, which states, "In order to maximize efficiencies, Customers may join together to use a single Task Order to the Service Provider."
- Per section 2.5.3 of the current state term contract, Pitney Bowes will submit a pricing model to the Department of Management Services that shall follow one of two methods:
 1. Management Fee Model – Under the Management Fee Model, the Service Provider shall detail the cost associated with the scope of work, and the Service Provider's expected cost and margin figures. The price offered shall be based on this cost and margin. If the Service Provider's margin exceeds 20%, the Service Provider shall pay the Department of Management Services 50% of those profits exceeding 20%.

During negotiations under the Management Fee Model, the Customer may choose to pursue a Fixed Price Project (FPP) or Cost Per Piece (CPP) approach. Under the FPP approach, the Service Provider will accept a firm price for performing all services detailed under a Task Order. Under the CPP approach, the Service Provider will charge the Customer on a "per piece" basis.

2. Shared-Savings Model – Under the Shared Savings Model, the Service Provider shall detail the costs associated with the scope of work, and identify the Estimated Savings that might be achieved (Service Provider's estimated cost to provide the services, less the Customer's current costs to provide identical services).

Rather than use the Management Fee Model discussed in (1.), above, the Service Provider and the Customer shall agree to share the Actual Savings (Service Provider's actual costs to provide the services less the Customer's costs, which were identified in the initial analysis). This Actual Savings will be shared between the parties. The specific percentage split will be identified in the appropriate Task Order. In no event shall the split exceed 50% to the Service Provider. The Savings must be reported to the Customer and invoiced appropriately, on a monthly basis.

Due to the fluctuations in mail volumes, the Service Provider shall provide costs using the Cost Per Piece approach under this Shared-Savings Model.

A final business case based on the terms and conditions of a joint task order would be developed and disseminated prior to implementation of this project.

Attachment 7.1.3 – USPS Security Testing

- Best Practices
- Current USPS Biodetection Presentation

Security of the Mail

Best Practices for Mail Center Security

Incoming and Outgoing Operations

Presented by the United States Postal Inspection Service

There are millions of businesses that use the mail. The vast majority of these have only 'one to a few' person(s) responsible for mail center-type operations. Of these millions of businesses, there are thousands of large, complex corporate mail center operations. The best practices listed below are a summary of well-developed mail center security procedures that can be used by any mail center.



Procedures applicable primarily to large mail centers are identified as such, and *in bold*.

These recommendations come from businesses that use the mail and have been shared with the USPS for distribution to its customers. Since needs and resources are often different, every suggestion may not apply to all businesses. Mailers should determine which are appropriate for their company and conduct periodic security reviews of their operation to identify needed improvements. The list below contains general security concepts and a few specific examples of how to accomplish them.

General Mail Operation preventive recommendation:

- Appoint a Mail Security Coordinator (and an alternate if a large mail center)
- Organize a Mail Security Response Team, as practical, depending on the size of the mail center staff
- Create, update and/or review SOPs, Security Procedures, Disaster Plans, and Operating Plans. **Keep a back-up copy of plan(s) off-site.**
- Train personnel in policies and procedures relative to mail security, i.e. biological, chemical, weapons or natural disasters
- Include from the staff, when possible, certified firefighters, biohazard handlers, and/or corporate safety, environment and health personnel, or, train personnel in these duties
- Members of the team should be equipped with cell phones/pagers and should be available up to 24 hours a day, 7 days a week, as is appropriate for the situation
- Information, and updates, about the personnel and response procedures should be published and distributed company-wide
- Federal Government Mail Managers should also refer to the General Services Administration (GSA) web site for specific and updated information concerning federal mail management policies and procedures
- Publish an After-Action Report or Incident Report after every incident
- Have senior management buy-in/sign-off on company's mail security procedures

Employee Security Procedures

- Maintain good hiring practices
 - Provide in-depth screening/background checks when hiring new employees
 - Make arrangements with one or two temporary employment agencies to ensure that a restricted, pre-screened group of individuals is available when needed to supplement the workforce

- Enforce/institute probationary period for evaluation of employees
- Establish a strict employee identification/personnel security program
 - Require employees to wear photo ID badges at all times
 - Instruct employees to challenge any unknown person in a facility
 - Where provided to employees, utilize uniforms with names and logos stitched on them for employees to wear at work
 - Provide a separate and secure area for personal items (e.g., coats and purses). Prohibit employees from taking personal items into the main workspace
 - Establish incoming/outgoing personal mail procedures
 - **Hire or designate security personnel for mail center area. (Primarily for large mail centers.)**
- Establish health safety procedures
 - **Have on-site medical personnel (large mail center) or arrange for off-site facility/personnel**
 - Encourage employees to wash hands regularly, especially prior to eating
 - Encourage employees to see doctor if suspicious symptoms occur
 - Encourage employee attendance in health seminars, talks, info updates
 - As practical, establish or take advantage of company health programs, i. e. shots, check-ups
 - Provide approved personal protection equipment according to CDC guidelines

General Safety and Security Procedures for Incoming/Outgoing Mail Areas

- Notify internal and external customers, as appropriate, of steps taken to ensure safety of mail
- Control or limit access of employees, known visitors and escorted visitors to the mail center with sign-in sheets, badges, and/or card readers. **(For large mail operations, include plant, workroom floor, etc.)**
- Subject to emergency exit safety requirements, lock all outside doors and/or prohibit doors from being propped open
- Require deliveries to be made in a restricted, defined area
- Restrict drivers (rest areas) to an area that is separate from the production/mail center facilities.
- Use video cameras inside and outside the facility/docks, as feasible
- Keep the area for processing incoming and outgoing mail separate from all other operations, as feasible
- If a separate processing area is used, it should not be part of the central ventilation system
- Shut-off points of processing area's ventilation system should be mapped and should be part of an emergency procedures handout
- Separate processing area should include appropriate personnel protection equipment and disposal instructions for such equipment, as approved by the CDC
- Designate and publish/post evacuation routes for emergency situations
- Conduct training, emergency preparedness drills, and information update meetings, as necessary
- **X-ray all incoming mail. (Large mail centers.)**
- Maintain a Suspicious Package Profile
- Ensure appropriate emergency access numbers are posted by or on every phone. Such numbers should include: call 911; CDC at 770-488-7100; local Postal Inspector; or local police or fire department
- Maintain updated employee lists (name, address, phone/cell phone), and keep back-up copy off-site
- Provide only vacuum systems for cleaning equipment, not forced air systems
- If not already done, alter receiving procedures to require a manifest with all shipments and practice the acceptance of "complete" shipments only
- Discarded envelopes, packages, boxes should be placed in a covered container and transported to the loading dock for removal. (Ensure local arrangements are in place for disposal of such material.)

Access to Information - Education and Communications

- Maintain a library of publications, videos, brochures, from appropriate information sources, and facilitate employee access to them as needed. Sources should include USPS, CDC, and OSHA
- Maintain and publish a list of useful websites from appropriate authoritative sources. Bookmark appropriate web sites for easy access, i.e. CDC, OSHA, USPS, and GSA. Monitoring twice a day is a minimum recommendation, as situations warrant
- Maintain and publish list of phone numbers to call in an emergency - Postal Inspectors, Fire Dept., CDC, OSHA, Police, etc.
- Present updated Best Practices from CDC, OSHA, GSA, USPS, and Fire Dept.
- Company-wide communications concerning mail center security procedures should be implemented
- Require/encourage applicable employees to attend all local meetings pertaining to mail security issues

Guidelines for Mail Center Theft Prevention

Mail is sometimes lost or stolen from company mail centers, or while en route to or from the Post Office. Much of this mail is quite valuable, containing cash, jewelry, and other high-value items. Needless to say, such losses are costly to the company and its investors. The following are some suggestions for improving theft prevention in your mail center operation:

- Know your employees. Don't put your new hires in your mail center without a criminal record check.
- Secure your mail center. Prevent access by unauthorized persons. Keep locked whenever possible, especially when no one is on duty. Maintain a sign-in sheet for persons entering and leaving the mail center, including times of arrival and departure.
- Registered Mail™. Keep separate from other mail. Document transfer of Registered Mail by requiring the receiver to sign for custody.
- Protect company funds. If company funds are handled as part of the mail center operations, establish adequate controls to fix individual responsibility for any losses that may occur.
- Keep postage meters secure. Postage meters should be secured when not in use. Check mails periodically to determine if employees are using company postage meters for their personal mail.
- Vary times and lines of travel between post office and plant. If currency or other valuable mail is sent or received, check periodically to see if mail messengers are making unauthorized stops or is leaving mail unattended in unlocked vehicles.
- Employees caught stealing should be prosecuted. There is no greater deterrent to a potential thief than the fear that he/she may go to jail. The Postal Inspection Service will extend its full cooperation.

Some Critical Websites - bookmark for quick reference: (include your various suppliers/vendors)

US Postal Service - www.usps.com

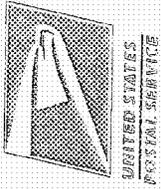
Centers for Disease Control (CDC) - www.cdc.gov

Occupational Safety and Health Administration (OSHA) - www.osha.gov

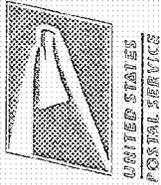
General Services Administration (GSA) - www.gsa.gov

Federal Bureau of Investigation (FBI) - www.fbi.gov

Bureau of Alcohol, Tobacco and Firearms (BATF) - www.atf.treas.gov



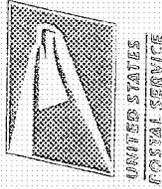
Welcome to the Richmond District of the U.S. Postal Service



USPS Emergency Preparedness Biohazard Detection System Briefing

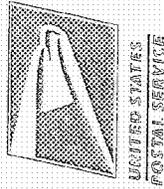
Agenda

- Purpose and Overview of Biohazard Detection System (BDS)
 - Response to BDS Alarm
 - Questions and Answers
-



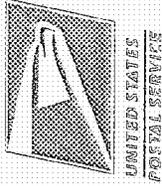
USPS Emergency Preparedness Biohazard Detection System Briefing

- Fall 2001: anthrax used as weapon of mass destruction
 - December 2001: USPS Emergency Management Committee and Emergency Management Work Group established
 - February 2003: Homeland Security Presidential Directive 5 released, mandates use of Incident Command System (ICS) in federal agencies, including USPS
 - Summer 2003: Biohazard Detection System (BDS) deployed in pre-production evaluation (14 sites nationwide)
 - October 2003: USPS Office of Emergency Preparedness established and Vice-President selected
 - Beginning Winter 2003: Nationwide deployment of ICS in USPS using Integrated Emergency Management Plans
 - Beginning Spring 2004: Nationwide deployment of BDS
-



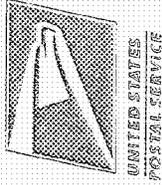
USPS Emergency Preparedness Biohazard Detection System Briefing

- Richmond District installation schedule:
 - Richmond Processing & Distribution Center (P&DC): July 24, 2004 – August 5, 2004
 - Charlottesville Processing & Distribution Facility (P&DF): August 7, 2004
 - Norfolk P&DC: August 21, 2004
-



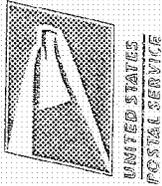
USPS Emergency Preparedness Biohazard Detection System Briefing

- **Schedule for other Virginia facilities:**
 - **Dulles P&DC: June 12, 2004**
 - **Merrifield P&DC: August 7, 2004**
 - **Roanoke P&DC: Early 2005**
 - **Lynchburg P&DF: Early 2005**
 - **Bristol P&DF: Early 2005**
-



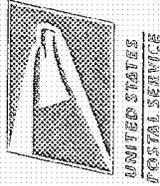
USPS Emergency Preparedness Biohazard Detection System Briefing

- Response to a BDS alarm
 - Immediate evacuation following Emergency Action Plan (EAP)
 - Decontamination & release of employees
 - Coordination with local fire and police departments
 - Coordination with the Virginia Department of Health
-



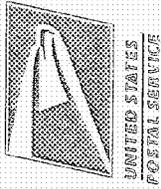
USPS Emergency Preparedness Biohazard Detection System Briefing

- Response to a BDS alarm (continued)
 - Retrieval of sample by U.S. Postal Inspection Service
 - Polymerase chain reaction (PCR) test of sample at the Virginia Division of Consolidated Laboratory Services (DCLS)
 - Plate culture test of sample at DCLS
 - Antibiotic prophylaxis of employees
-



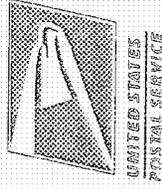
USPS Emergency Preparedness Biohazard Detection System Briefing

- Mail Isolation, Control & Tracking
 - Following BDS alarm, immediate notification of downstream facilities and trucks
 - Upstream tracking to determine source of contaminated mail piece
 - Coordination with the Virginia Department of Health to determine appropriate isolation of potentially affected facilities and vehicles
-



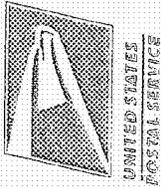
USPS Emergency Preparedness Biohazard Detection System Briefing

- **Continuity of Operations**
 - **Affected plant will be closed for a minimum of five days**
 - **Collection and delivery operations in the area serviced by the plant will likely be interrupted**
 - **Unaffected plants in the vicinity will be utilized to ensure continuity of operations**
-



USPS Emergency Preparedness Biohazard Detection System Briefing

- **Communications prior to a BDS alert**
 - **Extensive training and “Stand-up talks” with employees**
 - **Coordination with large business customers**
 - **Coordination with the Postal Customer Council, which represents all customer groups**
 - **Media Briefing**
-



USPS Emergency Preparedness Biohazard Detection System Briefing

- Communications following a BDS alarm
 - The Richmond District Information Officer will work with the media to release appropriate information
 - Coordination with the Virginia Department of Health to ensure a consistent message
 - Employees will be able to call a toll-free number for updates
-



ATTACHMENT 7.1.4

MAIL SECURITY PROGRAM STRATEGIES

1.0 BACKGROUND

The processing and distribution of mail and packages today presents ever increasing security challenges. Employees and facilities handling mail are becoming more exposed to potential threats such as biological and chemical agents, other contaminants, and explosive related materials. Having the ability to quickly identify, assess, isolate and respond to the contents of these items, is critical to maintaining a safe work environment, effective mail delivery and security program.

The Commonwealth of Virginia (COV) has taken a proactive role in addressing the current state of mail operations to include opportunities associated with the consolidation of mail services and review of current mail security practices and future ramifications. As part of these initiatives, developing and implementing effective cost-benefit solutions requires providing a balance between security requirements and maintaining the continuity of government business operations. This integrated approach must be able to resolve itself of conflict in order to achieve success and may require a cultural change in the way things have been accomplished in the past. The end result, however, should not compromise sustaining a safe and secure environment.

An effective mail security program has many objectives, including these:

- Protecting employees and building occupants;
- Minimizing the likelihood of workers compensation claims and litigation resulting from providing an unsafe work environment;
- Avoiding unwarranted, costly and disruptive business efforts and evacuations;
- Preventing the shutdown of facilities related to threats resulting in building damage or contamination;
- Developing and implementing effective security best practices;
- Maintaining a quality oriented employee security awareness training curriculum;
- Providing training to employees on the use of security equipment;
- Having effective and tested occupant emergency plan (OEP), communications plan and continuity of operations plan (COOP); and
- Establishing facility and systems security standards, specifications and guidelines.

2.0 MAIL SECURITY PROTECTION CRITERIA

Based upon the planned short-term consolidation of the existing 121 mail processing facilities, seven (7) priority mail processing locations have been proposed to process 92,545 pieces of mail daily. The remaining 114 locations combined 15,603 pieces of mail will be processed by State Mail Services (SMS). Accordingly, security equipment options were identified that relate to these mail processing facilities and are depicted in Exhibit A. The equipment specifications and related cost estimates associated with the types of mail security processing equipment options to consider are addressed in Exhibit B.

Finally, in concert with the proposed establishment of a long-term mail processing solution; establishment of two large mail mega centers, mail processing security equipment options, along with related cost estimates were developed and are also presented in Exhibit B.

Several assumptions were made in determining what types of security equipment would be appropriate for the COV. These assumptions could impact the overall purchasing costs associated with mail security equipment based upon the options selected as follows.

- All existing COV mail security screening equipment is dated and needs to be replaced;
- The mail threat and levels of risk may change in the future, requiring a higher level of mail screening consideration at COV facilities;
- The COV have multiple mail security equipment options to consider based upon current and future U.S. Post Office mail screening practices implemented;
-
- The volumes of mail for the most part would remain constant;
- The mail security equipment purchased in the short-term could be transferred and used in the proposed two mail mega centers.
- The use of security equipment would not be complex and training of employees having access to and using the screening equipment would be easy to accomplish;
- Adequate and secure space would be provided to house and use the equipment; and;
- Packages other than mail and flats could be screened as well;

In addition to x-ray equipment, further screening could be conducted of suspicious packages with additional equipment. The COV would have the option of procuring bio-detection and incendiary material screening equipment for all or pre-selected locations, as is done now for the Governors Office. This is if the decision is made by the COV not to rely on the U.S. Post Office screening process, especially for flats, which is projected to occur sometime in 2006.

In addition to the above security strategies, the following security program initiatives should also be considered from a mail and facility security planning perspective.

3.0 MAIL HANDLING AREAS

The COV mail handling facilities, like loading docks, receive deliveries that could have dangerous contents. Letters and packages arrive from unknown sources with unknown contents. Ideally they would be screened off site prior to arrival at a COV facility. Mail handling personnel may distribute and open mail within a facility. In doing so, the contents can be designed to release contaminants into the air, can explode upon opening or simply deliver hazardous materials.

Release of contaminants within a designated mail processing area could result in their circulation throughout an entire building by way of the heating, ventilation and air conditioning (HVAC) system. An explosion could also occur that could damage the building structure causing some degree of collapse, personnel injury and impact the continuity of government business practices. Other hazardous materials might do damage only to those in the vicinity of the materials or the material handlers themselves could become unwitting carriers.

It is necessary to restrict access to mail handling areas and to be able to isolate their air handling systems from the rest of a building. The following additional physical security features should be considered in selecting mail handling areas in addition to purchasing mail security equipment.

- Locate mail handling areas, if possible, on an outside wall and maintain under negative pressure with respect to adjacent indoor areas;
- Restrict access to these areas and provide access and monitoring security controls through card access and closed-circuit television (CCTV) monitoring from a centralized location;
- Consider selection of mail handling area close to the perimeter of the building away from facility entrances, large expansions of glass/window areas, high personnel density areas, and areas containing critical services, utilities, distribution systems, computer rooms, and other key asset locations;
- Install air monitors with notification and damper controls;
- Provide x-ray and related screening devices for incoming mail and packages and incorporate training program for all personnel involved in mail handling;
- Provide either a non-recirculation air handling system, or if served by central air handling unit, install quick closing automatic dampers in all supply and return ducts which serve the mail handling area;
- Provide hood(s) with HEPA filter exhaust from above the mail sorting tables to the outdoors along with exhaust fan to create a slight negative pressure differential in the area;
- Provide emergency power monitoring system(s) for all security equipment ;

- Consider for new construction (possibly mail mega centers), protection of columns, walls, floors, ceilings from progressive collapse and treatment (glazing) of building façade, doors and windows; and
- Develop, execute and test internal communications and evacuation plans.

4.0 SECURITY MASTER PLAN

At the present time the COV does not have an overall security master plan in place that addresses the current and future security requirements needed to be considered as an integrated approach to mail security. This is especially critical given the costs and resources associated both in the short and long-term in addressing mail security program objectives and COV management expectations.

A security master plan framework needs to be developed and standardized in a format that addresses physical, operational, managerial and technological security requirements for the mail processing facilities consolidation effort. These security initiatives will be unique to each facility, to include the two new mega centers to be considered. This includes the development of security protocols, procedures, plans and systems.

5.0 SECURITY RISK ASSESSMENT

The first step in developing a refined mail security program and master plan is to understand the threats, vulnerabilities and risks associated with mail processing facilities. Each facility and site has unique issues and requires consideration of separate security measures. This especially holds true for the re-location of the current SMS mail processing facility, the larger mail processing COV facilities and the proposed two new mail mega centers. A thorough understanding of the risk assessment process will allow the COV to better be prepared to meet potential threats, other than by mail and will assist to eliminate or mitigate consequences. The areas to consider are as follows.

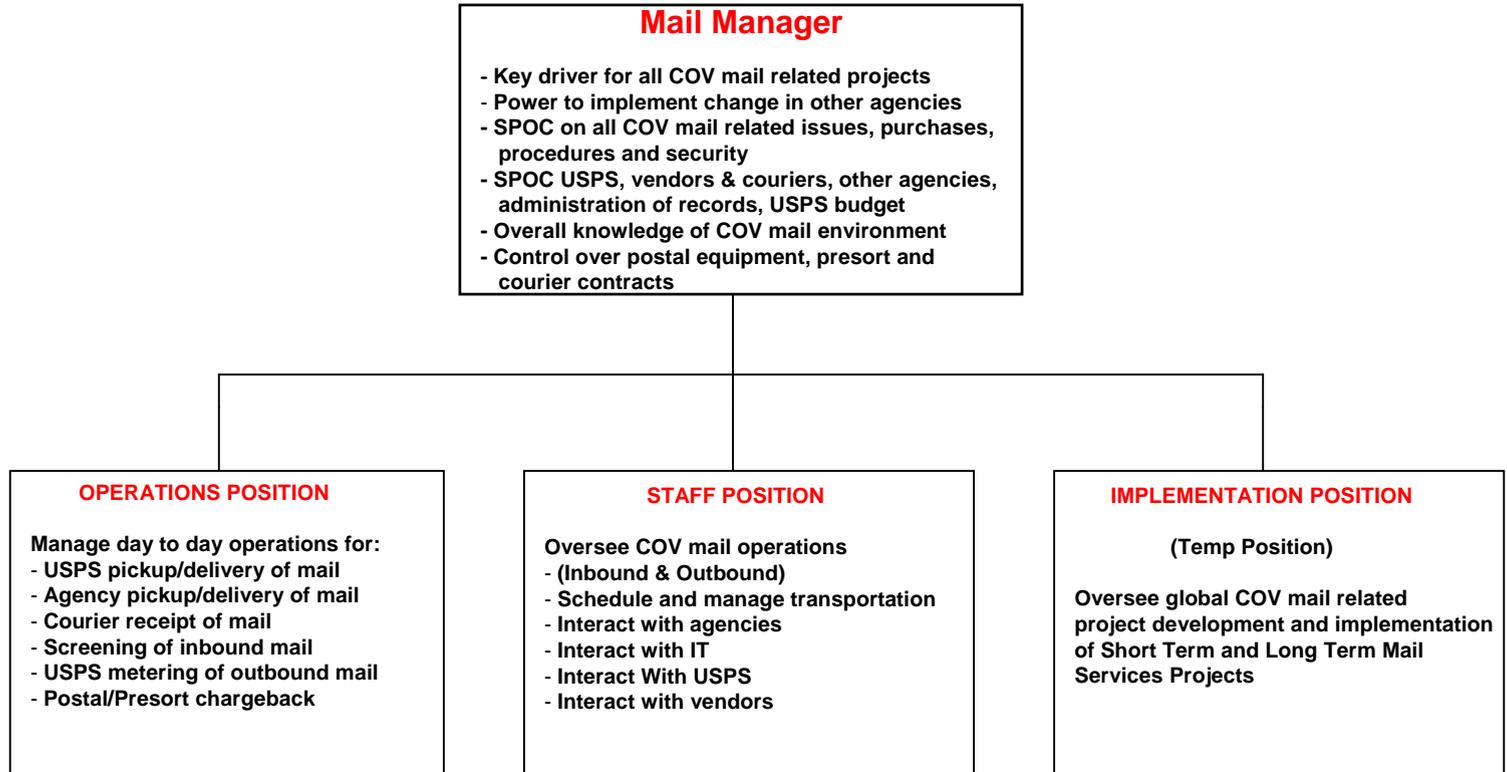
- Development of uniform security policies and practices;
- Assistance in the site and facility selection of new or to be renovated mail processing facilities considered as part of the COV facility consolidation plan;
- Examination and execution of effective physical security space planning requirements unique to the screening of mail against biological, chemical and incendiary materials, i.e., construction and placement of mail processing areas, secure access control, surveillance monitoring and dedicated environmental controlled system (separate HVAC systems).
- Initiation of facility and mail security technology system standards and specifications;
- Establishment of effective mail security technology and employee security awareness training program;
- Development of mail security communications plan; and
- Formulation and testing of mail security continuity of operations plan.

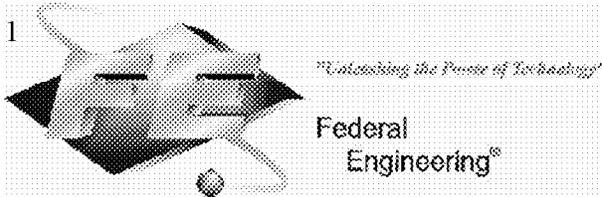


Attachment 7.1.6

PROPOSED COMMONWEALTH of VIRGINIA

MAIL MANAGEMENT ORGANIZATION (MMO)





Federal Engineering, Inc.

10600 Arrowhead Drive
Fairfax, VA 22030
703-359-8200

Attachment 7.1.7

To: COV Project Team
From: **FE** Project Team
Subject: Identified Long and Short Term Options for COV Mail Services Initiative – Working Document
Date: May 10, 2005

This document was designed to provide the COV with the **FE** Team's preliminary thoughts on mail security and consolidation. It will address overall Mail Security and not location specific security. Some preliminary high level options for potential consideration in moving the project forward are provided. For the purposes of this document, outsourcing of the complete mail handling process will not be considered for this effort (VCU is currently outsourced). All agencies can be considered for each of the preliminary options, although some have already declined to participate in the consolidation effort. Although this document is high-level, estimated costs/savings will be produced for areas that we currently have detail to support. Individual details on labor, finances etc. for each option will be developed in greater detail over the next few weeks.

Due to the fact that 124 individual COV agencies are currently managing varying levels of location specific mail services functions we will be strongly suggesting that centralized management control of all mail related issues be instituted. One single organization should have overall responsibility for management of all mail related procedures, issues, equipment procurement and associated security guidelines related to mail processing at all locations. We need to reinforce this recommendation regardless of the COV's direction. In order to accomplish the enterprise-wide strategic direction, the COV should initiate such an organization prior to embarking on any of the long or short term options.

Although these options are broken down into separate categories of inbound and outbound mail, many synergies can be realized by joining two similar options. By building on an inbound and outbound option, we can realize potential savings in courier services for pickup and delivery of mail to and from the COV agencies and USPS.

From the Teams' preliminary security assessment we have discovered that all of the overnight couriers (FedEx, UPS, Airborne ...) do NOT screen their mail other than using the USPS over the counter screening process which entails questioning the customer. Although most USPS enveloped stamped mail is run through the USPS bio-

detection equipment, flats and parcels delivered by the USPS are not screened. The Team strongly recommends that all incoming COV mail be screened at the point of contact for the COV.

Identified Long and Short Term Options for COV Mail Services Initiative

(Security/Inbound Mail)

The COV currently maintains over 124 agencies that receive inbound mail from various sources including USPS, overnight carriers and other messenger services. The COV utilizes some mail security equipment in 4 individual locations. One location utilizes an isolation unit to open sensitive mail addressed to the Governor. Most agencies have documented mail security procedures which are utilized to varying degrees.

In order to identify the level of risk assessment for each of the below options, PBSJ has attached their assessment levels along with associated mail security equipment descriptions.

The **FE** team reviewed these options for enhanced security on inbound mail

Individual Agency Security

This option will enhance each location as to the handling of inbound mail. In today's environment each agency maintains their own processes for handling mail. These processes can vary from the sorting and the opening of envelopes to the use of X-ray machines for some sensitive locations. Based upon the level of security desired, this option can be the most expensive to purchase and maintain but can be implemented on an agency by agency basis.

The security recommendation for smaller agencies (majority of COV's locations) would utilize desktop X-ray machines in conjunction with manual hooded enclosures for the opening of mail. These enclosures would prevent the contamination of the work area in the event a threatening substance is present. Additionally extensive training and documented procedures would need to be distributed and performed by all of the COV agencies. In all cases, additional manual labor would be required in the handling of mail and opening the contents. The security recommendation for larger agencies would entail the addition of X-ray technology (for those that currently do not use X-ray) in addition to use of a Bio-detection system.

Some positive attributes for this option includes:

- Security is performed at point of inbound mail contact
- Impact of threat can close one agency only
- No impact on existing USPS mail or couriers pickup/delivery

- Larger volume offices would possess greater security screening (Biodetection)
- Least amount of impact on timing of received mail

Some negative attributes for this option includes:

- No appreciable synergy savings
- Security equipment would be mostly underutilized in lower volume agencies
- Costs can be high depending on level of security desired **(est. \$767K for minimal security, Note A)**
- Additional floor space maybe required depending on level of security
- Additional labor may be required depending upon level of security
- Work area may require reconfiguration depending upon level of security
- In same respect, individual agencies would close if a threat is uncovered irregardless if the agency is high priority or not
- Additional mail handling labor would need to take place at all agencies
 - Small agency – manual opening and extraction of mail in isolated hooded unit
 - Larger agency – Additional step of X-ray/Bio-detection
- Recipient concerns related to sensitivity/confidentiality of opened mail
- Additional security related mail handling documentation/training required at each location

The **FE** team recommends that the COV reject this option. This option would not be in the best interest of the COV due to the fact that all agencies remain independent. Although this option provides some low level of security it comes at an additional labor cost. No savings can be realized by operating in a as-is manner. The equipment purchased would be specialized for each agency and considered a throw-away in attaining the Long Term Strategic Goal of the enterprise.

Priority Location

This option would select high priority agencies and provide enhanced levels of security. The agencies identified would be based on critical revenue production, customer interaction, probability of threat. Some examples of these agencies at the moment are: Tax, SMS, DMV, Commonwealth etc. Although this option provides a higher level of security for selected agencies, it does not cover all of the COV agencies.

The Security recommendation for this option would entail the use of a larger X-ray machine and Bio-detection unit in addition to the use of a hooded security mail handler for potential suspicious mail.

Some positive attributes for this option includes;

- No appreciable synergy savings
- Security is performed at point of inbound mail contact
- Impact of threat closes one agency
- Lower costs than individual agency option depending upon level of security **(est. \$281K, Note A)**

- No impact on mail delivery couriers for pickup/delivery (see Note C)
- Larger volume offices would possess greater security screening (Biodetection)

Some negative attributes of this option includes:

- Does not cover all COV's agencies, only high priority ones
- Possible time delay to process inbound depending upon level of security (see Note C)
- Additional labor maybe required depending upon level of security
- Additional floor space maybe required depending upon level of security
- Work areas may require reconfiguration depending upon level of security
- In same respect, agency would close if threat is uncovered whether high priority or not

The **FE** Team considers this an interim solution that would have most throw-away components. Although this provides some level of security for some high-priority locations, it falls short of protecting the entire COV environment nor does it provide the COV with any real savings.

Centralized in Existing Major Agencies for ALL COV Inbound Mail

This option would select a few major COV agencies (e.g. DMV, SMS, TAX ...) and utilize the resources as an inbound security vehicle for other agencies within the general area. This option would spread the volatility between multiple agencies.

The security recommendation for this option would entail the use of larger X-ray machines in addition to more robust Bio-detection unit. This equipment would be able to process higher volumes of mail.

The positive attributes for this option includes:

- Increased security levels with less exposure to COV infrastructure
- More effective and efficient security screening (see Note B)
- Potential for consolidation of mail courier services for pickup/delivery (see Note C)
- Can control consolidated agency selection and mitigate risks in other agencies

The negative attributes for this option includes;

- Costs of larger capacity security equipment are greater (**est. \$1.0M Note A**)
- Possible delay to process inbound mail depending upon level of security (see Note C)
- Additional labor may be required to work out of hours to meet critical inbound mail commitments for other COV clients
- Threat can close agency and impact multiple agencies (Larger agency will

- suffer the consequences if threat is received for other COV agency)
- Additional floor space maybe required depending upon level of security
- Work areas may require reconfiguration depending upon level of security

The **FE** team considers this option in-line with the Long Term Strategic Goal. Most of the equipment would be used for transitioning and reuse in the enterprise environment. The team would consider the use of a existing organization, such as SMS, to handle the screening of inbound mail for the smaller COV agencies and procurement of security screening devices for larger agencies. The reasoning for the use of SMS is that SMS currently has a transportation network in place and has experience with the security screening of mail. Although we realize that the additional security screens will cost the COV, the team assessed the initial savings from the centralizing could be realized more rapidly with the use of an existing agency.

Centralized New Secure Inbound Mail Handling

This option is part of a Long Range Strategic plan to consolidate all inbound mail into a new high security facility that employs security and technology to screen mail and sort mail for all COV 124 locations. Many additional costs, both capital and expense, will be incurred to provide a high level of security. Unknown costs will include real estate, building preparation and redistribution of work force.

This option would utilize faster and more effective security screen equipment. The equipment configuration although more costly than previous options would eliminate the manual security that would need to take place in previous options. For our vantage point at the moment, we feel that labor costs would be minimized in this option.

The positive attributes for this option includes;

- Most centralized and most secure method of handling mail
- Lower volumes/ higher quality of security equipment (**est. \$1.0M Note A**)
- Consolidation savings on secure inbound mail handling
- Most efficient in picking/receiving up USPS mail
- Reduces individual agency labor to handle incoming (DMV, SMS, tax)
- Potential opportunity to maximize COV mail courier operations (SMS)
- USPS return receipt point of contact
- Isolated threat can be contained outside of COV internal work environment

The negative attributes for this option includes;

- Increased labor demand to operate security equipment and double handling of mail
- Requires redistribution of mail daily to each location (see Note C)
- New location to be secured and prepped
- Threat can close or impact inbound mail processing depending upon security configuration
- Potential to slow down ultimate receipt of mail by customer (see Note C)

The **FE** team does not recommend this option due to the fact that all inbound mail would be processed in the same center. This dependency upon one center would not provide any DR capabilities.

Centralize New Secure Inbound Mail Handling in Multiple Locations

This option, like the above option, is part of a Long Range Strategic plan to consolidate all inbound mail into a new high security facility that employs security and technology to screen mail and sort mail for all COV 124 locations. This option differs from the above one in that a second location would be provided for disaster recovery or perhaps to equalize work load during periods of high volume. Many additional costs, both capital and expense, will be incurred to provide a high level of security. Costs will include Real Estate, building preparation and redistribution of work force.

The positive attributes for this option includes;

- Provide most secure method for handling mail
- Provides built in DR/redundancy/high volume processing
- Consolidation savings on mail handling
- More efficient in picking/receiving USPS mail
- Reduces individual agency labor to handle incoming (DMV, tax)
- Potential opportunity for maximizing COV mail courier operations (SMS)
- USPS return receipt point of contact
- Isolated threat can be contained outside of COV's internal operations

The negative attributes for this option includes;

- Most expensive method but provides highest security and DR
(est. over 2.0M Note A)
- Increased labor demand to operate equipment and handle and sort mail
- Requires redistribution of mail daily to each location
- Potential to slow down ultimate receipt of mail by customer

The **FE** team does not recommend this option due to the fact that many additional expenses would be borne by the operation for DR redundancy and equipment. Although this option provides a greater level of DR the costs would hard to justify the DR capacity when the operation has the potential for out-of-hours operation in the event of a disaster/threat.

Centralize New Secure Inbound Mail Handling in TWO Locations

This option, like the above option, is part of a Long Range Strategic plan to consolidate all inbound mail into two high security facilities that employs security and technology to screen mail and sort mail for all of the COV 124 agencies. This option differs from the above one in that a second location would be provided for 50/50 processing of mail. Additionally, this option affords the COV with the ability to provide

disaster recovery and/or the ability to equalize work load during periods of high volume. Many additional costs, both capital and expense, will be incurred to provide this higher level of security. Costs will include Real Estate, building preparation and redistribution of work force.

This option, like above, would utilize faster and more effective security screen equipment. The equipment configuration although more costly than previous options would eliminate the manual security that would need to take place in previous options. For our vantage point at the moment, we feel that labor costs would be minimized in this option.

The positive attributes for this option includes;

- Provide most secure method for handling mail
- Provides built in DR/redundancy/high volume processing
- Consolidation savings on mail handling
- Efficient in picking/receiving USPS mail
- Reduces individual agency labor to handle incoming (DMV, tax)
- Potential opportunity for maximizing COV mail courier operations (SMS)
- USPS return receipt point of contact
- Isolated threat can be contained outside of COV's internal operations

The negative attributes for this option includes;

- Moderate cost method but provides highest security and DR **(est. \$1.3M Note A)**
- Increased labor demand to operate equipment and handle and sort mail
- Requires redistribution of mail daily to each location
- Potential to slow down ultimate receipt of mail by customer

The **FE** team recommends this option as part of the overall Long Term Strategic plan. This option provides the COV with a high level of security at a moderate costs. The two operating centers provide a higher level of recovery in the event of a disaster/threat. Although each center processes approximately 50% of the inbound work, by the use of additional out-of-hours the operation can support the entire COV operation in the event one center is unable to operate.

Identified Long and Short Term Options for COV Mail Services Initiative

(Outbound Mail)

The COV sends over 115,000 outbound mail pieces a day. This includes about 15,000 flats and 100,000 envelopes/checks. Most mailings are performed in each of the 124 COV agencies with use of local postal equipment for insertion and postage. Some of large COV mailers maximize postal discounts by use of print and mail technology and some utilize Presort mailers to receive discount postage. Not all of the COV agencies use presort capabilities. Most USPS mailing are either picked up or delivered by Private Couriers or COV employees utilizing COV vehicles. State Mail Services (SMS), a DGS entity handles a small volume of outbound mail from a number of the smaller agencies. For the purpose of this exercise, the assumption is that only USPS mail will be processed and overnight services will remain with existing COV contracts (UPS is the State mandated carrier for all agencies).

Consolidation into Existing Agencies

This option will combine smaller agencies into an existing agency with postal metering equipment. According to the DGS study, 105 agencies have less than 500 mail piece per day. It would be assumed that these agencies can consolidate their outbound mail into a larger operation without any real appreciable impact. Chargeback can be performed at the meter.

The positive attributes of this option includes;

- Significant reduction in COV postal equipment (base, scale, meters..) results in cost savings for most smaller agencies (see Note E)
- Significant potential for expanded use of presort vendor for additional postal Savings (see note D)
- Possible use of existing messenger services (SMS, other)
- Reduction of agency local resources to manage mail in smaller agencies
- Minimal or no impact postal deadlines/commitments (see Note C)

The negative attributes of this option includes;

- May require additional messenger/courier services (see Note C)
- May be different time mail pickup (see Note C)
- May require additional work hours in mail processing agency
- May require additional vehicle costs (see Note F)

The **FE** team recommends this option due to the fact that COV can obtain some immediate savings in the form of elimination of redundant equipment and some potential presort savings on existing mail. The team would consider this as a transitional option using an agency such as State Mail that already has a transportation and postal metering network in place.

Consolidate into Large Agency

This option, like above, will combine smaller agencies into existing outbound service from a larger agency such as; DMV, Taxation, SMS ... possible standardization of forms and return envelope for high volume agencies

The positive attributes for this option includes:

- Utilization of established location with mailing equipment
- Significant reduction in COV postal equipment (base, scale, meters... see Note E)
- Potential for additional presort savings (see Note D)
- Possible use of existing messenger services (SMS, other – see Note F)
- Future potential to utilize technology for mail production for printing and Mail i.e. mechanized letter generation from remote agencies

The negative attributes for this option includes;

- May require some courier rerouting
- May be different time mail pickup (see Note C)
- May require additional work hours in consolidated mail processing agency
- May require additional vehicle costs

The **FE** team does not recommend this option. Although the COV can obtain some immediate savings in the form of the elimination of redundant equipment and some potential presort savings on existing mail, it falls short of leading into a long term direction. This option will put an added burden on the existing large agencies.

Centralize Outbound into Mega Center (Print and Insertion)

As part of a Long Term Strategic vision, create an independent outbound mail center that centrally processes all COV output. This process would entail capturing the printing and mailing of all the COV agencies to be processed in one center utilizing the same equipment. This process would rely upon the standardization of electronic forms and mailers. All mailing including processes that require unique processing and handlings would be processed at this center. The impacts of this initiative would impact all COV agencies and IT development and operation. The resultant would be the most technologically feasible and efficient outbound mail center.

The positive attributes for this option includes;

- Maximize use of existing (printers), inserters, bases, scales, meters, postal handling equipment
- Maximize potential for additional presort savings (may have potential to perform in-house presort today est. 145K daily – see Note D)

- Maximize use of labor force
- Potential for mail courier savings
- Single delivery point for USPS/other mailing
- Ability to offer enhanced services (bulk mailing, specialized mailing...)
- Potential for including COV overnight courier services

The negative attributes for this option includes;

- Expensive initial equipment capital outlay, sorters, inserters, sealers ...
- Expenses for migration of existing equipment
- IT development costs
- May not result in labor savings in smaller agencies
(redeployment opportunity)
- Out of hours operation may be required
- Potential for complete shutdown if disaster occurs

The **FE** team does not recommend this option due to the fact that a single center is venerable to outages in the event of a disaster/threat.

Centralize Outbound into Multiple Mega Centers (Print and Insertion)

This option is similar to above; however, by the use of multiple centers disaster risks would be limited.

The positive attributes for this option includes;

- Maximize use of existing (printers), inserters, meters, postal handling Equipment
- Maximize potential for additional presort savings (may have potential to perform in-house presort today 145K daily – see Note D)
- Maximize use of labor force
- Potential for mail courier savings
- Single delivery point for USPS/other mailing
- Ability to offer enhanced services (bulk mailing, specialized mailing...)
- Potential for including COV overnight courier services
- DR and additional flexible capacity for peak periods

The negative attributes for this option includes;

- Expensive initial equipment capital outlay, sorters, inserters, sealers ...
- Expenses for migration of existing equipment
- IT development costs
- May not result in labor savings in smaller agencies
- Out of hours operation may be required

The **FE** team does not recommend this option due to the fact that many additional expenses would be borne by the operation for DR redundancy and equipment. Although

this option provides a greater level of DR the costs would be hard to justify the additional DR capacity when the operation has the potential for out-of-hours operation in the event of a disaster/threat.

Centralize outbound into two mega centers (Print and Insertion)

This option is similar to above; however, by the use of two centers operating under a 50/50 operation, disaster risks would be limited.

The positive attributes for this option includes;

- Maximize use of existing (printers), inserters, meters, postal handling Equipment
- Maximize potential for additional presort savings (may have potential to perform in-house presort today 145K daily – see Note D)
- Maximize use of labor force
- Potential for mail courier savings
- Single delivery point for USPS/other mailing
- Ability to offer enhanced services (bulk mailing, specialized mailing...)
- Potential for including COV overnight courier services
- DR and additional flexible capacity for peak periods

The negative attributes for this option includes;

- Expensive initial equipment capital outlay, sorters, inserters, sealers ...
- Expenses for migration of existing equipment
- IT development costs
- May not result in labor savings in smaller agencies
- Out of hours operation may be required

The **FE** team recommends this option as part of the overall Long Term Strategic plan. This option provides the COV with a high level of recovery in the event of a disaster/threat. Although each center processes approximately 50% of the outbound work, by the use of additional out-of-hours the operation can support the entire COV operation in the event one center is unable to operate.

NOTES AREA

A) Security costs as detailed in attached PBS&J recommendations

B) Additional labor to security screen the inbound mail would be required. By utilizing an agency such as SMS, the work can be centralized for the screening and delivery to the smaller COV agencies by utilizing existing SMS transportation routes. Larger agencies would be required to staff the

inbound mail screening process. In this scenario security screening tasks would be limited to the SMS agency as opposed to having each small agency perform these functions. Larger agencies would still support their existing environment however; additional security screening would be required.

- C) By migrating the process of inbound security screening into SMS, we recommend that the operation be managed on a one and one half shift basis. This work schedule would ensure additional time for SMS to receive/pick up USPS mail and screen it prior to the beginning of the business day. In the same respect, if SMS handled the outbound mail process, the organization can pick up the mail, meter it and have it delivered to the Presort vendor for next day USPS processing (the same commitment as the vendor maintains today).**
- D) According to DGS Study (Exhibit 5E), approx. 18,600 mail pieces are not presorted. By consolidating these outbound pieces, we can conservatively achieve a 80% presort rate which potentially can be annualized to over \$200K in USPS savings.**
- E) According to DGS Study (Exhibit 5H), approx. \$384K is spent annually on postal meters and associated metering equipment. By consolidating the metering of outbound mail the COV can conservatively save over \$300K annually. Although the current penalty by Pitney Bowes exceeds \$200K, it would be suggested that the COV negotiate a planned obsolescence of the equipment with Pitney. Additionally, a major cost avoidance can be realized by negating or minimizing expected future cost increases. The USPS is requiring the use of digitized postal meters in 2006, the estimated costs to upgrade the existing equipment is in the range of \$300 to \$400K. Additionally, the USPS has announced their intention to seek a normal postal rate increase of 5.4% to be effective in the beginning of 2006 which will increase overall DGS postal expenses.**
- F) Additional vehicle costs would be incurred within SMS to provide the necessary transportation network. These costs would probably be in the form of increased pickup and delivery schedules of existing routes used for interagency mail. We would expect that these costs would be offset by the elimination of additional agency vehicle costs to pickup and delivery USPS mail.**

Attachment 7.1.7

Security Inbound Mail

I. The COV maintains over 124 offices that receive inbound mail...

*** PBS&J – may need to assess multiple levels of security

None – same as today

Low assessment – security procedures, no real security equipment other than stated...enhance what is performed today at low cost or no cost

Med – x-ray technology

High – high tech (x-ray, biohazard ...)

Low assessment

The list below contains USPS general “best practices” security procedures, concepts and a few specific examples of how to accomplish them.

General Mail Operation preventive recommendation:

- Appoint a Mail Security Coordinator (and an alternate if a large mail center)
- Organize a Mail Security Response Team, as practical, depending on the size of the mail center staff
- Create, update and/or review SOPs, Security Procedures, Disaster Plans, and Operating Plans. **Keep a back-up copy of plan(s) off-site.**
- Train personnel in policies and procedures relative to mail security, i.e. biological, chemical, weapons or natural disasters
- Include from the staff, when possible, certified firefighters, biohazard handlers, and/or corporate safety, environment and health personnel, or, train personnel in these duties
- Members of the team should be equipped with cell phones/pagers and should be available up to 24 hours a day, 7 days a week, as is appropriate for the situation
- Information, and updates, about the personnel and response procedures should be published and distributed company-wide
- Have senior management buy-in/sign-off on COV’s mail security procedures

Employee Security Procedures

- Maintain good hiring practices
 - Provide in-depth screening/background checks when hiring new employees
 - Make arrangements with one or two temporary employment agencies to ensure that a restricted, pre-screened group of individuals is available when needed to supplement the workforce
 - Enforce/institute probationary period for evaluation of employees
- Establish a strict employee identification/personnel security program
 - Require employees to wear photo ID badges at all times
 - Instruct employees to challenge any unknown person in a facility
 - Where provided to employees, utilize uniforms with names and logos stitched on them for employees to wear at work
 - Provide a separate and secure area for personal items (e.g., coats and purses). Prohibit employees from taking personal items into the main workspace
 - Establish incoming/outgoing personal mail procedures

- **Hire or designate security personnel for mail center area. (Primarily for large mail centers.)**
- Establish health safety procedures
 - Encourage employees to wash hands regularly, especially prior to eating
 - Encourage employees to see doctor if suspicious symptoms occur
 - Encourage employee attendance in health seminars, talks, info updates
 - Provide approved personal protection equipment according to CDC guidelines

General Safety and Security Procedures for Incoming/Outgoing Mail Areas

- Control or limit access of employees, known visitors and escorted visitors to the mail center with sign-in sheets, badges, and/or card readers. **(For large mail operations, include plant, workroom floor, etc.)**
- Subject to emergency exit safety requirements, lock all outside doors and/or prohibit doors from being propped open
- Require deliveries to be made in a restricted, defined area
- Restrict drivers (rest areas) to an area that is separate from the production/mail center facilities.
- Use video cameras inside and outside the facility/docks, as feasible
- Keep the area for processing incoming and outgoing mail separate from all other operations, as feasible
- If a separate processing area is used, it should not be part of the central ventilation system
- Shut-off points of processing area's ventilation system should be mapped and should be part of an emergency procedures handout
- Separate processing area should include appropriate personnel protection equipment and disposal instructions for such equipment, as approved by the CDC
- Designate and publish/post evacuation routes for emergency situations
- Conduct training, emergency preparedness drills, and information update meetings, as necessary
- **X-ray all incoming mail. (Large mail centers.)**
- Maintain a Suspicious Package Profile
- Ensure appropriate emergency access numbers are posted by or on every phone. Such numbers should include: call 911; CDC at 770-488-7100; local Postal Inspector; or local police or fire department
- Maintain updated employee lists (name, address, phone/cell phone), and keep back-up copy off-site
- Provide only vacuum systems for cleaning equipment, not forced air systems
- Discarded envelopes, packages, boxes should be placed in a covered container and transported to the loading dock for removal. (Ensure local arrangements are in place for disposal of such material.)

Access to Information - Education and Communications

- Maintain a library of publications, videos, brochures, from appropriate information sources, and facilitate employee access to them as needed. Sources should include USPS, CDC, and OSHA
- Maintain and publish a list of useful websites from appropriate authoritative sources. Bookmark appropriate web sites for easy access, i.e. CDC, OSHA, USPS, and GSA. Monitoring twice a day is a minimum recommendation, as situations warrant
- Maintain and publish list of phone numbers to call in an emergency - Postal Inspectors, Fire Dept., CDC, OSHA, Police, etc.
- Present updated Best Practices from CDC, OSHA, GSA, USPS, and Fire Dept.

- Require/encourage applicable employees to attend all local meetings pertaining to mail security issues

Medium Assessment

1. Use USPS general “best practices” security procedures, and concepts.
2. Procedures for organizational Continuity of Operations Plans (COOP).

Mail Security™ is a particle containment hood designed specifically to provide a better mail handling system. This system is manufactured by Clean Air Technology, known for decades of experience building high-efficiency air filtration equipment.



SPECIFICATIONS

- Size: 26"W x 24"D x 32"H
- Weight: 98 pounds
- Model: MS P2
- Power: 115V, 1ph, 60Hz, 20A circuit
- Blower: 2.9A
- Illumination: 500W
- FLA: 8A



OPTIONAL ITEMS

- Three high intensity short-wave UV lights are available to cover cabinet inspection area, blower and HEPA filter surfaces to provide continuous kill of viable material.
- HEPA filter available in 99.9995% efficient on 0.12 micron size particles.



OPERATION

Plug in Mail Security hood and turn on blower and lighting system.

Put on Latex gloves provided.

Position mail to either side on inside of cabinet and open letters, while visually inspecting for powder, etc., through viewing window

If a suspect piece of mail is discovered, leave inside hood and leave blower and lights on.

Carefully remove gloves and thoroughly wash hands.

Close and lock front panel protection screen.

Contact local Hazardous Materials authorities or the local EPA.

Contact Clean Air Technology for local decontamination.

PRICING

- Base List: \$1,583.00 (F.O.B. Canton, Michigan)
 - Three Short-Wave UV Lights: \$485.00
 - 0.12 Micron HEPA Filter: \$100.00
-

3. Scanmail 10k letter bomb detector and mail scanner



Letter bomb detector and mail scanner

Scanmail 10k is a compact desk-top electronic mail scanner for letters and small packages. It will automatically find letter bombs and other suspect items of mail whilst reliably ignoring office clutter such as paperclips and staples. Over 10,000 units used in government, police, high security locations and corporate mailrooms, and can process 50-100 pieces of mail at a time.

Features

- compact and portable
- screens parcels up 6cm (2½") thick
- fast and reliable
- automatic detection of suspect items
- visual and audio alarm
- no calibration, simply plug in and use
- will not damage magnetic media or camera film
- no false alarms on paperclips and staples etc
- no ongoing maintenance

Additional features

- back up battery for use where power supply is absent. recharge by simply plugging into the mains
- back up circuitry in case of malfunction
- all parts modular and easy to replace
- no calibration simply plug in and use

Pricing

- \$2,995
 - Shipping \$30.00
-

5. Baker SterilGard II Model SG 400

Baker SterilaGard II 4' Hood

Model SG 400

Category: Hood (Laminar Flow and non Laminar Hood)

Current Price: \$5,000.00



6. MAILSHELTER NEGATIVE PRESSURE WORK STATION



Protects people and your work environment if a biological hazard or suspect powder arrives in the mail center. MAILSHELTER has been specifically designed to minimize the risk of inhalational or contagious anthrax or other airborne infectious diseases in mail handling and sorting applications. Sized to accommodate and completely encapsulate standard mail delivery containers, the

MAILSHELTER incorporates a glove box design with a true negative pressure cabinet. While the unit is in operation, the strategically located air inlet slots sweep the interior of the glove box, ensuring negative pressure within the cabinet and preventing powders, dust, or contaminants from escaping into the mail center. All air passes through the HEPA filter bank, which is rated to capture at least 99.999% of all particles down to 1 micron in size, which is acknowledged to be the lower size range of Anthrax spores. The MAILSHELTER is shipped in two pieces, assembles in less than 10 minutes, and plugs into a standard 110v outlet.

Pricing

- **\$5,500**
 - **Shipping \$300.00**
-

7. SCANMAX DESK-TOP/MOBILE CABINET X-RAY EQUIPMENT



Easy and safe to use, compact, mobile, and economical, yet sophisticated in performance. No conveyor and no moving parts so set-up is easy--just plug it in and turn it on. Available in several sizes (Scanmax 15, the smallest unit, is shown). Place the items to be inspected into the inspection chamber, close the door, and push a button and the X-ray image appears on the monitor. Zoom, color, and density scanning are standard features, and can be used on a desk-top or a wheeled cart. For mobile use, just unplug it, wheel it to where you need it, and plug it back in and it's immediately ready for use. Less expensive than conveyor units and no moving parts mean no regular maintenance.

Pricing

- **\$13,800**
 - **Shipping \$300.00**
-



The Rapiscan **Model 519** tabletop X-ray is a full featured, compact system providing advanced technologies for space restrictive security applications. Its superior image quality and enhanced features provide the essential tools for contraband detection. The system offers a tunnel opening of 520mm (20.47 inches) wide by 320mm (12.6 inches) high to accommodate large

Note: System shown with optional short conveyors.

mail parcels and standard checkpoint items.

Intel Pentium® computer technology is the driving force in all of our developments. The **Model 519** is the first tabletop system in the industry to utilize PC based features, previously reserved for larger, permanently placed systems. **Model 519** offerings include: Density Threat Alert, Edge Enhancement, Operator Training Program and Crystal Clear™. Crystal Clear is an image optimization function that simultaneously displays maximum density penetration and wire resolution.

The **Model 519** may also be configured with the following advanced options:

Threat Image Projection (TIP): Provides real time operator training and performance monitoring. The system inserts threat objects at predefined settings and intervals, into otherwise clean bags allowing supervisors to monitor operator's response. Multiple language choices are available for on screen dialogue with the operator.

Network Display Stations: This feature allows multiple X-ray units to be linked to a remote search area for additional review.

TIPNET: Where many TIP systems are utilized in one location, TIPNET provides ease in management of multiple users, test schedule settings, download of data, etc.

Pricing

- **\$18,800**
-



The **LS 215/III** is a very cost efficient model. Variable length conveyors, dual monitors and additional options make the **LS 215/III** suitable for numerous applications.

The advanced **LS 215/IV** is a PC based system that incorporates our latest technology with an enhanced modular design. This system allows incorporation of various advanced computer options including Threat Image Projection (TIP), Operator Assist (OA) and Image Archiving (IA).

All systems within the **LS 215** series are dependable, sturdy machines built to

suit your security requirements.

The **LS 215** series are especially well suited for screening carry-on baggage at airports or anyplace where floor space may be limited.

LS 215 III

- Dual 17" Color Monitor
- 0.1m Entry/Exit Conveyor
- Infrared Operator Detection Device

Standard Features:

- Variable Gamma
- Pseudo Color Imaging
- Zoom 2X and 4X
- Edge Trace/Edge Sharpening
- High Penetration
- Reverse Monochrome
- E-scan Dual Energy Material Discrimination
- Organic Stripping
- Inorganic Stripping

Optional Features:

- 0.5 Entry/Exit Conveyor
- 0.5 m Entry/1.0 m Exit Conveyor
- 0.5 m and 1.0 m Entry Tables
- 0.5 m and 1.0 m Entry Roller Tables
- 0.5 m, 1.0 m and 2.0 m Exit Tables
- 0.5 m, 1.0 m and 2.0 m Exit Roller Tables
- Voltage Stabilizer
- Non Skid Belt
- Remote Controls
- CE Compliance Kit

Pricing

- **\$37,000**
-

10. Linescan 215



The Linescan 215 is an X-ray security screening system with a compact design, suitable for use where space is limited. With a tunnel opening of 610mm (24") wide by 468mm (18.44") high, the Linescan 215 is ideal for the screening of briefcases and packages. The system is ideally suited for embassies and mailrooms, government buildings, courtrooms, nuclear power stations, and commercial facilities requiring screening of small parcels. The Linescan 215 is also equally suitable for carry-on baggage at

airports where floor space may be a consideration.

Feature Highlights

- Tunnel opening of 610mm (24.00") wide by 468mm (18.44") high for handling small parcels such as carry-on baggage, briefcases and packages
- Steel penetration up to 29mm (1.15")
- Compact design allows for effective security screening in areas where space may be limited, such as corporate mailrooms
- Advanced Options (Operator Assist®, Image Archiving" and Threat Image Projection (TIP) are optionally available on all Linescan systems

Linescan 215

- Standard with single monitor
- Variable gamma (color and B&W)
- High penetration
- Reverse monochrome
- Suspicious luggage alert
- Area threshold alert
- Pseudo color
- Automatic threat alert
- Zoom 2x and 4x
- Edge Tracing

Optional Features

- E-Scan® with dual monitors, Inorganic and Organic Stripping
- 3 or 4 color palette
- Automatic voltage stabilizer
- Remote diagnostics
- 17" monitors
- Threat Image Projection System (TIP)
- Remote console with monitor cabinet and control panel
- Linescan Training and Testing System
- Operator Assist®
- Image Archiving"!
- Conveyor extensions, loading tables, roller beds and baggage slides
- Custom cabinet color
- "Z" threat alert
- "CE Mark" Compliance Kit

Pricing

- **\$45,000**

High Tech Assessment

1. Use USPS general "best practices" security procedures, and concepts.

2. Procedures for organizational Continuity of Operations Plans (COOP).

GeneXpert® Technology



The GeneXpert® System utilizes real-time polymerase chain reaction (PCR) to amplify and detect target DNA. The system is the first to fully automate and integrate all the steps required for PCR-based DNA testing: sample preparation, DNA amplification and detection. Designed to simplify hands-on preparation, the system provides PCR test results from a raw sample in 30 minutes or less, enabling time-critical DNA tests at the point of need. Current techniques for accomplishing this same series of procedures require extensive labor by skilled technicians and can take hours to several days to deliver results. The GeneXpert module forms the core of the Biohazard Detection System deployed nationwide by the United States Postal Service for anthrax testing in mail sorting facilities. An expanded menu of tests is currently in development.

The GeneXpert System is a 1 to 4-site, random access instrument integrating real-time amplification and detection features seen in the SmartCycler System, but delivering results from unprocessed samples in less than 30 minutes. The internal module is the common technology link between the SmartCycler and GeneXpert, performing real-time amplification and detection. The GeneXpert automates sample preparation, integrating the complex steps of DNA extraction in the microfluidic cartridges.



Each GeneXpert cartridge also incorporates a syringe drive, rotary drive and a sonic horn. The sonic horn delivers ultrasonic energy necessary to lyse the raw specimen and release nucleic acids contained within, while the combination of the syringe drive and rotary drive moves liquid between cartridge chambers in order to wash,

purify and concentrate these nucleic acids. After the automated extraction is complete, the nucleic acid concentrate is moved into the cartridge reaction chamber where amplification and detection takes place. The GeneXpert software and barcode scanner easily manage data and display results. The GeneXpert has a small footprint and low power requirement making it suitable for applications requiring portability.

Pricing

- **\$19,995**
-

Mail Sentry

Hazardous Substance Detection System



The Smiths Detection Mail Sentry is designed to provide reliable on-site mail screening capabilities for the presence of biological hazards such as Anthrax, Ricin, Tularemia and Plague. The Mail Sentry provides consistent performance and maximum reliability through its fully automated, simple user-interface.

All mail and packages are processed through a sealed cabinet, which protects the user and contains the threat.

Operation

Utilizing multiple technologies for analyses, including the rapid and extremely accurate Polymerase Chain Reaction (PCR) technology, the Mail Sentry provides results with extremely low false alarm rates. PCR technology is the same technology used in the U.S. Postal Service biological detection screening system.

The Mail Sentry uses a touch screen interface to guide the user through the necessary steps for simple operation. All mail is contained within a sealed cabinet maintained under negative pressure to prevent the spread of contamination. The exhaust is filtered through HEPA filters to capture aerosolized bio-agents, maximizing the safety of the mail handler operating environment.

Feature Highlights

- Simple touch screen operation
- Mail contained within sealed cabinet
- Automatic screening of flat mail up to 12" x 12" x ¼"
- Manual screening of 12" x 12" x 12" packages (packages are stored in sealed cabinet)
- Screens for Anthrax, Ricin, Tularemia and Plague
- Processes up to 2,000 pieces per hour (including processing and analysis)
- Transmits alarm via pager messages for remote notifications
- Marks each piece of mail to provide indication of screening process

Practice of the patented polymerase chain reaction (PCR) process requires a license. The Bio-Seq Thermal Cycler is an Authorized Thermal Cycler and may be used with PCR licenses available from Applied BioSystems. Its use with Authorized Reagents also provides a limited PCR license in accordance with the label rights accompanying such reagents.

Pricing

- **\$175,000**

- **Individual office security**

See Excel Sheet...

- **Priority Location**

This option would select high priority locations and provide enhanced levels of security.

*** PBS&J estimates for costs of equipment based upon inbound mail counts for DMV, Tax, Treasury, VA. Employment Commission, Attny General, VA. Commonwealth, State Corporation Commission, Dept of Social Services, Dept of Probation and Parole

Security Threat Costs	Security Cost with BDS Tests	Basic Security Hood	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS	Department/Agency
43,795	\$30 per test \$23,760 per yr			X	X		X		Attorney General & Department of Law
43,795	\$30 per test \$23,760 per yr			X	X		X		Corporation Commission, State
43,795	\$30 per test \$23,760 per yr			X	X		X		Employment Commission, Virginia
29,995	\$30 per test \$23,760 per yr			2			X		Motor Vehicles, Department of
43,795	\$30 per test \$23,760 per yr			X	X		X		Social Services, Department of
19,995	\$30 per test \$23,760 per yr						X		State Mail Service
43,795	\$30 per test \$23,760 per yr			X	X		X		State Police, Department of
43,795	\$30 per test \$23,760 per yr			X	X		X		Taxation Department of
23,800				X	X				Virginia Probation & Parole

								TOTALS
336,560	\$190,080							
	per year	Totals						

- **Centralized in Existing Major Offices**

*** PBS&J estimates for costs of equipment based upon inbound mail costs (no particular locations defined yet, would like to double existing mail counts for above option).

Security Threat Costs	Security Cost with BDS Tests	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS	Department/Agency
198,800	\$40 per test \$31,680 per yr		X	X			X	Attorney General & Department of Law
198,800	\$40 per test \$31,680 per yr		X	X			X	Corporation Commission, State
198,800	\$40 per test \$31,680 per yr		X	X			X	Employment Commission, Virginia
29,995	\$40 per test \$31,680 per yr		X				X	Motor Vehicles, Department of
198,800	\$40 per test \$31,680 per yr		X	X			X	Social Services, Department of
198,800	\$40 per test \$31,680 per yr		X	X			X	Taxation Department of
7,995		X	X					Treasury, Department of
43,795	\$30 per test \$23,760 per yr		X	X		X		Virginia Probation & Parole
1,075,785	\$213,840							TOTALS
	per year							

- **Centralized New Secure Inbound mail handling**

*** PBS&J estimates for costs of center that can handle up to 150K envelopes and 25K flats per day

Security Threat Costs	Security Cost with BDS Tests	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS
1M	\$40 per test \$31,680 per yr		3		3		5

**\$158,400
per year**

Service and Maintenance Precaution

Security Threat Costs	Security Cost with BDS Tests	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS
212,000	\$40 per test \$31,680 per yr				1		1
	\$31,680 per year						

- **Centralized New Secure Inbound mail handling multiple locations**

*** PBS&J estimates based upon two operating centers with 150K envelopes and 25K flats per day

Security Threat Costs	Security Cost with BDS Tests	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS
2M	\$40 per test \$31,680 per yr		6		6		10

**\$316,800per
year**

Service and Maintenance Precaution

Security Threat Costs	Basic Security Hood	Scan Mail 10	SterilGard II	Rapiscan 519	Line Scan 125V	Gene Xpert BDS	Mail Sentry BDS
424,000	\$63,360 per year				2		2



Commonwealth of Virginia Mail Services Initiative

Supplemental Attachment Long Term "Vision"

Attachment 7.1.8

Prepared by:

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Table of Contents:

- 1.0 Objective Summary
- 2.0 Objective Description
 - 2.1 Overall logic for recommending this option
 - 2.2 Commonwealth of Virginia agencies impacted
 - 2.3 Level of security provided
 - 2.4 Implementation Notes
 - 2.5 Conformity to objective
 - 2.6 Functional Requirements
- 3.0 Special Consideration
- 4.0 Financials
- 5.0 Supporting Information



1 Objective Description

A project of this magnitude which includes the creation of two load-leveled mail processing centers will entail extensive changes to the Commonwealth of Virginia's mail services operation and current mode of production. The inbound mail received in each of the agencies would now come through the Commonwealth of Virginia and not directly from the USPS or other couriers. The screened mail, at that point, can be delivered using the current State Mail Services delivery network that is in place. The effort would require the Commonwealth of Virginia's mail distribution network to be reconfigured (delivery routes, vehicles, timelines) and provide priority delivery to sensitive locations. It is expected that additional Commonwealth of Virginia labor and vehicles will be necessary to perform the added security screening and associated mail processing. This additional cost will be incurred as a result of providing security screening for all inbound Commonwealth of Virginia mail.

The outbound process will entail the extensive use of technology to direct printed output to the mail processing centers from each agency. It will require Virginia Information Technology Agency (VITA) initiatives to standardize their print network and processes in order to expedite the print and insertion tasks. By use of existing mail inserter technology, mail insertion integrity and machine intelligence can be utilized to provide real time reporting on sensitive mailings thus providing the Commonwealth of Virginia with accurate and timely mailing information. Additionally, it would be advantageous for VITA to develop and standardize a letter generation process that each individual agency can utilize for the daily production of customized letters. An implementation of this process may affect many of the Commonwealth of Virginia agencies. This effort, in conjunction with the implementation of a standard designed twin window envelope, can provide additional processing and cost efficiencies. Consideration for the replacement of the print and insertion equipment should be undertaken. Newer high speed printers and inserters can result in more effective and efficient operations.

In summary the recommended mail processing centers would be staffed and run in a mail services professional manner providing a moderate level of security consummate with other state mail operations. The centers would provide the Commonwealth of Virginia with disaster recovery and sufficient spare capacity to effectively handle peak production demands. The centers would operate in accordance with USPS processing guidelines and standards and also serve as a single point of contact for all mail related vendor activities.



Mail Services Initiative – Long Term “Vision”

In order to accomplish this vision, many changes would need to occur in the existing environment. The centralization of print and insertion functions would have an impact on all of the state agencies. Agencies would receive screened mail and not control the production of mailed output. VITA would play an integral role in consolidating systems and standardizing production output formats in order that printed matter can be created and processed in an efficient manner. VITA networks associated with production printing would be required to be standardized and developed for high speed transmission and backup in the two centers. The Commonwealth of Virginia should continue to examine the operation for new ways to perform e-business and e-commerce as a means of communicating with their vendors and constituents.

In a discussion with VITA, some potential initiatives are currently being investigated. VITA's current direction is to consolidate their print activities into two major agencies. These agencies will function as printing centers for some of the smaller agencies. This concept would be in line with the long term strategy. Other VITA initiatives to help standardize the special forms used in the agencies would serve as a building block to create a common print environment. VITA can be instrumental in performing mailing address purification by use of mainframe postal software used in addressing of outbound Commonwealth of Virginia mail. A project of this magnitude requires VITA's assistance to fully realize any efficiency. If, in the future, VITA decides to replace or upgrade their print equipment this would present an opportunity to build on the long term strategy.

2 Objective Description

2.1 Overall logic for recommending this option

The Federal Engineering team recommends this option as the most effective method for providing inbound mail security. The reasoning is that a single organization trained in mail security will handle and screen all inbound Commonwealth of Virginia mail. This level of security screening will be consistent for all agencies. In the event, suspect mailings are discovered, the trained team would be able to react safely and rapidly without impacting any of the Commonwealth of Virginia infrastructure. The Commonwealth of Virginia today uses State Mail Services to provide mail delivery services for many Commonwealth of Virginia agencies at over 61 different physical locations. Currently four routes are well established with most inner Richmond routes being serviced twice daily with deliveries between 8:30AM and Noon and 1:30 and 3:00 PM. Due to the increased mail volumes, additional routes and dedicated routes



will need to be established in order to service high volume customers and to provide a timely delivery of critical mail.

In any mail operation, efficiencies are realized by strategically planning the redeployment of both personnel and equipment. The Federal Engineering team recommends that all print and distribution (insertion) be performed together. The majority of direct mail, large and small volume mailers, all have print facilities integrated with their mailing processes. By instituting this process, the Commonwealth of Virginia will be able to obtain best business practice efficiencies and a high level of flexibility in utilizing its mail service resources. As with any other business practice, proper mail controls and reporting processes would be required as appropriate.

2.2 Commonwealth of Virginia agencies impacted

The expectation for this long term strategy is that most Commonwealth of Virginia agency mail can be included (Section 3.0 Special Considerations details potential exceptions). Although this may alter the existing pickup and delivery of mail to the Commonwealth of Virginia agencies, the team is confident that the majority of mail will be processed in the same, if not improved, timeframes as are being realized today.

2.3 Level of security provided

Various levels of security can be incorporated into the mail processing centers. The consolidated inbound mail operation can provide any desired level of security that would screen all inbound mail for potential threats. The extensive use of X-ray machines will be the first level of defense, secondary levels of security can include explosive or biological testing on suspected pieces. The current operation utilized for sensitive mail will continue to be performed for the Governor, Governor’s cabinet and top Commonwealth officials’ mail. However, additional levels of security can be administered for all other Commonwealth of Virginia agencies as well.

Based upon the current mail security equipment available, the costs for such equipment can exceed \$5.0M for maximum protection. Providing a base security level of X-ray technology can be accomplished for less than \$.25M (An opportunity to reuse existing X-ray equipment may be a potential savings if the short term options are implemented with X-ray technology).



Mail Services Initiative – Long Term “Vision”

Attachments 7.2.1 and 7.2.2 describe the current security equipment and costs that can be used for X-ray, biological testing and uncovering explosive material.

2.4 Implementation Notes

Obviously an endeavor of this magnitude would require a tremendous effort to plan and execute. Many factors would need to be considered to initiate this recommendation including:

Locations of centers in the Richmond area with close proximity to the agencies they service and USPS resources

Physical security of the centers and employee protection would need to be considered

Transportation networks will need to be staffed, supplied, developed and managed

Labor issues and redistribution of work and business practices would require changes

Resolution would be needed on legal and mandated issues revolving around the mail handling within the various Commonwealth of Virginia agencies

Determination of Commonwealth of Virginia agency mail media that will have special dispensation due to special mail handling needs to be resolved. E.g. Health Services

The Commonwealth of Virginia would need to review and administer "Conduct of Business", confidentiality codes to mail services employees, if not already in place

2.5 Conformity to objective

This suggested long term plan would position the Commonwealth of Virginia as a leader in state government mail processing and production. It would have the ability to mitigate the impact of any known risk of threats associated with external mail and also provide a means to react quickly in thwarting new



threats to the infrastructure. By centralizing the effort, the Commonwealth of Virginia would possess the most capable and highly trained mail screeners. This solution would be the most cost effective method for attaining this level of security for the Commonwealth of Virginia infrastructure. Efficiencies would be realized by the reuse and pooling of existing equipment. Labor can be more efficiently utilized in the mail factory environment.

2.6 Functional Requirements

Based upon Federal Engineering's analysis of the Commonwealth of Virginia environment, certain state legislated and procedure factors could hamper the implementation of this plan.

3 Special Consideration

A list of special considerations identified in the DGS study were examined for conformity to this recommendation. To dispel some recurring concerns raised in the study, these general guidelines would apply to this option.

- Many agencies raised an issue around confidentiality of inbound mail. The expectation for the mail processing centers would be; no inbound Commonwealth of Virginia mail will be opened unless deemed potentially a threat to the Commonwealth of Virginia based upon initial security screening. This approach should alleviate the confidentiality concerns with inbound mail processing. It is suggested that the Commonwealth require non-disclosures to be signed by all mail center personnel.
- All inbound mail will be processed by Commonwealth of Virginia personnel who are bound under confidentiality oaths and HIPPA rules.
- The existing time frames to receive or delivery mail may be delayed. The expectation for the mail processing centers would be; mail will be provided to all organizations in a timely manner so that no agency will receive delayed mail. This requirement is especially important on inbound cash processes or sensitive document receipt. No expected delay in receiving or sending mail would be anticipated. The mail processing centers would begin receiving and screening mail prior to the beginning of the business day so that early delivery can be accomplished to priority agencies and then to other agencies at the start of the business day.



Mail Services Initiative – Long Term “Vision”

Based upon our analysis and recommendation there are some agency mail media that would require further review and possible exception to the mail processing centers concept.

- In certain agencies, laboratory samples require special handling and refrigeration and may include known hazardous goods (Consolidated Lab Services). In this case, the team would recommend an exception for this type of mail due to the nature of the inbound mail contents.
- Legal requirements have been cited by the Virginia Employment Commission but not defined in the DGS study. Unfortunately not enough information was provided in the study to assess this exception.
- In some agencies, statutory requirements have been cited for the timely mailing and receipt of mail (Treasury, Taxation, and Dept. of Social Services). The team would recommend that the Commonwealth of Virginia examine the statutory requirement and determine if the mail processing centers can meet the deadlines.
- In some agencies, outbound shipping requires paperwork for chain of custody for the shipment of human remains (Dept. of Health, statutory requirement). The team would recommend that this type of mail media be excluded from the mail processing centers due to the nature of the outbound mail contents.
- Mail for the Library of Virginia can contain cash or highly valuable material that requires highly secure handling in a tightly controlled environment. The team would recommend that this type of mail media be excluded from the mail processing centers due to the sensitive nature of the contents and the special handling required for the inbound mail.
- One agency, Virginia Industries for the Blind (VIB) employs visually handicap workers to produce outbound mailings of parcels, mass mailing, and one time mailings for the various state agencies. This agency processes many of the mailing products manually. Although, the Commonwealth of Virginia may desire to exclude this agency, some additional savings can be realized by utilizing an external presort vendor for the agencies mass mailings.
- Mail processing functions for Virginia Commonwealth University (VCU) are currently outsourced and not considered in this plan.



4 Financials

Financials for this option are currently unknown. Financials would need to be developed in the next phase.

5 Supporting Information

Most financials for this option are currently unknown. The DGS study did not encompass printing and insertion. Major costs would be incurred to implement a project of this magnitude. However, the resulting savings can be significant.

Costs associated with real estate, equipment acquisitions (security equipment/printers/inserters), VITA network and development costs, and Commonwealth infrastructure procedure and process changes will be incurred.

As a result of the consolidation, the Commonwealth would benefit by having a more secure and efficient mail environment. Expected benefits would be a reduction in print and insertion staff (more efficient use of equipment), reduced equipment base (equipment reuse), lower agency operating costs (elimination of labor in producing outbound mail, elimination of external courier) and more secure mail environment.





Commonwealth of Virginia Mail Services Initiative

Supplemental Attachment SMS Option – Inbound Mail Processing

Attachment 7.1.9

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- 5.0 Supporting Information - Attachments



1 Objective Description

This short term option entails the consolidation of inbound mail processing and security screening from smaller agencies into State Mail Services. This option can be implemented in its entirety or segmented into individual components where inbound mail processing can be implemented into State Mail Services in stages. This approach will allow for the prioritization and effective management control of the transition of individual agency inbound mail processing into the State Mail Services process. For inbound mail all categories of smaller state agency mail will initially enter the Commonwealth of Virginia mail processing stream through the State Mail Services receipt and distribution facility.

State Mail Services will continue to pickup, screen, and deliver all inter-agency mail as it currently does today. All external and internal special category mail addressed to the governor, governor's cabinet and top Commonwealth of Virginia officials will continue to be examined for anything suspicious that may be considered a possible threat. This mail will be opened in a separate room under containment hoods, its contents removed and examined for anything suspicious and then inserted back into the envelope prior to delivery to its final destination.

Implementation and utilization of this short term option will result in less risk exposure to the overall Commonwealth of Virginia infrastructure and will also mitigate the level of risk in each of the individual agencies. Consolidation and centralization into one location for inbound mail security screening procedures will also provide an estimated annual agency labor redeployment and courier expense savings of \$96,694. (See attachments 7.2.4 and 7.2.5) These savings in recurring operating expenses are attributed to the elimination of the need for individual agencies to pickup their mail directly from the postal service and also by elimination in most cases of the need to utilize couriers for USPS mail pickup. Inbound security screening associated with express courier package deliveries will result in some minimal delay in receipt by the individual agencies for these types of deliveries only. It is expected that once express deliveries have been screened priority same day delivery to their final destination will be provided. It can be expected that in some critical situations a special delivery run can be available as warranted.

State Mail Services will utilize their existing mail transportation infrastructure, modify their routes, schedules and priorities as needed and modify their hours of operation in order to more effectively meet mail pickup and delivery requirements



within the framework of a consolidated inbound mail processing environment. Some additional labor will be required within State Mail Services which is attributed to the increased workload and responsibilities being assumed with inbound agency mail processing.

2 Objective Description

Entry of smaller agency inbound mail via a single centralized location will allow for the application of increased standardized security and safety screening procedures. These enhanced security procedures will be performed by Commonwealth of Virginia personnel prior to the mail's subsequent delivery to the appropriate agencies. The security screening procedures implemented by State Mail Services will be more effective and efficient than those that can be provided and managed independently across more than 100 different individual agencies. Implementation of this option in concurrence with the implementation of the Priority Location option would provide enhanced inbound mail security screening for all of the Commonwealth of Virginia state agencies.

2.1 Overall logic for recommending this option

State Mail Services has had extensive experience associated with utilization of enhanced security screening procedures for inbound mail. This experience has included X-ray screening of incoming mail, interagency mail, and express packages as well as performing comprehensive security screening procedures related to the inspection of Commonwealth of Virginia leadership inbound mail.

State Mail Services currently has access to the necessary vehicles and has the transportation network in place to perform the additional responsibilities associated with this consolidation of mail processing functions. While additional vehicle expenses associated with providing mail services will be incurred by State Mail Services this expense is expected to be offset by a reduction in vehicle expenses currently incurred by other agencies involved in pickup and delivery of USPS mail.

2.2 Commonwealth of Virginia agencies impacted

The State Mail Services consolidated inbound agency mail security screening procedures will include initial point of entry processing for inbound mail which is currently being directed to over 100 individual state agencies located throughout the Richmond area. (See attachment 7.2.3)



The estimated maximum daily volume of inbound mail to be processed is 15,455 pieces which represents approximately 13% of the total volume of inbound mail received by the Commonwealth of Virginia on daily basis. Out of this total approximately 418 pieces are inbound express mail and packages.

2.3 Level of Security provided

The levels of security provided by State Mail Services for inbound mail screening will include adherence to established mail handling safety and security screening procedures and the utilization of X-ray technology on all inbound mail as an additional level of security. The categories of inbound mail that will undergo the State Mail Services managed security screening process includes all U.S.P.S letter and flat mail, interagency mail, as well as all express delivery packages and mail which is received from the various express couriers. Security related to this option would also include the necessary physical security of the mail, the mailing operation, and the facility.

Different levels of security can be selected by the Commonwealth of Virginia as it deems appropriate. Attachments 7.2.1 and 7.2.2 provide a detailed listing of the different levels of security screening equipment available and its associated pricing. The Commonwealth has the option to provide more comprehensive security screening (X-ray – explosive – biological) to selected high risk and leadership organizations if it so chooses.

While SMS can perform the expected X-ray security screening function with its existing X-ray equipment which is several years old, Federal Engineering recommends that SMS upgrade this old equipment. This equipment should be upgraded to newer technology which now offers enhanced security detection features. The old equipment should be retained within SMS for backup purposes and additional capacity during peak incoming mail security screening periods. The estimated cost for upgrading to the newer technology is \$76,345 with an annual maintenance expense estimated at \$7,634. (See attachment 7.2.2)

2.4 Implementation Notes

Implementation of this process will require a moderate amount of resources and effort to accomplish. The transportation network is already in place since State Mail Services currently delivers and picks up



interagency mail at each of the agencies and various Commonwealth of Virginia locations. Analysis of existing routes and pickup and delivery timeframes must be performed and the appropriate modifications implemented in order to ensure that the most advantageous levels of service are provided to the agencies.

Existing vehicles available for State Mail Services use would be sufficient to meet mail pickup and delivery commitments. Some expected increases in pickup and delivery mail runs under a consolidated inbound mail processing environment would result in additional vehicle expense being incurred by State Mail Services which is estimated to be \$5,000 annually.

State Mail Services operations utilizes (5) FTE staff positions which include the supervisor and (4) postal inspector P-3 positions. Increased labor requirements associated with consolidated inbound mail processing are estimated to be (1.2) FTE P-3 positions at an annual cost of \$27,301. By implementing this short term option the Commonwealth of Virginia can realize a redeployment labor savings estimated at \$48,161 annually associated with personnel within the agencies involved in the consolidation who will no longer be required to pickup and drop off mail from the USPS. (See attachment 7.2.5)

The existing location and floor space utilized by State Mail Services operations is not considered to be sufficient to handle the additional responsibilities and volumes associated with the consolidation of inbound mail processing. Additional factors have also been taken into consideration in reaching this conclusion which would necessitate the relocation of State Mail Services operations to another facility. Factors considered included:

a) State Mail Services operations currently utilizes approximately 682 square feet of real estate at an annual cost of \$10,536. This space is spread out on different floors within the existing Consolidated Laboratory facility. The layout is not deemed to be acceptable from either a workflow or security perspective

b) With the centralization of inbound mail security screening the risk of encountering a potential threat at the facility will increase thus increasing the possibility of shutting down or adversely impacting functions being performed at the location by other agencies such as the Consolidated Lab.



c) State Mail Services does not have unlimited personnel access or vehicle access to their current facility. In order to effectively meet expected requirements within a consolidated mail processing environment State Mail Services will need unlimited access.

Due to these above stated considerations it is recommended and best practices indicate that State Mail Services processing be migrated to a stand alone facility located in the Richmond area that offers the necessary square footage, loading dock capacity, parking space, optimum equipment and workflow layout and adequate physical security. State Mail Services should not be located in a shared facility with other agencies as co-tenants. It is recommended that State Mail Services relocate to a facility providing 2,500 square feet with an estimated increased annual real estate cost of \$19,939. These estimates are based on the current office space cost charged back to state agencies at the rate of \$12.19 per square foot.

This additional space would meet the space needs envisioned within a consolidated mail processing environment and also allow additional space for future growth if additional mail processing support services were to be provided by State Mail Services.

Note: An additional expanded version of the SMS inbound option does include the option to additionally process inbound mail for six of the 13 agencies that have been identified as Priority Locations. Selection of this option will eliminate the need for added security related costs if these agencies were to X-ray their own incoming mail. This effort will involve the pickup, screening and delivery of the inbound mail for these six agencies. The additional inbound daily mail volumes that would be X-rayed by SMS are approximately 7,270 mail pieces. (See attachment 7.2.10) The additional labor expense required by SMS would be (.6) of a FTE P-3 position at an estimated annual cost of \$13,650 and the additional annual vehicle cost is estimated to be \$2,000. The financials associated with this additional effort where SMS processes the inbound mail for six priority locations are addressed in the financials section of the Supplemental Attachment Priority Location – Inbound Mail Processing Option document.



2.5 Conformity to long term objective

Implementation of this process would be in conformance with the recommended long term strategic plan. Centralized inbound mail security screening would already be in place for the smaller agencies. The transportation mail pickup and delivery network will already be established with minimal changes necessary in order to meet the requirements associated with the long term plan. Any equipment deployed or utilized within State Mail Services can be redeployed for use in any long term plan facilities that are established.

2.6 Functional Requirements

Since required floor space is not readily available at the existing State Mail Services location it must be obtained locally. Any delay in acquiring the necessary facility and floor space will result in a delay of the implementation of this option.

3 Special Consideration

Two overall recurring concerns expressed by a number of agencies in the DGS Study related specifically to maintaining the confidentiality of agency mail and ensuring its timely pickup and delivery. Processing of inbound mail for the smaller agencies by State Mail Services personnel should not result in any loss of existing mail confidentiality. All State Mail Services mail processing personnel have signed confidentiality agreements, have a high level of awareness of the sensitivity associated with the job functions they perform, and are dedicated and accountable in the manner in which they provide service to their customers. Agency mail will not be opened unless considered suspicious and a possible threat.

Anticipated modifications to existing mail transportation schedules along with extending the hours of operation within State Mail Services will ensure that timely pickup and delivery service of agency mail will continue to be provided. In some cases agencies relying solely on USPS delivery will see improvements related to mail delivery time frames. Inbound security screening associated with express courier package deliveries will result in some minimal delay in receipt by the individual agencies but once this mail is screened same day delivery to its final



Mail Services Initiative – SMS Option – Inbound Mail Processing

destination will be provided. It can be expected that in some critical situations a special delivery run can be available as warranted.

Limited exceptions to the requirement for X-ray of inbound mail would need to be granted on a case by case basis for agencies receiving sensitive media. Examples of this would include media received by the Consolidated Laboratory such as laboratory samples requiring special handling and samples received that are classified as hazardous goods. Exceptions for the Library of Virginia must also be considered related to the receipt of valuable collection materials and microfilm.

Statutory requirements prohibit the mail services operation of the Virginia Industries for the Blind (VIB) from being consolidated. This requirement will not affect the proposal for the security screening of inbound mail by State Mail Services prior to delivery to VIB. Likewise, any outbound mail being processed by the VIB will continue to be processed as it currently is.



4 Financials

Total Estimated Annual Savings - \$104,487

Total Estimated Annual Cost - \$62,240
(Based on use of existing X-ray equipment)

Total Estimated Cost - \$138,585
(Based on upgrade of X-ray equipment)
(One time security equipment expense of \$76,345 and annual operating expense of \$62,240)
(Note: Beginning in year two an additional X-ray maintenance expense of \$7,634 is estimated to be incurred annually)

4.1) Annual Agency Courier Savings

Courier - \$48,533

4.2) Annual Agency Labor Redeployment Savings

Labor - \$48,161

4.3) Annual Agency Vehicle Redeployment Savings

Vehicle - \$7,793

4.4) Costs

Real Estate Expense - \$19,939 (2,500 sq ft.)
Relocation Expense - \$10,000
Labor - \$27,301
Vehicle - \$5,000

4.5) Security Costs

- \$0 (Existing X-ray)
- \$76,345 (If upgraded X-ray)
- \$7,634 (Annual Maintenance)



5 Supporting Information - Attachments

- 5.1) SMS Option Consolidated Inbound Mail Volumes**
Attachment – 7.2.3
- 5.2) SMS Option Courier USPS Summary Agency Expense**
Attachment - 7.2.4
- 5.3) SMS Option Agency Personnel Summary Pickup from PO**
Exhibit A3
Attachment - 7.2.5





**Commonwealth of Virginia
Mail Services Initiative**

**Supplemental Attachment
SMS option – Outbound Mail Processing**

Attachment 7.1.10

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1 Objective Description

This short term option entails the consolidation of outbound mail processing from smaller agencies into State Mail Services (SMS). This option can be implemented in its entirety or segmented into individual components where outbound mail processing can be implemented into State Mail Services in stages. This would allow for the prioritization and effective management control of the transition of individual agency outbound mail processing into the State Mail Services process

For outbound mail processing, smaller state agency outbound mail will be metered and processed through the State Mail Services receipt and distribution facility. Outbound mail for larger priority state agencies will continue to be processed within the existing agencies as is currently performed.

Implementation and utilization of this short term option will result in equipment, postage, and labor expense savings for the Commonwealth of Virginia. State Mail Services will perform pickups at each location for outbound mail. This mail will then be metered with the appropriate postage by State Mail Services prior to its handoff to a presort vendor for processing which will allow for maximization of Commonwealth of Virginia postal savings.

The estimated annual postal savings based on agency outgoing letter mail volumes with the implementing of this option is estimated at \$181,980 depending on the eligible mail volumes to be presorted. (See attachment 7.2.6) An additional estimated annual savings of \$201,430 can be realized by elimination of approximately fifty plus postage meters currently being maintained by the individual smaller agencies. (See attachment 7.2.7) An additional estimated cost avoidance savings over two years of \$261,000 would be realized by eliminating the need for the replacement of existing meters with digital equipment as required by the postal service which must be completed in 2006. (See attachment 7.2.7) As part of this option State Mail Services will have the opportunity to upgrade their existing postage meters with newer equipment from the agencies who will be relinquishing them.

State Mail Services will utilize their existing mail transportation infrastructure, modify their routes, schedules and priorities as needed and modify their hours of operation in order to more effectively meet mail pickup and delivery requirements within the framework of a consolidated environment. Some additional labor will be required within State Mail Services which is attributed to the increased



workload and responsibilities being assumed with outbound agency mail processing.

2 Objective Description

2.1 Overall logic for recommending this option

Under this option outgoing mail volumes will be moved from the smaller agencies to State Mail Services in order to capture savings from the elimination of mailing equipment at the smaller locations. SMS will have the postage meter equipment necessary to process the estimated volume of 17,206 additional mail pieces. (See attachment 7.2.6) This will increase the daily volume of letter mail that can potentially be presorted and mailed at a discounted postal rate. Additional savings will be realized in the area of equipment reduction associated with the postage meters that will no longer be required in the smaller agencies. The costs to accomplish these steps will result in some increased usage of vehicles and additional manpower within State Mail Services.

2.2 Commonwealth of Virginia agencies impacted

Most agencies selected within this option will see only minor changes within their operations. Up to 53 offices could see mailing machines and equipment eliminated. State Mail Services will need to modify pickup schedules to allow for late collection runs to meet the needs of any agency slated to lose their mailing equipment.

State Mail Services will pickup outbound agency mail from the various agency locations, meter it and present it for presort processing prior to its final receipt by the USPS. (See attachment 7.2.6) The estimated daily volume of outbound mail to be processed is 17,206 outgoing pieces which represents approximately 10.9% of the total volume of outbound mail processed by the Commonwealth of Virginia on a daily basis.

2.3 Level of Security provided

Security related to this option would include physical security of the mail, of the individuals handling the mail and of the mailing operation and facility.



2.4 Implementation Notes

Implementation of this process will require a moderate amount of resources and effort to accomplish. The transportation network is already in place since State Mail Services currently delivers and picks up interagency mail at each of the agencies and various Commonwealth of Virginia locations. Analysis of existing routes and pickup and delivery timeframes must be performed and the appropriate modifications implemented in order to ensure that the most advantageous levels of service are provided to the agencies.

Existing vehicles available for State Mail Services use would be sufficient to meet mail pickup and delivery commitments. The additional vehicle expense incurred by State Mail Services to assume outbound consolidated mail processing is estimated to be \$5,000 annually.

State Mail Services operations utilizes (5) FTE staff positions which include the supervisor and (4) postal inspector P-3 positions. Increased labor requirements associated with consolidated outbound mail processing is estimated to be (1.2) FTE P-3 positions at an annual cost of \$27,301. By implementing this short term option the Commonwealth of Virginia can realize an annual redeployment labor savings estimated at \$139,801 associated with personnel within the agencies involved in the consolidation that will no longer be required to meter their outgoing USPS mail. (See attachment 7.2.8)

The existing location and floor space utilized by State Mail Services operations is not considered to be sufficient to handle the additional responsibilities and volumes associated with the consolidation of mail processing. Additional factors have also been taken into consideration in reaching this conclusion which would necessitate the relocation of State Mail Services operations to another facility.

Factors considered include:

a) State Mail Services operations currently utilizes approximately 682 square feet of real estate at an annual cost of \$10,536. This space is spread out on different floors within the existing Consolidated Laboratory facility. The layout is not deemed to be acceptable from either a workflow or security perspective



b) If the centralization of inbound mail security screening option is selected the risk of encountering a potential threat at the facility will increase thus increasing the possibility of shutting down or adversely impacting functions being performed at the location by other agencies such as the Consolidated Lab.

c) State Mail Services does not have unlimited personnel access or vehicle access to their current facility. In order to effectively meet expected requirements within a consolidated mail processing environment State Mail Services will need unlimited access.

Due to these above stated considerations it is recommended and best practices indicate that State Mail Services processing be migrated to a stand alone facility located in the Richmond area that offers the necessary square footage, loading dock capacity, parking space, optimum equipment and workflow layout and adequate physical security. State Mail Services should not be located in a shared facility with other agencies as co-tenants. It is recommended that State Mail Services relocate to a facility providing 2,500 square feet with an estimated increased annual real estate cost of \$19,939. This space would meet the needs envisioned within a consolidated mail processing environment and also allow additional space for future growth if additional mail processing support services were to be provided by State Mail Services.

2.5 Conformity to Long Term Vision

Implementation of this process can be considered as the first steps in the eventual achievement of the long term recommended vision of establishment of two mail processing centers. Efforts associated with this process would be in conformance with the recommended long term strategic plan. Centralized outbound mail processing would already be in place for the smaller agencies. The transportation mail pickup and delivery network will already be established with minimal changes necessary in order to meet the requirements associated with the long term plan. Any equipment deployed or utilized within State Mail Services can be redeployed for use in any long term plan facilities that are established.



2.6 Functional Requirements

Several areas of responsibility will change. State Mail Services will be responsible to collect the mail from the smaller agencies. It will assume the responsibilities for metering and mailing the outgoing mail received from these smaller agencies. The smaller agencies will relinquish their postage metering equipment and recover additional manpower to redirect to their core duties. State Mail Services will be adding work and some additional labor costs. State Mail Services will be committing to process the smaller agencies mail according to established commitments.

Since required floor space is not readily available at the existing State Mail Services location it must be obtained locally. Any delay in acquiring the necessary facility and floor space will result in a delay of the implementation of this option.

3 Special Consideration

Two overall recurring concerns expressed by a number of agencies in the DGS Study related specifically to maintaining the confidentiality of agency mail and ensuring its timely pickup and delivery. Processing of inbound mail for the smaller agencies by State Mail Services personnel should not result in any loss of existing mail confidentiality. All State Mail Services mail processing personnel have signed confidentiality agreements, have a high level of awareness of the sensitivity associated with the job functions they perform, and are dedicated and accountable in the manner in which they provide service to their customers. Agency mail will not be opened unless considered suspicious and a possible threat.

Anticipated modifications to existing mail transportation schedules along with extending the hours of operation within State Mail Services will ensure that timely pickup and delivery service of agency mail will continue to be provided.

Statutory requirements prohibit the mail services operation of the Virginia Industries for the Blind (VIB) from being consolidated. All outbound mail being processed by the VIB will continue to be processed as it currently is. This proposal does include the strong recommendation that any eligible outbound mail processed by VIB be provided to a presort bureau for processing prior to its delivery to the USPS. This will ensure that any associated postal savings are maximized for the Commonwealth of Virginia. As part of this option VIB will have the opportunity to upgrade their existing postage meters with newer equipment from the agencies who will be relinquishing them.



4 Financials

Total Estimated Savings - \$792,062
(\$531,004 annual savings and one time cost avoidance of \$261,058)

Total Estimated Annual SMS Cost - \$62,240
(Note: Additional estimated one time postage meter penalty agency cost of \$47,897 to \$95,795)

4.1) Annual Agency Presort Savings

Presort - \$181,980

4.2) Annual Agency Labor Redeployment Savings

Labor - \$139,801

4.3) Annual Agency Vehicle Redeployment Savings

Vehicle - \$7,793

4.4) Annual Agency Postage Meter Equipment Savings

Meter - \$201,430

4.5) One Time Meter Replacement Cost Avoidance Savings

Meter Replacement - \$261,058

4.4) Costs

Real Estate Expense - \$19,939 (2,500 sq ft.)

Relocation Expense - \$10,000

Labor - \$27,301

Vehicle - \$5,000

Meter Penalties – (\$47,897 to \$95,795)



5 Supporting Information - Attachments

5.1 SMS Option Consolidated Outbound Mail Volumes

Attachment – 7.2.6

5.2 SMS Option Postage Meter/Replacement Cost Summary

Attachment - 7.2.7

5.3 SMS Option Agency Personnel Summary Metering Outgoing Mail

Attachment - 7.2.8





Commonwealth of Virginia Mail Services Initiative

Supplemental Attachment Priority Location Inbound Mail Processing

Attachment 7.1.11

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1 Objective Description

This short term option allows the Commonwealth of Virginia to pursue enhanced security for 13 of the largest incoming mail locations. These locations receive over seventy percent of the daily incoming mail. These locations have been designated as mission critical and vital to the daily operation of the Commonwealth. Enhancing security at these locations gets the most bang for the security dollar. This option should be seen as a short term plan that will allow for the eventual consolidation of the entire Commonwealth of Virginia mailing operation. Security could be implemented in stages on a prioritized schedule beginning with the highest priority location first and then rolled out to the other locations. This option has the capability of being expanded or reduced as seen fit by the Commonwealth of Virginia. The Federal Engineering team selected these locations based on our analysis of the Department of General Services' assessment data.

In this situation, the Commonwealth of Virginia chooses to spend their security dollars in a controlled and concise manner. This option will provide for X-ray screening at these priority locations. The added security features will allow for the screening of all incoming United States Postal Service mail, Commonwealth of Virginia messenger mail, as well as any parcels or overnight shipments delivered by United Parcel Service or other carriers. The screening equipment could even be used for supplies or other shipments coming into the location as well. However, this particular option will not provide enhanced security to all agencies within the Commonwealth of Virginia. It will not provide any additional security to the more than 100 smaller agency offices scattered throughout Richmond.

There will be no overall cost savings or synergies from consolidation in implementing this option. This option's sole purpose is to provide enhanced security to the largest incoming mail agencies without providing benefit to the smaller agencies. This option is a business decision to enhance security at the largest and most mission critical inbound mail agencies. This approach does not intend to diminish the importance of the other smaller agency locations that will be left without additional security. With a limited security budget, tough choices such as this option must be made.



2 Objective Description

2.1 Overall logic for recommending this option

The logic of selecting priority locations at which enhanced security will be provided allows the Commonwealth of Virginia to spend their security funding on core services agencies. In order to be selected, the agencies must fall within the most mission critical, customer crucial, revenue generating or at-risk categories. The high cost of mail security often dictates that decisions are made to determine how to best spend limited security dollars. In this scenario, the decision has been made to protect the selected agencies because of the core functions that they perform or because they are at-risk due to their high profile nature. A conscious decision has been made not to enhance security at other less critical locations. This does not diminish the importance of the non-selected agencies. It simply highlights that limited security funding mandates such difficult decisions must be made.

The State Police and Virginia Commonwealth University were not included in this option. Virginia Commonwealth University is outsourced and their mail is handled independently from other agency mail. The State Police wished not to be considered for consolidation.

2.2 Commonwealth of Virginia agencies impacted

The offices that will be included in the priority locations were selected based on total incoming daily volume. In reviewing these numbers, there appeared to be a natural statistical break on which the decision could be based. The agencies selected as priority locations were Department of Taxation, Worker's Compensation, Social Services, Employment Commission, Department of Motor Vehicles, Corporation Commission, Medical Assistance, Virginia Probation and Parole, Health, Transportation, Education, Alcoholic Beverage Control, and State Mail Services. These individual offices receive from 570 to 44,337 pieces of incoming mail a day. Collectively, this represents over seventy percent of the incoming daily mail volume.

Adding enhanced mail security for these 13 locations will be providing greater security to more than seventy percent of the total incoming daily mail. The Commonwealth of Virginia will have the option to expand this category to include other critical sites or to reduce the number of selected priority sites as deemed necessary. (See attachments 7.2.9 and 7.2.10)



X-ray equipment will be placed at the seven largest priority locations. These locations include the Corporation Commission, Department of Motor Vehicles, Employment Commission, Social Services, Worker's Compensation, Taxation and State Mail Services. Each location will screen their incoming mail. State Mail Services will provide pickup and delivery service for Alcoholic Beverage Control, Education, Transportation, Health, Medical Assistance and Virginia Probation and Parole. The mail for these agencies will be screened by one of the other seven priority locations with X-ray technology. State Mail Services will be providing the transportation of the mail.

There will need to be a slight modification of the workday schedule for some or all of the agencies involved in this option. The modification should not be significant. It will allow for a smoother, better flowing operation.

2.3 Level of Security provided

The level of security will be different within the priority locations. Some sites will be provided X-ray technology. This will allow for the scanning of all mail, packages, and incoming overnight packages from other vendors. Other smaller locations will have no testing equipment. The priority agencies with screening equipment will provide screening for those priority locations without equipment. State Mail Services will provide transportation between the United States Postal Service and the priority locations.

The Department of Motor Vehicles and State Mail Services currently possess X-ray technology and screen their incoming mail on a daily basis. The equipment at these locations was examined. The Federal Engineering team felt that the X-ray equipment at State Mail Services should be replaced and the older X-ray machine kept as a back-up. It can be used during high volume periods to expedite mail flow through the screening process. The X-ray equipment at the Department of Motor Vehicles was found to be functional and need not be replaced. We recommend that any other X-ray equipment currently being used to screen incoming mail or packages be examined to see if the technology is up to date or the equipment needs to be replaced.

The Federal Engineering team reviewed other types of screening equipment including devices that detected explosive, narcotic or bio-hazardous material. The costs to own, maintain and test for hazards were found to be prohibitive. It is our belief that utilizing X-ray technology will provide the best return on investment for the security equipment that is now available.

There are many different levels of security that are available to the offices of the Commonwealth. The cost of implementation and maintenance of these



systems are found in attachment 7.2.2. Agencies that may consider increasing mail room security beyond our recommendation can get a good idea of the cost associated with that increased protection.

The other aspects of security related to this option will include providing physical security of the mail, of the individuals handling the mail and of the mailing operation and facility.

2.4 Implementation Notes

There will not be any wholesale changes to the Commonwealth of Virginia's mailing operation. Most existing locations will experience no change. Pickups, drop offs and messenger service will remain intact. The 13 priority locations will experience moderate changes. These changes will be based on the amount of time it takes to test or screen the mail on the front end. This will be an added step at most locations. X-ray is fairly simple and straight-forward. This will cause only a moderate delay in most areas.

State Mail Services and the priority locations that they serve will be moderately affected. The agencies will be getting their mail later in the morning. State Mail Services will work with the screening locations to minimize these delays.

There will be seven priority locations that will possess X-ray screening technology. Department of Motor Vehicles and State Mail Services already possess X-ray equipment. The equipment at the Department for Motor Vehicles is still functional and does not need to be replaced at this time. The X-ray equipment at State Mail Services is older and needs to be replaced. The other five priority locations will have new X-ray equipment installed. It is estimated that the six new X-ray units will cost about \$458,000. It is estimated that the annual maintenance costs associated with this purchase will be \$45,000 to \$50,000, beginning in year two. (See attachment 7.2.2)

In this option, State Mail Services has been selected to provide the additional labor and vehicles needed. The job classification for State Mail Services personnel is a P-3, postal inspector. The additional costs for labor in this option will be calculated using this classification. The annual salary and benefits of the P-3 position are \$22,751. (See attachment 7.2.8)

State Mail Services will provide pickup from the United States Postal Service for the six priority agencies that will not screen their own mail. This mail



must be picked up and transported to a priority location that will screen the mail. The screened mail will then be transported by State Mail Services to the appropriate agency.

State Mail Services has estimated that the additional labor costs will be \$4,550 annually and that the vehicle costs will increase by \$2,000 a year. Once this mail has reached the screening point, it is projected that it will cost an additional \$13,650 a year to screen the mail. The total estimate to provide service to the six priority locations without screening equipment is \$20,200. Using the State Mail Services' criteria, we project that the screening costs for the seven priority locations would be \$22,751. The annual estimated vehicle and labor cost to implement the Inbound Mail Processing Option for Priority locations is \$42,951. Note: If the short term options for SMS Inbound and Outbound mail processing are selected, the estimated annual labor expense of \$4,550 will not apply.

Currently six priority locations are handling their own incoming mail that State Mail Services will handle under this option. According to the DGS Assessment study, these agencies are spending \$36,123 to pickup their mail in the morning. Their vehicle usage cost for these pickups are \$2,681.

2.5 Conformity to Long Term Vision

Some facets of this option will conform to the long term plan. Over seventy percent of the inbound mail will have greater security screening. This will come at a cost but only the cost associated with the seven screening priority locations. All security equipment will meet the needs of the long term plan and will be used in a long term consolidated plan. Some will be primary equipment, while other X-ray equipment will be backup equipment. The largest aspect of non-conformity associated with this option is that all 122 locations will stand as separate mail processing entities. The long term plan would see these as one or two locations. This option does not promote the principle of long term consolidation.

2.6 Functional Requirements

The primary functional requirements of the seven selected Priority locations will remain the same. Each screening location will be handling the additional duties of screening and testing their own mail. There will be associated duties with maintaining the equipment and managing service and supplies. Some agencies are performing some or all of these duties at this time. Each screening



location will perform the additional duty of screening another priority locations' mail. State Mail Services will be assuming the pickup and delivery function for six additional agencies.

3 Special Consideration

Each priority agency that screens mail will still be able to meet any special requirement that they are currently handling. Since each agency will be doing their own X-raying and screening, they should have knowledge of any particular situation that exists within their own agency. There will need to be coordination between the priority agencies screening mail for the other priority locations. Each screening location will have no more than one agency that they are screening mail for. Coordination with only one agency should not be a problem. There could be some instances where agencies have incoming mail that cannot be X-rayed due to the nature of the material enclosed. These exceptions should not present a problem as long communication exists between the priority agencies.



4 Financials

Total Estimated Savings - \$38,804

Total Estimated Costs - \$501,021

(Beginning in year two, x-ray maintenance costs will be applicable
these are estimated to be \$45, 807 annually)

4.1) Annual Agency Labor Redeployment Savings

Labor - \$36,123

4.2) Annual Agency Vehicle Redeployment Savings

Vehicle - \$2,681

4.3) Costs

Labor - \$40,951

Vehicle -\$2,000

4.4) Security Costs

X-ray - \$458,070

5 Supporting Information – Attachments

5.1) Priority Location Inbound Mail Volumes (Screened within Agencies)
Attachment 7.2.9

5.2) Priority Location Inbound Mail Volumes (Screened by SMS)
Attachment 7.2.10

5.3) Security Option Pricing
Attachment 7.2.2

5.4) SMS Option Agency Personnel Summary – Metering Outgoing Mail
Attachment 7.2.8





**Commonwealth of Virginia
Mail Services Initiative**

**Supplemental Attachment
Priority Location
Outbound Mail Processing**

Attachment 7.1.12

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- 1.0 Objective Summary
- 2.0 Objective Description
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 - 2.2 Commonwealth of Virginia agencies impacted
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 - 2.6 Functional Requirements
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1 Objective Summary

This option would consolidate smaller agencies outgoing mail metering into a larger existing agency location. The larger locations were previously identified as “Priority” locations for inbound mail due to their mission critical nature relating to Commonwealth of Virginia operation. The “Priority” locations will not necessarily have any affiliation with the smaller agencies that they will be serving. These “Priority” locations have existing mail processing equipment and will process other agencies’ mail in an effort to make better utilization of their equipment. This process will allow the smaller agencies to eliminate their postage scales, meters and mailing machines. The total elimination of this equipment could save the Commonwealth approximately \$201,430 annually. Under a United States Postal Service mandate, many of these mailing machines will need to be replaced with digital equipment by December 2006. It is estimated that the replacement cost of this equipment would be \$44,000 in 2005 and \$217,000 in 2006. Elimination of the need to replace this equipment results in a total cost avoidance savings of \$261,000. (See attachment 7.2.7) It is estimated that 17,200 pieces of incoming mail a day will be moved from the smaller agencies. Of this volume, it is estimated that 15,100 pieces will be letter mail. This mail could possibly be presorted and mailed at a discounted postage rate. If we assume an 80 percent acceptance rate, the agencies will save \$181,980 annually in postage cost. (See attachment 7.2.6)

The movement of the smaller agency mail metering function to the priority locations will be facilitated by increased collection service. This service will be provided by State Mail Services since they stop off at virtually every small office each day. Late afternoon collection routes will have to be developed and maintained in order to provide adequate service to the smaller agencies. No agency will want to relinquish their mailing equipment if they feel that their outgoing mailing needs will not be met. Several priority locations utilize messengers as well. It could be possible for these messengers to collect mail throughout the day as they make their runs. This could potentially mean adding stops or simply picking mail up at a location in which they already stop. These extra runs or stops will increase the vehicle usage and manpower needed in order to collect the mail for metering.

The daily volume of additional incoming mail to be processed is estimated to be 17,200 pieces. If this volume is spread over 14 different priority locations, the daily impact is 1,300 pieces a day. The volume will be less than three trays of letters and a tub of flat mail a day. The workload shift would be minimal. The



Commonwealth also has the option to process this mail in fewer priority locations if available capacity exists in those locations. Another possible concern for the priority location could be the time of day when the extra mail is received. The collection of mail should be scheduled so that it is late enough in the day to meet the needs of the smaller agencies but not so late that it adversely effects the priority location's operation. The priority locations will need to develop some type of chargeback process for the metering of other agency's mail. This chargeback process can be either a computerized or manually tracked system. Most large mailers already have the ability to track a high number of customer accounts.

2 Objective Description

2.1 Overall logic for recommending this option

The logic of this option is to move outgoing mail volume from smaller agencies to larger agencies in order to capture savings resulting from the elimination of mailing equipment at the smaller locations. Most of the priority sites possess adequate mail processing equipment to handle the increased volume. The increased volume of 17,200 additional mail pieces would be negligible when spread over multiple locations. In moving the increased volume to the priority locations, there will be an increase the daily volume of letter mail that could potentially be presorted and mailed at a discount rate. Significant savings will be in the areas of equipment reduction and in the increase of presorted mail savings.

The costs to accomplish this implementation includes an increased use of vehicles and manpower associated with additional late afternoon collection runs to the smaller agencies and the use of additional manpower to meter the outgoing mail at the priority locations. There will be some adjusting pickup and delivery schedules at State Mail Services as well as the priority locations in order to effectively implement this option. These adjustments should have minimal impact on the priority locations. The volume of work is insignificant but the timing of the receipt of the work could create a problem. The arrival of the mail to be metered must be coordinated with the receiving location to minimize any negative impact.

The State Police and Virginia Commonwealth University were not included in this option. Virginia Commonwealth University is outsourced and their mail is handled independently from other agency mail. The State Police did not wish to consolidate.



2.2 Commonwealth of Virginia agencies impacted

Virtually all Commonwealth of Virginia offices would be impacted to some degree. Most would see only minor changes. Up to 53 offices could see mailing machines and equipment eliminated. Several additional runs will need to be established for afternoon pickups and collections. These collections could be made by State Mail Services since they are already in most of these offices on a daily basis. State Mail Services will need to develop a late collection run to meet the needs of any agency slated to lose mailing equipment. State Mail Services will see an increase in manpower needs and vehicle usage. The priority locations for outgoing mail would include the Corporation Commission, Department of Motor Vehicles, Employment Commission, Social Services, Worker's Compensation, Taxation, State Mail Services, Alcoholic Beverage Control, Education, Transportation, Treasury, Health, Medical Assistance and Virginia Probation and Parole.

2.3 Level of Security provided

Security related to this option would include physical security of the mail, of the individuals handling the mail and of the mailing operation and facility.

2.4 Implementation Notes

There are several issues that will have to be dealt with in this option. Some agencies may be hesitant to give up their mailing machines. They currently have the freedom to process their mail now as their work schedule permits. In this option, there must be established cut-off times by which their mail must be ready for pickup in order to get same day processing.

State Mail Services as well as other agencies will have to create new mail collection routes. Adequate time will have to be provided for agencies to prepare their mail for daily dispatch. If the collection time is too early, the agency might not be able to meet their internal commitments. If it is too late, it will impact the priority location trying to meter the mail.



Mail Services Initiative – Priority Location – Outbound Mail Processing

Determining which priority location receives which small agencies' mail will be a difficult decision. This can be done geographically or by maintaining existing messenger service to an agency.

Priorities will have to be set and commitments maintained in order to ensure that all parties needs are met. Mail will have to become everyone's responsibility rather than it being your mail or my mail. This mindset is often difficult to overcome and the issue must be addressed early on.

A process will have to be established to bill back outside agency postage. This process exists in many operations and should not be a major problem.

The smaller agencies will be losing work, while the larger agencies will be gaining work. For the most part, the time will be negligible. There will be additional use of mailing machines and the postage contained within. The funding of postage and manpower must be addressed. The larger agencies may be able to absorb the labor cost but some thought must go into how the process will work. The postage costs will have to be billed back.

State Mail Services has been designated within this option to provide the collection service needed to make this option work. During their normal daily runs, State Mail Services must collect all outgoing mail and get it to the designated priority location for processing. A series of late afternoon collection runs must be established in order to allow agencies to keep their daily commitments. These runs cannot be too late as to impact the daily closeout of the priority location while yet allowing time to process the mail. State Mail Services has estimated that these runs will cost an additional \$5,000 a year in vehicle costs and an extra \$ 4,550 in labor costs.

The priority agencies that will be processing this mail will see an increase in labor as well. However, this labor increase should be such that it could be absorbed by many of the larger agencies. However, if we need a dollar amount, estimates by State Mail Services indicate that they could process all mail from these runs with one FTE. The associated cost with that position is \$22,751. This is based upon an entry level position, P-3 postal inspector. Based on data from the initial DGS assessment study, the current cost of the agencies metering this mail is \$139,801. (See attachment 7.2.8)



2.5 Conformity to Long Term Vision

This option provides for some levels of consolidation that will be desired in the long run. There will be savings from a reduction in the amount of mailing machines and postage meters. There will be an increase in the amount of mail being presorted on a daily basis. However, by consolidating outgoing metering functions in existing facilities, the consolidation will only be based on that particular function. There will be no disaster recovery for other mail processing functions. The increased use of vehicles and personnel to collect the outgoing mail will be in addition to what the priority locations already have in place. Most of the larger agencies have messengers and utilize several pickups a day from the United States Postal Service. There will still be a fair amount of overlapping messenger service that can be eliminated in the long term plan. The long term plan would reduce the outgoing mail locations from 122 to 2. This Priority Location option would reduce those operations from 122 to 14.

2.6 Functional Requirements

Several areas of responsibility will change. State Mail Services or other priority locations will be responsible to collect the mail from the smaller agencies. The priority locations will then be responsible to meter and mail the outgoing mail from the smaller agencies. The smaller agencies will relinquish their mailing equipment. The larger agencies will see slightly more use of their equipment. The smaller agencies will recover some manpower to apply to their core duties. The larger agencies will be adding work and some additional labor costs. The larger agencies will be committing to handle the smaller agencies mail according to established commitments. Some thought must be given to the issue of compensation towards the larger agencies. They will be processing another agency's mail with their equipment and employees.

3 Special Consideration



Mail Services Initiative – Priority Location – Outbound Mail Processing

Special requirements should be minimally impacted within this option. The priority agencies will have established guidelines to meet associated with the smaller agencies' mail. As long as these commitments are met, there should be very little in the way of problems. Each priority location should have no more than 15 to 20 smaller agency customers. Some priority locations may have only one customer, others only two or three. They should be able to address any concern on an individual basis. Security and privacy of the information enclosed in the envelope is often an issue. The mailing agency has only to seal the mail should this be a concern about the contents security. The main requirement of most agencies is that their mail was processed and mailed in a timely fashion.

Virginia Industries for the Blind has the ability to be a beneficial resource for the Commonwealth. They have the ability to process virtually any type of medium that an agency might need to mail. They specialize in manual labor and have the ability to do almost any type mailing. They do hand labeling as well as ink jet spraying. They have metering capability and will soon be able to handle First-Class mail through a discounted presort vendor. Virginia Industries for the Blind mailed 700,000 First-Class letters last year. None of these was mailed at the presorted rate. This agency is protected by statute from being consolidated in this process. (See attachment 7.2.15)

There is a substantial amount of First-Class letter mail that comes from the Commonwealth of Virginia agencies that is not presorted. Only four agencies currently presort under the existing contract with Mailer's Resource Group. They are Taxation, Department of Motor Vehicles, Social Services and Medical Assistance. Treasury presorts as well but they use computer software and take the mail directly to the United States Postal Service. We project that there are 5 to 6 million pieces of letter mail annually that are mailed out at thirty-seven cents a piece. All agencies must review their operations to see what additional mail can be diverted to the presort vendor for a postage savings of six cents each. (See attachment 7.3.3)

Meter penalties exist if certain meters are taken out of service prior to the end of their contract. All meters that fall into this category are manufactured by Pitney Bowes. The penalties range from small to very large. It appears that the procurement of these units was done on a random and independent basis. The penalties total in excess of \$234,052. However, we will only be looking at taking the smaller meters out of service from the smaller agencies at this time. The amount of penalties that the Commonwealth of Virginia could potentially face is closer to \$95,795. This amount can be renegotiated and perhaps cut in half. (See attachment 7.2.7)



4 Financials

Total Annual Estimated Savings	- \$531,004
Total One Time Cost Avoidance	- \$261,058
Total Annual Estimated Costs	- \$32,301
(Note: Additional estimated one time postage meter penalty cost of \$47,897 to \$95,795)	

4.1) Annual Agency Presort Savings

Presort - \$181,980

4.2) Annual Agency Labor Redeployment Savings

Labor - \$139,801

4.3) Annual Agency Vehicle Redeployment Savings

Vehicle - \$7,793

4.4) Annual Agency Postage Meter Equipment Savings

Meter - \$201,430

4.5) One Time Meter Replacement Cost Avoidance Savings

Meter Replacement - \$261,058

4.6) Costs

Labor - \$27,301

Vehicle - \$5,000

Meter Penalties – (\$47,897 to \$95,795)



5 Supporting Information – Attachments

- 5.1) SMS Option Postage Meter/Replacement Cost Summary
Attachment 7.2.7

- 5.2) SMS Option Consolidated Outbound Mail Volumes
Attachment 7.2.6

- 5.3) SMS Option Agency Personnel Summary Metering Outgoing Mail
Attachment 7.2.8

- 5.5) VIB Presort Memo
Attachment 7.2.15

- 5.6) Project Related – Site Visits
Attachment 7.3.3





Commonwealth of Virginia Mail Services Initiative

Supplemental Attachment Transition Plan

Attachment 7.1.13

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- 3.0 Short Term Expectations
- 4.0 Long Term Planning



1 Summation

Ultimately the Commonwealth of Virginia's implementation of a long term strategic plan will result in the creation of a full service mailing organization. This organization as described in Attachment 7.1.8 (Long Term "Vision") will provide the Commonwealth of Virginia with inbound mail security, internal mail distribution, outbound mail print and insertion and USPS mail distribution. However, the goal to attain this full service organization will require a larger commitment by the Commonwealth of Virginia and span at least two to three years of developmental and implementation effort. As a precursor to the extensive effort required for the long term plan, the Federal Engineering team designed a short term transition plan that will serve as initial steps towards achieving the long term vision. We have found that some potential savings can be realized more expeditiously within this plan without impacting other mail efforts. Ultimately, the implementation of these short term options will place the Commonwealth of Virginia in a better position to achieve the long term vision.

2 Transition Plan

2.1 Mail Management Organization

Federal Engineering recommends that the Commonwealth of Virginia initially develop and staff the Mail Management Organization. It would be advantageous that the Mail Management Organization direct any planned implementation efforts. Additional responsibilities of this organization would be to ensure standardized mail security practices and procedures are developed, distributed and reviewed with all Commonwealth agency personnel.

Attachment 7.1.6 contains the proposed description of the Mail Management Organization.

2.2 Presort Vendor Utilization

One of the first short term steps to be taken in order to realize immediate savings is the re-negotiation of the existing presort contract with Mailer's Resource Group to accept mail processed from the Virginia Industries for the Blind (VIB) agency. Mailer's Resource Group has a current contract with the Commonwealth of Virginia and an addendum which would include VIB should be negotiated. VIB performs mailing services for media that originates from other

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agencies. These agencies are currently charged back the full postage rate. Postal savings would be passed back to the originating agencies.

Attachment 7.2.15 contains a VIB memo regarding current mailing activity.

2.3 Short Term Options

Each of the short term options will provide the Commonwealth of Virginia with a high level of mail security and additional opportunities for cost savings. The options for implementation of each of the short term initiatives are mutually exclusive.

The Commonwealth of Virginia can choose any option to:

- provide handling outbound mail for the smaller agencies in State Mail Services
- provide handling inbound processing for the smaller agencies in State Mail Services
- provide handling inbound mail processing and security screening for smaller agencies in State Mail Services
- provide enhanced security in Priority Locations
- provide handling outbound mail for smaller agencies in Priority Locations

Each component of the recommended options (inbound mail handling, security screening, outbound mail handling, outbound metering, presort vendor utilization) can be implemented independently and in stages based upon funding availability. Security can be implemented on a limited basis, based upon risk assessment or based upon the level of security desired by the Commonwealth for any number of agencies. This pay-as-you-go method can mitigate risks for higher risk agencies based upon funding availability.

2.3.1 State Mail Services – Outbound Mail Processing

If the Commonwealth of Virginia chooses to process outbound mail for the smaller agencies through State Mail Services (as defined in Attachment 7.1.10), Federal Engineering recommends that initial analysis be performed in order to determine what agencies will be included in the process, if not all. As defined in the option description, State Mail Services would be the organization selected to provide this service. In order for State Mail Services to accomplish this option, a relocation to more suitable accommodations would be necessary in order to handle the increased capacity of mail.



Due to the number of existing postal metering machines spread through the various agencies, the Commonwealth of Virginia will need to inform the postal meter vendor that equipment leasing and maintenance will be terminated. The Department of General Services (DGS) study identified that the vendor, Pitney Bowes, has early termination fees associated with its equipment. The Commonwealth of Virginia should negotiate the expected fees and termination dates. In some cases the Commonwealth of Virginia may decide to replace older postal metering systems in the larger agencies with some of the newer leased surplus. It is recommended that State Mail Services determine if any additional postal meters can be utilized within its operation. An agency letter explaining the expected changes should be prepared and sent prior to implementation. This letter should inform the impacted agencies that their local postal metering equipment will be eliminated and State Mail Services begin performing the functions of metering and delivery of their outbound USPS mail. Additionally, each impacted agency should be informed that any residual postage on the meters should be refunded at the close date of the meter. The agencies also have the option to run down the residual postage. State Mail Services will be required to establish the postal charge back codes for the smaller agencies in their local postal meters. The hours of operation for the existing State Mail Services transportation network will need to be extended. It is suggested that the smaller agencies separate their interagency mail from their outbound USPS mail to allow for more efficient processing. State Mail Services can initiate this process when the impacted agencies begin to provide their USPS outbound mail.

2.3.2 State Mail Services – Inbound Mail Processing

If the Commonwealth of Virginia chooses to process inbound mail for the smaller agencies through State Mail Services (as defined in 7.1.9), Federal Engineering recommends that the Commonwealth determines what agencies they want to include in the process, if not all. The selected agencies will need to identify and discontinue their daily postal pickup as State Mail Services assumes these responsibilities. State Mail Services would make the necessary postal arrangements to become the recipient for receiving that agencies mail. State Mail Services will pickup the daily USPS agency mail and deliver it according to the State Mail Services delivery schedule. As an evolutionary step, a security screening front end can be added to x-ray the smaller agency mail prior to agency distribution.

2.3.3 Priority Location – Inbound Mail Processing



As a concurrent activity, Federal Engineering recommends that Priority Location handling of inbound mail security be implemented (as defined in Attachment 7.1.11). This effort in conjunction with State Mail Services inbound mail processing will provide security benefits for most the Commonwealth of Virginia agencies. In order to accomplish this objective the Commonwealth of Virginia would need to procure the security components as defined in attachment 7.2.1. The Federal Engineering team recommends that all Commonwealth of Virginia agency employees be versed in the new security procedures. Additionally, mail processing and mail security handling procedures should be reviewed with all employees.

2.3.4 Priority Location – Outbound Mail Processing

If the Commonwealth of Virginia chooses to process outbound mail for the smaller agencies through the Priority Locations (as defined in Attachment 7.1.12), Federal Engineering recommends that initial analysis be performed in order to determine what agencies will be included in the process, if not all. As defined in the option description, State Mail Services would be the organization selected to provide the delivery services from the smaller agencies to the priority locations.

Due to the number of existing postal metering machines spread through the various agencies, the Commonwealth of Virginia will need to inform the postal meter vendor that equipment leasing and maintenance will be terminated. The Department of General Services (DGS) study identified that the vendor, Pitney Bowes, has early termination fees associated with its equipment. The Commonwealth of Virginia should negotiate the expected fees and termination dates. In some cases the Commonwealth of Virginia may decide to replace older postal metering systems in the larger agencies with some of the newer leased surplus. It is recommended that the Priority Locations determine if any additional postal meters can be utilized within its operation. An agency letter explaining the expected changes should be prepared and sent prior to implementation. This letter should inform the impacted agencies that their local postal metering equipment will be eliminated and the Priority Locations will begin performing the functions of metering and delivery of their outbound USPS mail. Additionally, each impacted agency should be informed that any residual postage on the meters should be refunded at the close date of the meter. The agencies also have the option to run down the residual postage. The Priority Locations will be required to establish the postal charge back codes for the smaller agencies in their local postal meters. The hours of operation for the existing State Mail Services transportation network will need to be extended. It is suggested that the smaller agencies separate their interagency mail from their outbound USPS mail



to allow for more efficient processing. The Priority Locations can initiate this process when the impacted agencies begin to provide their USPS outbound mail.

3 Short Term Expectations

After implementation of these short term options the Commonwealth of Virginia will realize a more secure mail processing environment. Additionally, savings will be realized in the reduction of postal equipment, USPS costs (presort) and USPS pickup and delivery costs. By implementation of the State Mail Services inbound and outbound mail processing options and Priority Location Inbound mail security option, the resulting 7 major Commonwealth of Virginia agencies can be further consolidated within the long term plan as individual complete entities.

4 Long Term Planning

Concurrently, the Commonwealth can proceed with the development of the long term strategic plan while implementing the short term options.

Development of this plan will need to include the following activities:

- Executive approval and commitment

- Develop project plan and specific Commonwealth goals

- Perform analysis of all Commonwealth agency print and insertion functions

- Perform analysis of all Commonwealth information technology print processes and procedures used in the Commonwealth's agencies

- Perform analysis of future Information Technology and Business plans
Based upon the analysis, a series of design plans will need to be developed to address:

- Perform analysis of impact on agency process change

- VITA initiatives for print migration and future project development



Mail Services Initiative – Transition Plan

Center logistics including real estate, security etc.

Develop final costs and long term savings associated with long term plan

Develop long term transition plan

Implement and Monitor project

