

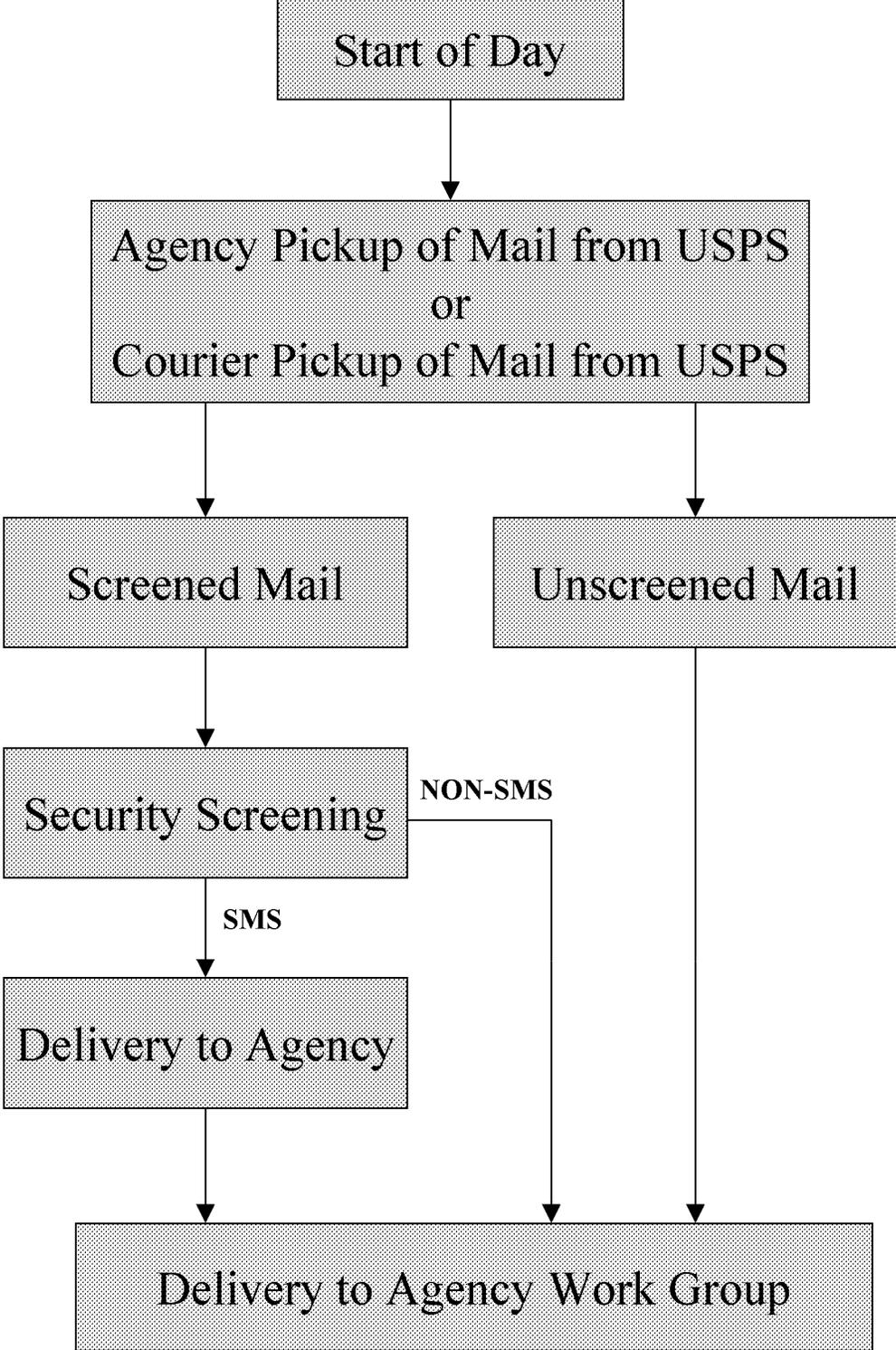
Attachment 7.3.1 – Process Flows

- Current Environment
- SMS
- Priority Location
- Long Term Environment

Process Flow #1

Existing Agency Mail

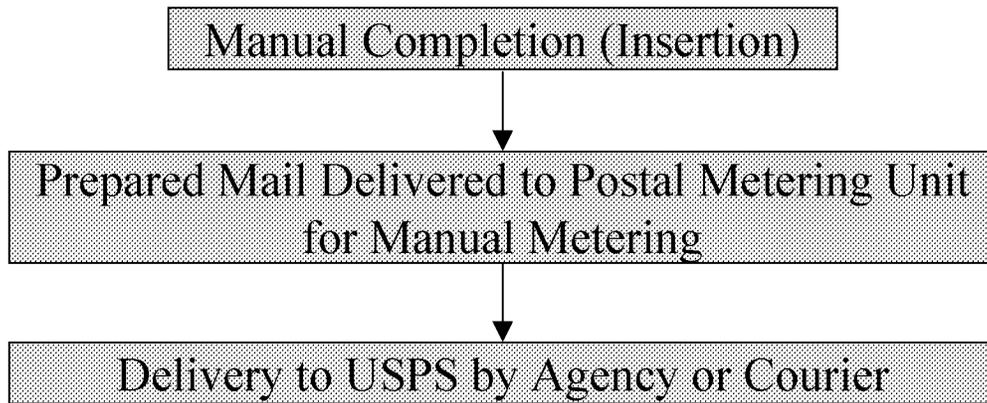
Inbound Mail Process Flow



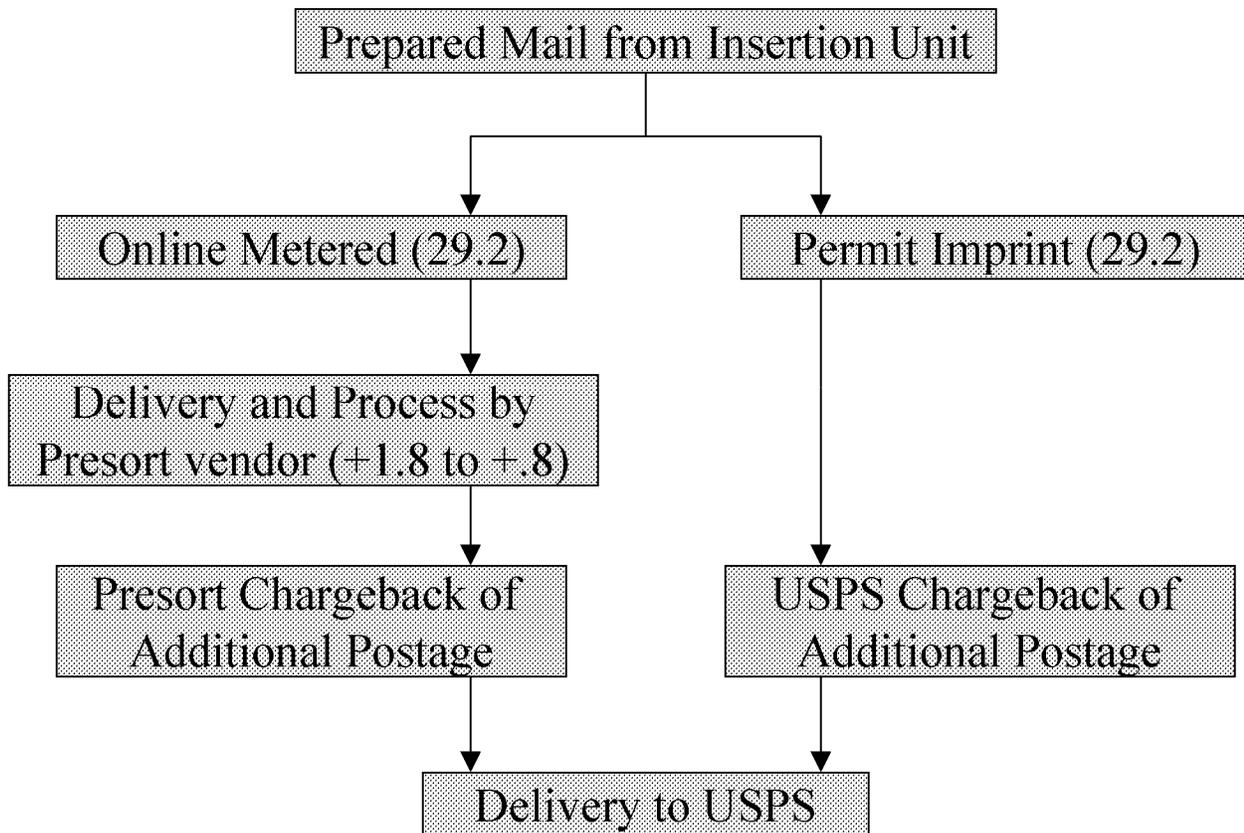
Process Flow #2

Existing Agency Outbound Mail Process Flow

Outbound (Non-Mechanized Mail)

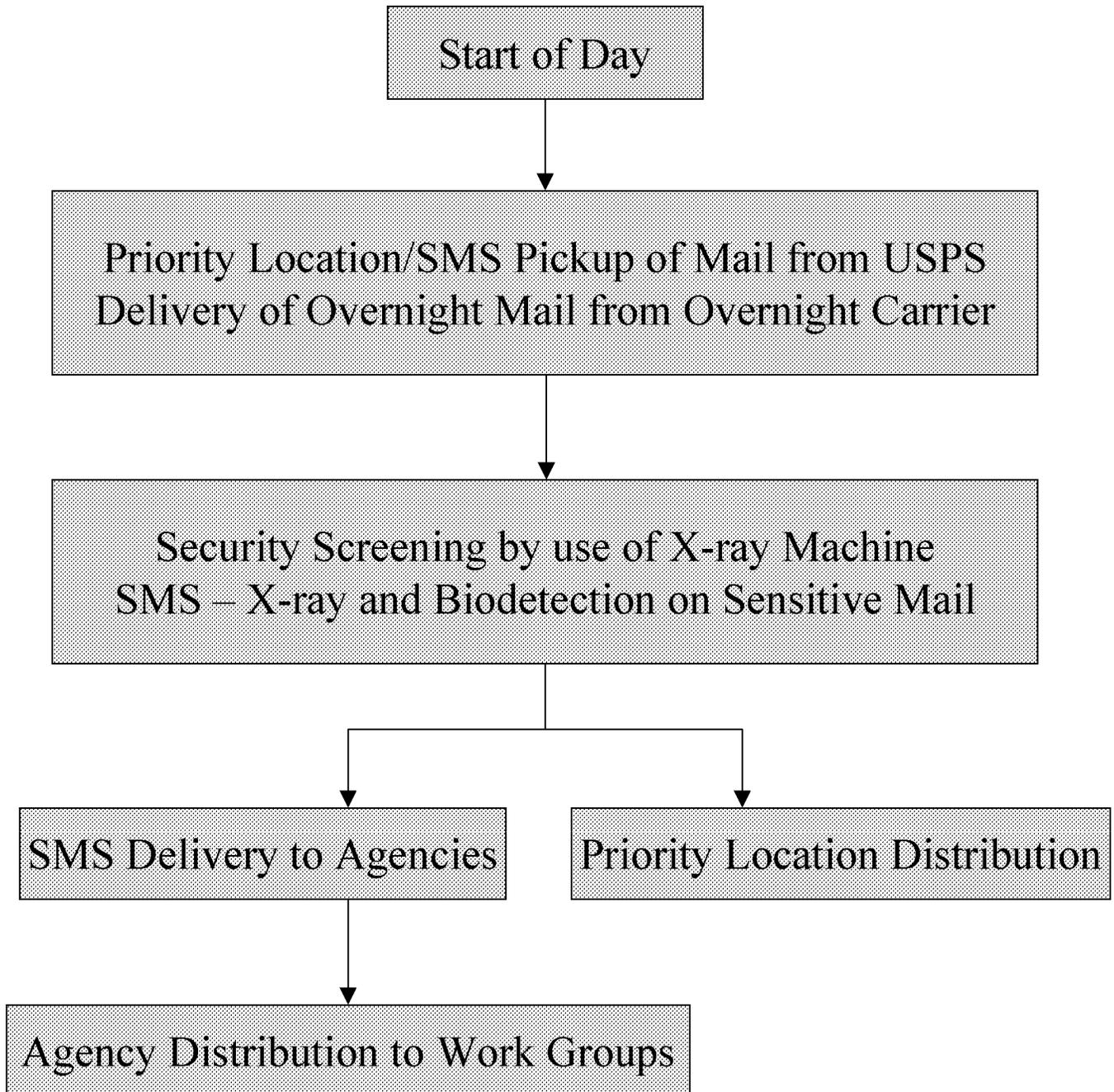


Outbound (Mechanized Mail)



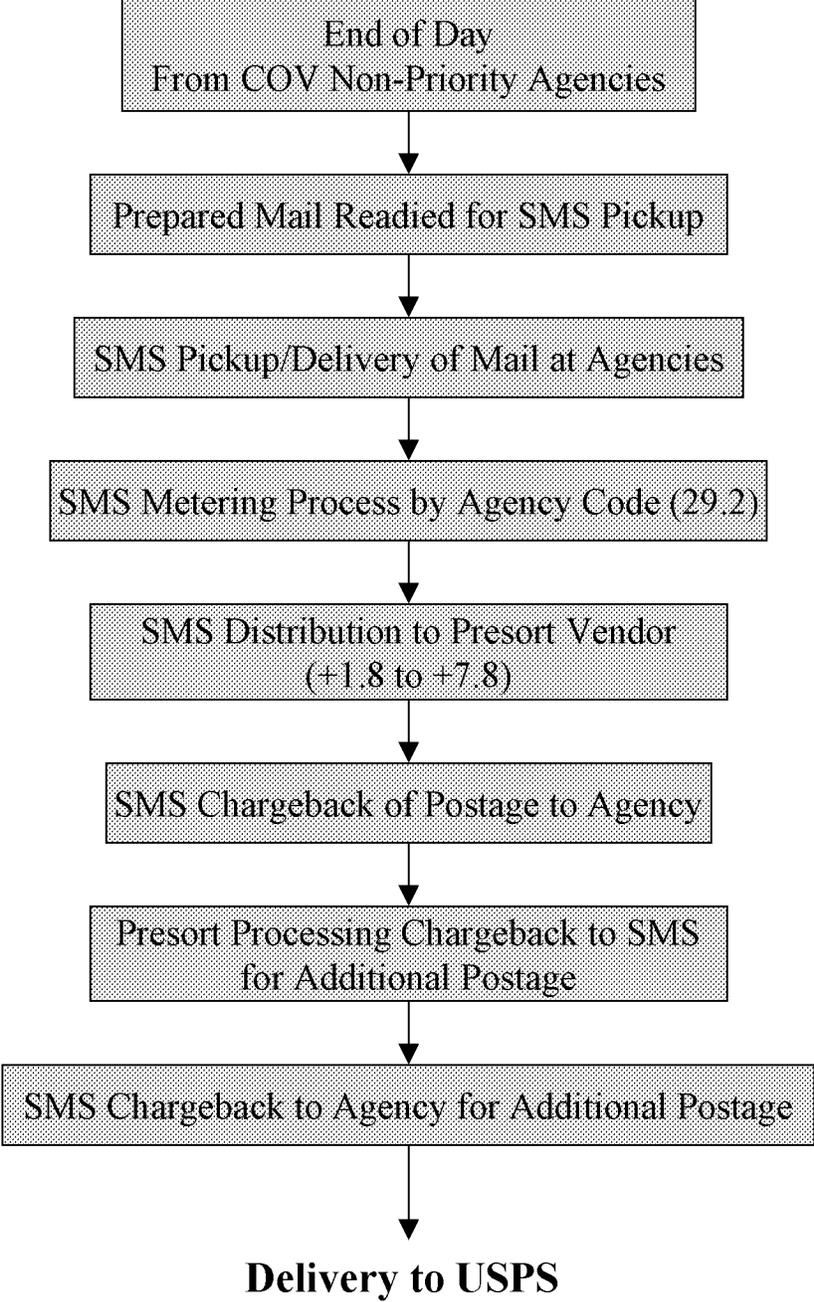
Process Flow #3

Priority Location/SMS Inbound Mail Process Flow



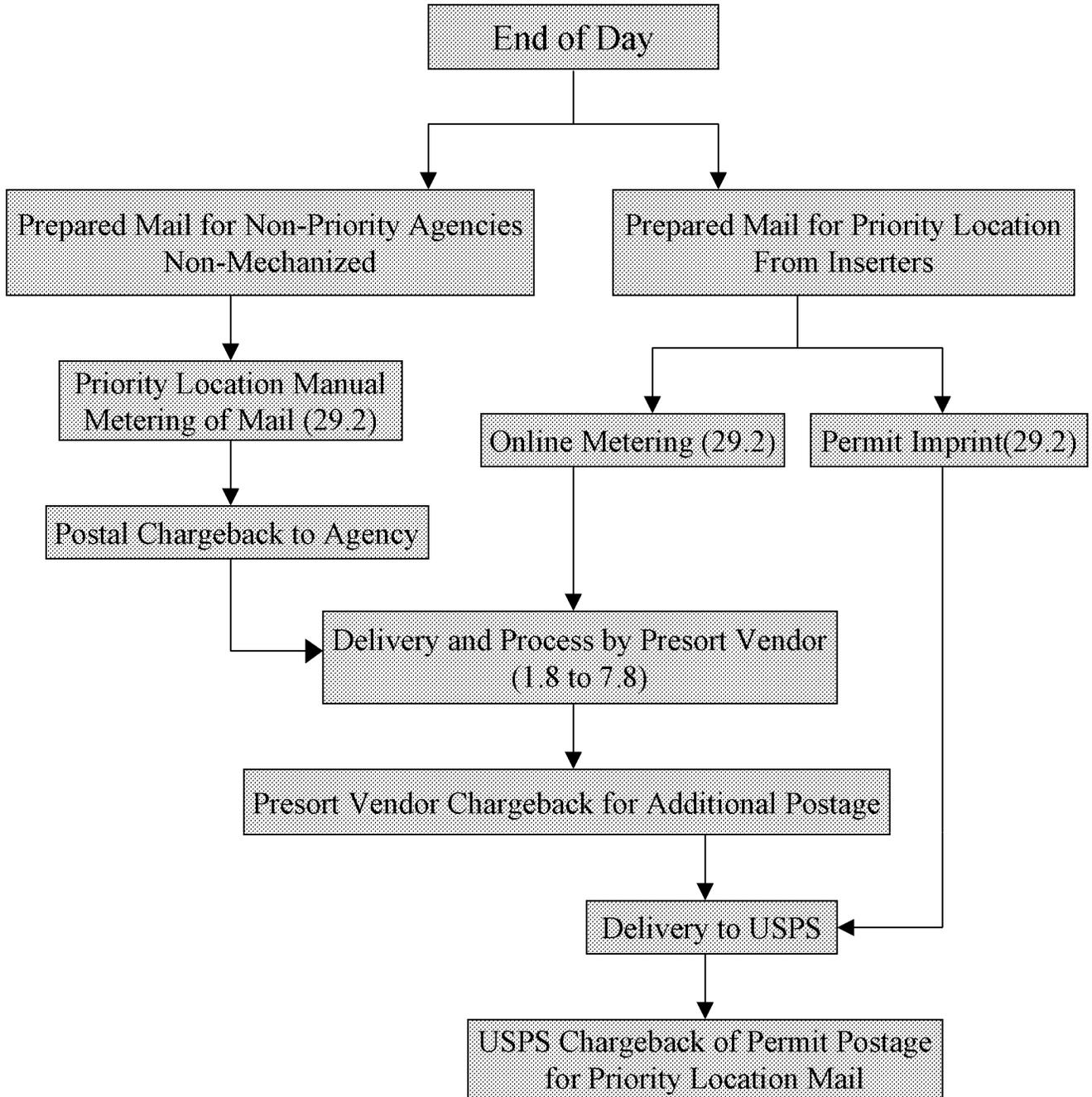
Process Flow #4

SMS Outbound Mail Process Flow



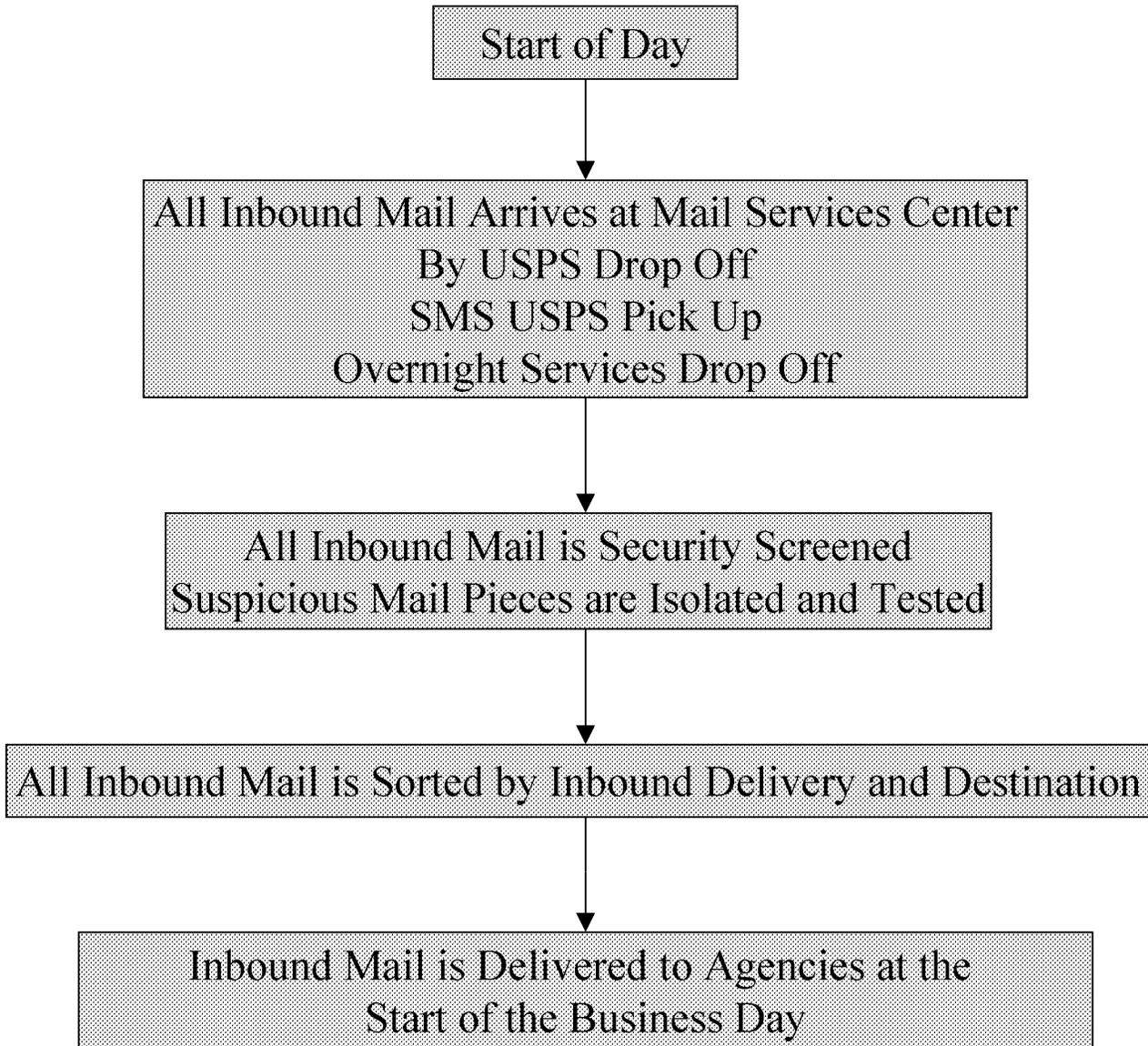
Process Flow #5

Priority Location Outbound Mail Process Flow



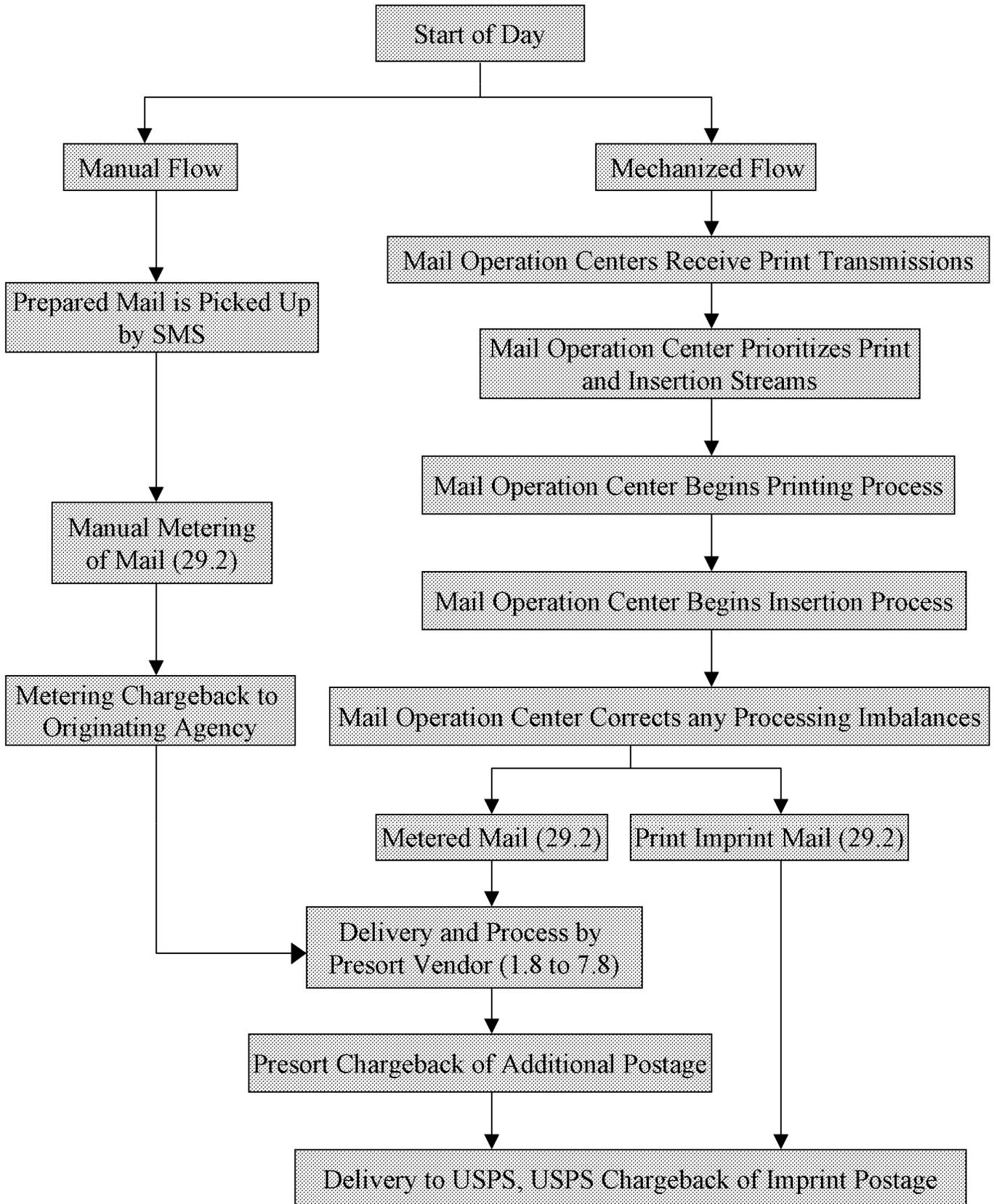
Process Flow #6

Long Term Strategic Plan Mail Services Inbound Mail Process Flow



Process Flow #7

Long Term Strategic Plan Mail Services Outbound Mail Process Flow





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ATTACHMENT 7.3.2

MEMORANDUM

To: COV Project Team
From: **FE** Project Team
Subject: Overview of Process for Long Term Mail Services Consolidation Strategies
Date: April 29, 2005

Federal Engineering (**FE**), in collaboration with the Commonwealth Of Virginia (COV) Project Team, will determine viable options for creating a consolidated mail operation for the existing 124 COV mail processing centers. Overall, we will outline critical success factors and provide long-term strategic recommendations, including selected operational options, to create a consolidate mail work place.

Strategic consolidation begins with an understanding of the COV mail processing environment and associated business and management practices. Most large volume mailers and fulfillment operations possess, at a minimum, the following operational characteristics:

- Secure handling and processing environment
- Adequate work environment with functional warehouse and loading facilities
- Automated processes for movement of inbound and outbound supplies
- High utilization of equipment
- High utilization of technology in designing and producing formatted documents
- High workforce management flexibility
- Continuous, 24X7, operational coverage
- In-house maintenance and repair services
- In-house maintenance and support of fleet vehicles
- Good business relations with equipment vendors, material vendors, and USPS (or Presort) vendors. Some very large fulfillment operations that handle both inbound and outbound mail usually support their own Pre-Sort operation.

Although the above attributes are generally common to large volume mailers, many of these characteristics can be instrumental in developing cost effectiveness and efficiency in any size operation.

The COV environment has three major components of the mail process:

1. Security of incoming mail
2. Handling of incoming mail
3. Outgoing mail processing.

These mail processing components reside in all COV agencies, albeit exercised in dissimilar manner across the agency landscape. Most notably, mail security is not standardized and only used by 4 of the 124 COV agencies.

In order to determine what security and inbound/outbound consolidation options would bring about process improvement efficiencies, we need to understand the tenants of each component process.

Security. Mail Security can be performed on multiple levels for both inbound and outbound mail. Mail security can be defined as basic, moderate, and high tech. The USPS performs some basic testing on inbound mail. This testing is performed on regular mail (stamped) by the use of a biological tester. Through a spectrum light process, the typical tester checks the envelope for anthrax traces to determine if anthrax particles are present. This test is used only on stamped mail and not on flats, parcels, or bulk metered mail. Although a generally accepted process, this test can detect only anthrax emitted from envelopes in the mail. In the COV, this mail is intermingled with other mail types (flats parcels, and metered mail) which are not tested by the USPS.

Additional levels of security can utilize x-ray machines to examine mail for metallic devices (wires or other metal products). Irradiation units can be used to “cleanse” mail but sometimes can be detrimental to sensitive mail (e.g., tissue samples and microfilm). Basic security can be simply defined as leaving the security up to the carrier, USPS, or overnight carrier.

Moderate levels of security can include x-ray testing and biological testing conducted at a mail point of entry. Extreme levels of security can include x-ray, biological, and irradiation testing, in addition to isolated handling of mail. This extreme method is not only time consuming but also cost prohibitive for most organizations. If this testing is not performed at the final destination point, the period of time and method of transporting the envelopes from the USPS to the incoming mail dock at the receiving location must be assessed for potential threats. This document addresses physical mail security but not building, personnel, or perimeter security which is also integral components of the overall security process.

Inbound Mail. Inbound mail procedures are varied and widespread. Some inbound mail is pre-sorted by the use of PO box. Additional sorting can be accomplished manually or by the use of envelope sorters that require human intervention to determine desired destination. More effective methods of sorting incoming mail is to utilize unique PO boxes (if volumes warrant) or bar coded return envelopes that can be locally, manually, or mechanically sorted. The more efficient sorting methods incorporate the use of a standardized envelope that is bar coded for its particular destination.

Local mail sorting can differentiate the incoming mail type. As a by-product of utilizing a standardized envelope, the level of security is increased by have a “sized” return envelope as opposed to an irregular, individually-provided envelope. The contents of the media being mailed are thereby more readily identified. The additional cost for providing the

envelope would be offset by the savings achieved through the inbound identification and processing procedure.

Outbound Mail. The COV Outbound mail handling procedures are conducted in many different methods. Some offices have individual procedures for creating the outbound envelope and transporting it to the USPS or Pre-Sort house. Some agencies utilize outside couriers to perform the transportation, while others have USPS dedicated pickups. Others rely on the State Mail Services to handle outbound mail. Mail security issues related to outbound mail are of less significance due to the fact that most suppliers of COV materials are “trusted” vendors or COV employees. However, local security procedures are required to prevent any external threats. These procedures include perimeter security and camera surveillance, among others.

In considering these three process components, a suggested COV long-term strategic goal should include many of the attributes articulated above. Ideally, incoming mail would be screened and “cleansed”. Distribution of the incoming mail should be optimized by use of bar coded return envelopes for state requested returns. Other incoming mail/parcels should utilize bar codes that could be identified by a particular courier (FedEx, UPS, etc.).

Non-bar coded material would require manual screening and handling. Outbound mail procedures should be standardized and centralized for printing and mailing. By standardizing the printed format size and utilizing standard mailing, the COV can leverage efficiencies and maximize cost savings. An operational preference might be to use mid-range printers and high-speed inserters that would efficiently handle the COV’s demands. Where mail-handling operations are unique, such as the DMV, customized equipment would be necessary to handle specific demands. However, this would not preclude the centralization of many other mail functions and processes.

As we move through the process of identifying specific agency requirements, analyzing operating procedures, and determining viable courses of action, more detailed consolidation recommendations and options will be provided.

As always, please feel free to contact us with any questions or comments regarding this correspondence.



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Federal Engineering – Mail Services Initiative

Requested Data and/or Clarifications

1) Can we be provided with information which indicates the COV assessment of security priorities and ranking of its agencies? What agencies are perceived as threatened or high risk locations within COV? Has any new security equipment or procedures been added at the agency sites since the assessment of mail services study was initially completed?

Representatives from the Federal Engineering and PBS&J team attended a meeting with Mr. George Foresman of the Department of Emergency Management. Mr. Foresman provided his thoughts related to Commonwealth risks and security concerns.

2) Generalized information on mail from all agencies

a) Estimated daily volume of standard 8 1/2" X 11" letter size outgoing mail

b) How are these documents generally produced? (PC, Mainframe Application or pre-printed forms).

c) What percentage of documents are single page versus multi page?

2(a) - There are two data sources you should have in hand that will help with this question. The first is the table on page 9 of the report. The table breaks daily outgoing daily mail into the following letters, flats, registered/certified/express, bulk/standard, fedex, ups, airborne/dhl, and pouch mail. The bulk of the letter mail is most likely one page - at TAX about 75% of our letter mail is one page - I am not sure how close this maps to industry standards, but you guys probably have a feel for that. The second source you should have is tab 5A of the original report under outgoing mail volumes. This is included in the excel spreadsheet included in the CD provided to you by DGS. If you need another copy of the CD, Daniel will provide one to you

2(b) - Documents are generally produced via all the methods you indicated. However, the bulk of mailings are most likely mainframe generated. There are PC mailings for certain, but the volumes would be significantly lower than mainframe generated. Preprinted forms are also used and in terms of volume most likely fall between volumes of mainframe print and PC print.

2(c) - Please refer to answer to question 2(a).

3) What agencies are not participating in the mail consolidation project? The DGS assessment report listed agencies such as Treasury, Capital Police, and Virginia Retirement System. Are there any others?

The only Executive Branch Agency provided an exception to the (new name) "COV Mail Services Initiative" is the Department of Taxation for incoming mail. This exception was provided to ensure the incoming flow of state revenue was not interrupted. Agencies of the Judicial and Legislative Branches of state government and Independent agencies are not included in the study. The state website

(http://www.virginia.gov/cmsportal/government_881/government_1046/index.html) provides a listing of state agencies by category.

General Comments – Treasury's "check mail" is not a part of the consolidation process. This is a statutory chain of custody issue. The Code of Virginia requires all checks processed by Treasury to be signed by the

State Treasurer by means of mechanical or electrical device selected by the Treasurer and that the device be safely kept so that no one will have access to it except the State Treasurer and his deputies authorized to sign warrants

Treasury has a unique application to process check payments which involves a seamless processing flow that downloads check-write files and sorts in zip code order and then prints, signs, barcodes and seals the combination check/envelope in one continuous operation. Checks are then immediately boxed, placed in APC's to courier to the main post office so that they are never out of the control of Treasury.

In addition, State policy for vendor payments states that all vendor checks will be processed 30 days after receipt of invoice. The Department of Accounts prepares the check-write files for payment on the due date and Treasury must process and mail checks on that date in order to be in compliance.

Treasury processes check mail for vendor payments, payroll checks, retirement checks, unemployment checks, child support and TANF checks and tax refund checks. Approximately 95% of all check mail qualifies for presort discount. In case of a disaster, Treasury maintains a check printing hot-site at MailGard facilities in Pennsylvania.

Having said this, Treasury processes annually about 12,000 pieces of non-check mail and this mail can be a candidate for the mail consolidation project.

4) *What if any restrictions are in place related to the consolidation effort for federally funded functions performed by agencies such as the Virginia Employment Commission and the Department of Social Services (Child Support Enforcement)?*

The VEC receives a very minimal amount of state funding. All of which is designated for specific tasks of which mail operations is not included. For practical purposes, we are totally federally funded. Our federal grants are provided for service delivery, and support operations such as mailing services, are gleaned from those funds. There is no line item or specific funding for operating mail services in our budget and no funding for the actual cost of postage. All of our postage costs are paid directly by the USDOL. Savings (like presort discounts) do not generate any additional funds for the VEC. Mailing services are charged directly to the program grant using the services. As workload volumes and/or funding decreases, the number of staff and level of services provided are decreased. This is done to prevent the reduction or elimination of mandated services.

The VEC's mailing equipment was purchased with federal funds and if it is to be shared with any other entity, that entity must pay to the federal grants any costs related to their use of the equipment. This extends to paying for a prorated share of the space, electric, etc. When VEC has previously tried to partner with other state agencies, this has been the main roadblock. They want the service free, and we cannot do that.

Another VEC restriction is the preclusion of using the USDOL postage to pay for the mailing of any item not directly related to our federal grants. This precludes consolidating mailings from other entities in with VEC's mail and it even precludes including informative inserts.

Two VEC items that are not restrictions, but need to be considered are the mail accounting system that must be maintained, and the dialup postage system. There is a detailed accounting system that records and monitors postage usage in our Filed and Central Office mailing operations. This is a proprietary system that is mandated by USDOL and will have to be continued with or without consolidation of operations. USDOL also requires that our postage meters in the Field Offices be loaded through a dialup system that integrates with the accounting system.

For the Department of Social Services there is a requirement that within 48 hours of receipt of child support payments that the Division of Finance must disburse those payments to the custodial parent. These payments from Non custodial parents and employers are picked up at 6am and delivered by 6:30am.

Accurate Courier Express is the courier which is currently responsible for completing this function. Additionally, any savings generated from consolidation would be limited to the amount of General Funds saved for use by the Commonwealth as a whole. Child Support Enforcement does not currently utilize General Funds in its budget, and the remaining divisions are funded with 45% General Funds. The Federal Funds can only be spent for the intended purposes of each grant, so any savings generated would have to be allocated by VDSS to the proper division.

5) Vehicles (approximate pg. 15 assessment study) - COV agencies indicated vehicles were being used to pick up and deliver mail in the Richmond, Virginia, area at a total annual operating cost of \$52,152. The annual cost appears to be low. Is the annual amount accurate? (FE team was not provided with supporting data exhibit 5, worksheet tab entitled "5I. Vehicles".)

Tab 5I is also included in the excel spreadsheet contained in the CD provided to you by DGS. Again, Daniel can provide you an additional copy if needed. I agree with your assessment that the total costs indicated are more than likely understated. I would guess well understated. You most likely got the operating costs from most agencies, but not vehicle costs or amortized vehicle costs. In some cases vehicles are rented from DGS's motor pool and those costs do not appear to be accurately reflected. In other cases, little or no information is provided in tab 5I by user agencies.

Information contained in these data sources likely do not provide complete answers, but should provide at least ball park indicators. Please review them and let me know if specific additional information is required or desired and we will try to track down answers from appropriate agencies.

6) *Is there any other bar coding or optical character reading equipment owned or utilized by COV outside of the Mailers Resource Group contract?*

As noted in #3 above, Treasury bar codes all check mail. Non-check mail is not bar coded. DMV Mail Services Operations uses a hand-held scanner to verify and validate packages and documents received from UPS, FedEx and other courier services. The barcode scanner has a 30-inch scan range. Information is then uploaded onto a PC where delivery reports can be extracted as well as a variety of management summaries. DMV has an OMR scanner on its Pitney Bowes 9 Series Inserter to read a 3 of 9 barcode that is pre-printed on the work for insertion purposes. The DMV Dynetics Driver License mailing system has a bar code reader capable of reading a PDF 417 2-dimensional barcode from the license and printing an address from it.

The VEC does not have any of this equipment in its mail service operation.

State Mail Services (SMS) does not have one. The only other agency that I believe may use them is VCU.

At the Department of Social Services (DSS) there is coding or optical character reading equipment utilized by program staff through Goodwill Industries.

At the Tax Department we do have some barcoding and scanning capability in our print and insert operation at 2220 West Broad Street. Will be happy to provide a tour of the facility and/or additional information if required or desired.

7) *How many "alerts" regarding hazards in the mail have been received since 9/11? Do the Capital Police maintain a log and is that information available?*

Requested information not available.

8) Can we receive a copy of the Standard Operating Procedure that is to be followed when a suspicious package or correspondence is received in COV?

See Attachment #1 which is the DMV SOP for suspicious letters and/or packages. Additional DMV procedures and plans are in place both in the X-ray scan area and in the DMV COOP Plans.

9) Employment Commission, Virginia (VEC) (approximate pg. 63 assessment study) - The Virginia Employment Commission inserts 306,000 pieces each month but only presorts 205,000 pieces. Is there a specific reason for the difference?

The amount of presort we accomplish is based on the number of staff we have funds support. As noted in our response to #4 above, staffing and the level of services in our mail operation are adjusted based on funding available. The cost benefit of presorting mail is experienced by the USDOL. While we experience no additional cost reduction nor the related increase in available funding from presorting, the VEC presorts as much mail as possible. Since cost reduction is not the controlling factor in our decision making, we do not staff for max presort and accordingly, we typically do not accomplish a 100% presort.

10) Treasury Department (approximate pg. 133 assessment study) - What is Treasury's role in printing, mailing and sorting checks? Do agencies pick up checks after they are printed to presort, barcode or mail?

Treasury's role in printing, mailing and sorting checks is noted in #3 above. All check mail is delivered directly to the main post office after processing. Agencies do not pick up checks after they are printed

11) What agencies participate on the Mailers Resource Group presort contract? MRG does not appear to be utilized by many agencies.

The agencies currently participating in the Mailer's Resource Group presort program are TAX, DMV, the Department of Health Professions and the Department of Social Services. Any agency in the Richmond Metropolitan Area can participate in the Mailers Resource Group presort contract. At present, the following agencies are currently having their non-check mail processed by MRG: Department of Motor Vehicles, Department of Taxation, Department of Alcoholic Beverage Control, Department of Social Services, and Department of Health Professions. MRG is also willing to work with any agency to standardize outgoing mail to qualify it for presort discounts.

12) What (courier/pouch) services are provided to Social Services by Beavex at an annual cost of \$385,000?

Daily Beavex pick up and delivery of pouches from Central Office, DSS Local Offices, Child Support Offices, Regional Offices, Licensing offices, and a few (4) satellite offices for other state agencies. These services can be done during the day or night. Most of these deliveries are to a lock box; but some are inside deliveries. This will need to continue at some level because of the need to transfer confidential case files between localities and to the State Office.

13) State Mail Services provides delivery service to 120 offices per day. They pick up very little outgoing U.S.P.S. first class mail from these locations. Are there specific reasons why these volumes are so low?

The primary reason is some agencies are metering or stamp their own mail.

14) Inbound Mail Procedures

- a. Is there any extra attention and inspection given to letters and packages for senior Agency officials?**

(SMS) Yes – Governor, Governor Cabinet, and Secretary of the Commonwealth.

15) Security Training

- a. Are employees trained on the Occupant Emergency Plans, and are the agencies regularly testing the employees?**
- b. Are Facility Mail Managers providing regular training through seminars, conference calls, and/or web base training?**
- c. Are the Facility Mail Managers aware of training available through other sources such as the US Postal Service?**
- d. Does each individual mail center rehearse various evacuation plans and/or scenarios?**

- a. (SMS) Yes
b. (SMS) Yes
c. (SMS) Yes
d. (SMS) Yes

16) Security Assessment

- a. Are there any alternatives for processing mail, in the event of the mail center or building is shut down due to an incident?**
- b. Are there annual inspections of the mail centers, focusing on potential vulnerabilities? Is there a written contingency plan for continuing mail operations In the event the mail center or building is closed due to a threat?**
- c. Is there a written contingency plan for continuing mail operations In the event the mail center or building is closed due to a threat?**

- a. (SMS) Yes – Reference COOP Plan
b. (SMS) Yes – By SMS Staff
c. (SMS) Yes - Reference COOP Plan

17) Occupant Emergency Plan (OEP)

Are there any procedure established for handling serious illness, and injuries?

(SMS) - Yes the worker compensation plan via safety program.

18) Continuity of Operations Planning (COOP)

- a. Has an alternate facility been planned for incoming and/or outgoing mail during a threat?**
- b. Has a plan been developed to work with the USPS and all other carriers as to what to do with the mail during an event for alternate operations?**

- a. (SMS) – Yes Reference COOP Plan
b. (SMS) - No, SMS picks up their mail and would not need to change anything with the post office if our location changed.

19) What are the current security mail screening policies and practices in place for those facilities listed in the assessment report as well as for those sites we visited? Can we obtain hardcopy to review?

(SMS) – Yes Reference SMS procedures Attachment #4

20) The assessment report makes reference to the use of x-ray technology for the most part. Are there any sites now using, possibly the Governor's Office, chemical/biological agent screening devices?

(SMS) - NO

21) What are the processes the COV follow daily in handling the mail? Including transport to and from the facility, storage, incoming/outgoing, etc?

(SMS) - Reference SMS procedures Attachment #4

22) What written practices do COV facilities follow if a suspicious item, agent or explosive is detected in the mail facility?

(SMS) - Reference SMS Procedures Attachment #4

23) What are mail service transport/vehicle security practices?

(SMS) - Reference SMS procedures

(SMS) - See Attachment #2 – Vehicle Responsibilities

(SMS) - See Attachment #3 - Vehicle Checklist

(SMS) - See Attachment #4 – Mail Processing Procedures

24) What are hiring and screening practices for full-time employees and contract employees? Are background checks performed on full-time employees and contract employees?

(SMS) - Yes via HR and Capital Police

25) What are management's security issues and concerns related to facility security and processing of mail?

1) (SMS) -How do we ensure security of UPS, Federal Express, and packages delivered by USPS and other services.

2) (SMS) - What do we do if the USPS has to shut down for a period of time?

26) What are number of security incidents by type that have occurred and were investigated at each facility we visited, for the last three years related to mail processing? Example: suspicious agent/chemical or explosive detected/found, etc.,

(SMS) - 6 as follows: Suspicious agent/chemical = 5, incendiary = 1.

27) Are physical security practices or standards developed for each facility that we can have access to for assessment purposes?

Yes, we are located in DCLS. They would have the practices or standards in place.

**28) In the DGS Mail Assessment document approximate page 31 under Attorney General and Department of Law (OAG) it is stated that the annual postage cost for outgoing U.S.P.S. mail averages \$42,000.00 annually. This total appears to be understated since this agency is mailing 3,000 letters and flats daily. I not sure if the postage charged back to ten grant positions is not being included. I am looking for clarification on this.
A total annual postage expense is needed for the mailing functions performed.**

On further review, (OAG) indicated the 3,000 number must have been a weekly number instead of a daily and that the annual postal budget from all fund sources was in the \$45K range. Inbound and outbound volumes stated as daily in the DGS Assessment Study are actually weekly totals.

29) In the DGS Mail Assessment document the State Board of Elections is listed as receiving 5,000 pieces of business reply mail a day. Judging from their funding document, they spent less then \$50,000 in postal costs last year. Please provide a clarification.

The State Board of Elections indicated that they had an annual mailing in late June that resulted in approximately a mailing of 175,000 outgoing pieces. From those they received about 105,000 responses in July and August – where the 5,000 per day came from. Otherwise, they indicated their incoming volumes were more like 260 to 400 per day.

Attachment #1 DMV-SOP

MAIL SERVICES PROCEDURES	ASA 129 Page 1	10/2004
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Maintaining Security at DMV Facilities (Revision Date: 5/31/2002)

DMV Policy for Dealing with Suspicious Letters, Packages or Other Potentially Dangerous Items Discovered at a DMV Facility

Since September 11, President Bush has asked all Americans to be more watchful than ever to guard against any future terrorist activities. To meet this need, DMV employees across the state need to be aware of our security policies. By using good judgment and the following security procedures, you can play an important role in maintaining security at your workplace. As a standard security measure, Mail Services staff x-rays small packages and letters that arrive in the mailroom at headquarters. However, regardless of where you work, you should take personal responsibility to double-check items that arrive in your workplace. If you find any of the following items in your workplace, use the following procedures:

Suspicious Letters or Packages

Description

Some characteristics of suspicious letters and packages include:

- Excessive postage;
- Handwritten or poorly typed addresses;
- Incorrect titles ;
- Title, but no name;
- Misspellings of common words;
- Oily stains, discolorations or odor;
- No return address;
- Excessive weight;
- Lopsided or uneven envelope;
- Protruding wires or aluminum foil;
- Excessive security material such as masking tape, string, etc.;
- Visual distractions;
- Ticking sound;
- Marked with restrictive endorsements, such as "Personal" or "Confidential";
- Shows a city or state in the postmark that does not match the return address;

Attachment #1 - DMV SOP (Continued)

MAIL SERVICES PROCEDURES	ASA 129 Page 1 10/2004
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Procedures

- If you discover a letter or package with any of these characteristics, don't touch it - leave it where it is.
- If you do touch the item, don't shake it, sniff it or handle it more than necessary. Wash your hands thoroughly afterwards.
- If something spills from the item, don't try to clean it up. Cover the item with anything (e.g., clothing, paper, plastic bag or trash can).
- Immediately contact your supervisor.
- If your supervisor believes the item may present a danger, the supervisor should:
 - Advise employees and customers to leave the workplace immediately, but not to leave the area. Contact the authorities. If possible, list all people who were in the room or area when the letter or package was received.
- If you believe the letter or package poses an immediate danger, don't wait to notify your supervisor - alert your co-workers and customers to leave the workplace, but not the area. Contact the authorities from a safe location.

Contacting the Authorities

Headquarters employees should call Security at 367-6716 or 367-0468; field employees should follow their normal emergency procedures and/or dial 911 first and then contact their ISO district [special agent in charge](#).

Attachment #2 – Vehicle Responsibilities

VEHICLE RESPONSIBILITIES

State Employees:

Source: Rules & Regulations governing the use, operation and maintenance of state-owned fleet vehicles. Revision 4/02 = Revised 4/02

1. Employee must have a valid Virginia drivers licenses and a good driving record. Supervisor will ride with new employees to observe their driving skills.
2. Employees are briefed on the Rules & Regulations governing the use, operation and maintenance of state-owned fleet vehicles. And are given a copy of “Rules & Regulations governing the use, operation and maintenance of state-owned fleet vehicles” manual to read and sign.
3. Employee must report all incidents to their supervisor immediately and adhere to the accident reporting procedures Page 5.I. of Rules & Regulations governing the use, operation and maintenance of state-owned fleet vehicles.
4. Traffic violation policy and procedures Page 14. Paragraph F. tickets and towing. Employees are responsible for all traffic violations. DGS State Mail Service will not pay for traffic violation.
5. Employee must be aware of and ensure compliance with preventive and scheduled maintenance requirements of vehicles.

Vehicle Guidelines for State Mail Services

1. All vehicles must be inspected using the vehicle checklist each day prior to being driven. Mileage, gas and vehicle condition are to be recorded on checklist also.
(atch:)
2. All keys to the vehicles will be taken up daily and secured in the cabinet of the mail center
3. Vehicles are to be locked and secured while carriers are out on their assigned routes.
4. Vehicles should always be observed to include being aware of surroundings while in transit, remembering to stay alert at all times
5. All mail should be covered and secured inside from those walking near or looking inside of vehicle. The confidentiality of the contents that you are carrying needs to be attained.
6. You must obey all state laws pertaining to driving. All tickets/fines obtained by operators is not the states responsibility, it is that of the operator.
7. Absolutely no alcohol or drug substances allowed on or around state premises.

Attachment #2 – Vehicle Responsibilities (Continued)

8. All vehicles must be clean every two weeks by mail staff (inside and outside) this can be done at the fleet location across from DMV.

State Mail Services Parking Policy/Procedure:

Each SMS employee will park in designed loading zone spots for no more than the posted time limit. There are several loading zone at each of our stop/distribution area locations (Broad, Main, Franklin, Canal, and Grace street). If there aren't any loading zone parking spots empty, than ride around the block a couple of time checking to see if a spot is freed up. If a spot is still not open, than try and deliver the mail again at the end of the run. State mail employee may also bring the undelivered mail back to SMS building and get another SMS employee to go with them and drop them off and wait for them to make their deliveries and return to SMS building. The mail can be delivered on the next schedule run with approval of supervisor.

(Vehicle Responsibilities)

Attachment #3 – Vehicle Checklist

**STATE MAIL SERVICE
VEHICLE CHECKLIST**

Week: _____
ID# _____

Vehicle _____

TASK	MON	TUE	WED	THRU	FRI
1. Mileage Check– start					
2. Oil Check Due:					
3. Gas Check					
4. Wiper Check					
5. Blades Check					
6. Lights Check					
7. Tires Check Due:					
8. Mileage Check – end					
9. Next Service Due:					
10. Driver Int.					

** Note any problems and report to supervisor

1. Enter mileage at start of workday
2. Check oil level and verify mileage to make sure an oil change is performed when due.
3. Check gas level and add gas if needed. Record amount added.
4. Check wiper to make sure they are working.
5. Check wiper blades to make sure they are still flexible.
6. Check lights to make sure they are working.
7. Check tires to make sure they have the appropriate amount of tread, wearing evenly, and are in good repair.
8. Enter mileage at the end of the workday
9. Determine if schedule maintenance is due base on mileage.
10. Driver needs to initial form indicating vehicle check was performed.

Attachment #4 – SMS Mail Processing Procedures

STATE MAIL SERVICE MAIL PROCESSING PROCEDURES

Purpose:

A. Mail Processing Procedure

1. Mail is picked up and delivered according to the route list. (See Mail route procedure)
 - a. Ensure vehicle checks are performed prior to making runs daily. (See Vehicle Responsibilities procedures)
 - b. Mail needs to always be secured when moving around agencies from floor to floor. Do not leave carts or hand trucks unattended. Make sure you have visual contact with these items at all times.
 - c. Be on the lookout for suspicious mail at all times. Follow suspicious mail procedure when suspicious mail has been identified. See “C.6” below

2. All mail is brought to Department of Consolidated Laboratory Services (DCLS) loading dock and X-rayed following X-ray procedure list in “B” below.
 - a. Mail is to be taken from the vehicles with care and placed on the hand trucks and then brought to the x-ray room and x-rayed and taken to basement mail room afterwards.
 - b. The mail is to be secured at all times.
 - c. When taking mail out of the tubs, be careful of sharp objects that may be in the mail like pencils, paper clips, or even stick pins. You can never be too careful. This is for your own safety. Gloves are provided for your safety but it is up to you to use them

3. Mail is then take to mail room and separated into two categories lock box (USPS) and inter-agency for processing.
 - a. Inter-agency mail is processed as follow:
 - 1) Mail picked up from the Governors mailroom is separated, documented, and sent through the filtering process. See “ C “ below
 - 2) Mail identified to be meter/stamp and forward to US Postal system is put in the US postal system basket along with certified mail request and sent to meter/postal machine. See metering or Equipment operating procedure.
 - 3) All other mail is sorted into the distribution filing boxes.
 - 4) Certified Mail to be deliver to customer. Customer will sign certified return receipt for mail.
 - b. Lock box mail is processed as follow:
 - 1) Lock boxes 267 and 406 = Fiscal and 644 = DGS HR will be separated/sorted using the distribution filing boxes.

Attachment #4 – SMS Mail Processing Procedures (Continued)

- 2) All other lock boxes will have the magazines and postcard separated and sorted into the distribution filing boxes.
- 3) The remaining mail will be processed through the filtering system. See Mail Filtering process in “C” below.
- 4) Pull mail from distribution filing box according to mail routes.
- 5) Take mail to loading dock and load in vehicle.
- 6) Deliver and pick-up mail in route sequences.

B. X-Ray Procedure

1. All items are x-rayed
2. Take time to review control panel from left to right (you have an on and off switch, the conveyor control button, forward and reverse). The zoom keypad which controls the image can be enlarged or isolated to viewing areas. The mode switch can lighten or darken the image.
3. The mail is x-rayed using the following operation process as listed below.
4. Turn Key switch to on position (a green light will appear). The machine will begin a system check before it is in operating position.
5. Press Footpad to begin operation. (Note: taking foot off foot pad will stop machine “this is a built in safety device.
6. Place mail tubs onto conveyor belt, facing long way, to clear sides to inspector chamber. Always place boxes separate from letter mail when x-raying. Never over pack the belts (one item at a time)
7. Oversize boxes from post office and express co. that can not fit on the x-ray machine will be open and search manually. If an item jams inspection chamber turn power off before any attempts are made to clear the conveyor belt.
8. The two monitors on the machine will show image of contents in the tub. Look very carefully at the content looking for suspicious or dangerous items. Adjust Zoom on the x-ray machine for better observation of the contents in the package if necessary. If something suspicious (chart/checklist) is found, alert supervisor at once. Then take proper precautions outlined in the “C.6” below. If you need to back up items in inspection chamber use resume button to look at item

Note: Always check belts, flipper, and monitors on machine and inform supervisor of any damage to machine.

C. MAIL FILTERING PROCESS

1. Place mail in the Filtering Room.
2. Each hood is turned on (pay attention to the gauge of each hood this determines the correct operating status – Reading can not be below 23). Make sure the phone and all gauges are working properly before you begin opening the mail

Attachment #4 – SMS Mail Processing Procedures (Continued)

3. Put on protective equipment before the filtering process began.
 - c. Gloves, mask, lab coat, glasses

4. Separate and examine exterior of the mail piece by piece using the following criteria: Look for
 - a. No return address
 - b. Restrictive markings like the words PERSONAL, EYES ONLY, or SPECIAL DELIVERY
 - c. Excessive postage
 - d. Mailed from foreign country & not expected
 - e. Misspelled words on address
 - f. Addressed to title only or incorrect title
 - g. Badly typed or written
 - h. Protruding wires
 - i. Lopsided or uneven
 - j. Rigid or bulky
 - k. Strange odor or chemical smell
 - l. Oily stains or discoloration on outer packaging
 - m. Wrong title with name
 - n. Crystallization on wrapper
 - o. Excessive tape or string
 - p. Powders, of any color
 - q. Soil
 - r. Fecal material
 - s. Insects or ants
 - t. Liquids of any kind, any color
 - u. Sand
 - v. Oily or soapy residues
 - w. Sticky or adhesive substances
 - x. Metal pins, razors, or dangerous items
 - y. Flakes
 - z. Plant products
 - aa. Blood or body fluids
 - bb. Hair
 - cc. Glass, Crystals, or Fibers
 - dd. Non-English Writing
 - ee. Stiffer than you would normally expect a letter to be
 - ff. Post mark does not match the return address
 - gg. Excessive weight....

If a piece of mail is ID as suspicious go to step 6 below.

Attachment #4 – SMS Mail Processing Procedures

5. Open the mail under the hood. Note: No one will be aloud to be in the mail filtering room, except State Mail employees trained and equipped to screen to process mail, during filtering process.
 - a. Set the hood to the proper operating setting.
 - b. Mail should be open from the bottom using the letter opening machine or by hand if necessary. Follow the same procedure listed in 3 above. Remove the contents of the letter/package and examine it then replace the contents and seal the letter/package. If suspicious mail is identified go to step 6 below.
 - c. Place the mail in the processed mail tray/container to be sorted and delivered.
 - d. Turn off machines and clean up room after processing mail.
 - e. Sort mail into the distribution file boxes.
 - f. Go to step "A.4" above.

6. If a piece(s) of mail is determine to be suspicious and potentially dangerous
 - a. DO NOT handle, shake or empty it. Do not carry to other areas or show it to other people. If anything spills out, DO NOT try to clean it up.
 - b. Cover any spilled contents immediately. You can use clothing, paper, or a trashcan. Do not remove the covering materials from the spill.
 - c. Notify your supervisor immediately. If you are in a building at the Capitol Complex call the Capitol Police at 786-2120 or 788-4357. If your building is located elsewhere, contact your local authorities immediately. Also contact DCLS Emergency Response Team (pager # 418-9923) The appropriate public safety officer will respond and make a threat assessment.
 - d. Document incident using "Suspicious Mail Report form" (atch "A")
 - e. Isolate all suspicious packages and cordon off the immediate area. All personnel should leave the room. If possible, turn off airflows, such as fans or air conditioning in the room.
 - f. Ensure that all persons who have touched the mail wash their hands with soap and water. Make a list of anyone who has handled the mail. Include contact information and provide this to the responding public safety officer.
 - g. As soon as practical employees who may have come in contact with any contamination should shower and place clothing in plastic bags. The clothing should be made available to the pubic safety officer responding to the report.
 - h. Follow-up to get resolution and determine if we need to take additional action. If results are negative: Close our Suspicious Mail report and resume processing mail. Send a copy of report to Director of Procurement Services and file the original in your mail incident report. If results are positive go to step 7 below.

7. Positive Results From a suspicious incident.
 - a. Closed mail processing center if require and follow COOP procedures 7.7 OFT Critical Mail Services Team.
 - b. Provide medical treatment for infected/injured personnel, if any

Attachment #4 – SMS Mail Processing Procedures (Continued)

Attachment "A"

SUSPICIOUS MAIL REPORT
STATE MAIL SERVICES

Date of Incident: _____ Name: _____

Suspicious Item Description: _____

Item receive from: _____

Time received: _____

Suspicious Item detected at what time: _____ and Date: _____

Notified Capitol Police at what time: _____ and Date: _____

Officers Name:

Capitol Police arrived at what time: _____ and Date: _____

Officers Names:

Description of events leading to and the resolution of incident: _____

State Mail Service Supervisor - Signature



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To: Mr. J.R. Simpson,
Ms. Kim Farrar,
From: Federal Engineering Project Team
Subject: State Of Tennessee Mail Services Conference Call
Date: June 15, 2005
Project: COV Mail Services Initiative

On Thursday, June 2, 2005, the FE team held a conference call with Mr. Mike Perry and Mr. Phil Page from the State of Tennessee Consolidated Mail Services. Mike is the Director of Postal Operations and Phil is a supervisor. The effort to consolidate the mail operation in Tennessee began in late 1991. Mike Perry came on board in early 1992. A study of state mail services was conducted by Federal Engineering that resulted in suggestions and recommendations for options to be implemented to bring about consolidation. The organization was placed in the Finance and Administration Cabinet under General Services.

There was already an existing mail room that provided morning delivery of USPS mail and messenger mail to state agencies. The agency provided afternoon pick-up and metering of mail as well. The larger agencies involved in the consolidation included Safety, Labor, Revenue, and Human Resources. A transition team was established in place from 1992 until well after the consolidation occurred. These agencies had previously metered, folded and inserted their own mail. Upon completion of this effort 17 employees were reallocated to the postal services organization. These employees handle all aspects of mail processing for all of state government. The consolidation was completed in April of 1994 in a downtown office tower utilizing 46,000 square feet.

The State of Tennessee handles 10 million pieces of incoming mail, 3 million pieces of messenger mail and 40 million pieces of outgoing mail annually. They perform this service with 8 inserters, 1 single line optical character reader (OCR), and 1 multi-line OCR. As a result of implementing bar coded and presorted mail processes the state was able to mail 86% of their outgoing letter mail at a discounted First-Class postage rate. This has enabled them to save about 2.6 million dollars a year in postage costs.

There is a legislative mandate that all agencies use their service. There is one off-site mail IT print location in Tennessee. It is located two blocks from the consolidated mail center. Although these units are not consolidated, they work together on a daily basis. About 90% of all material to be mailed is printed at this location.

The hours of operation of the mail center are 5:30 a.m. to 5:00 p.m. The building has swipe card entry with security cameras located within the facility. The facility has x-ray technology that is only utilized on suspicious packages. Security procedures are established and observed within the facility. UPS and other carriers deliver their packages as addressed without any prior screening before delivery.



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Attachment 7.3.3

MEMORANDUM

To: COV Project Team
From: FE Project Team
Subject: COV Site Visit Observations
Date: April 29, 2005
Project: Mail Services Consolidation Initiative

The **FE** Project Team visited five individual COV mail offices to observe operations. The team determined that there is an advantage to visiting sites with higher postal volumes and sites which perform unique mail operations for the COV. Accordingly, we selected the Tax Department, Department of Motor Vehicles (DMV), Virginia Institute for the Blind (VIB), Treasury Department, and State Mail and State Mail Services. This document contains the observations from each of those visits.

Tax Department. The initial site visit was to the Taxation office on 3600 West Broad St. The office processes incoming tax payments and other inbound tax correspondence. Taxation has an additional site that processes outbound mail at 2220 West Broad St. Operations are usually conducted over one-shift, however, during the tax preparation and submission time of year, the tax department utilizes a shift and a half operation.

We found the building site to be fairly secure. Inbound mail is delivered in tubs and trays to the site where it is manually separated and sorted. Mailings are random and can contain customer correspondence in addition to tax payments, and all contain customer/supplier envelopes. All envelopes are slit open and tax payments are extracted and imaged using dedicated imaging equipment. The documents are then taken into the Tax processing area for application of payment and internal account handling.

Department of Motor Vehicles (DMV). The **FE** Project Team visited the DMV at 3200 West Broad St. The DMV is a fully contained operation in that both inbound and outbound mail is processed at the site. We found DMV security entry procedures to be fairly secure. Entry is conducted by sign-in process and through secure entrance ways.

The DMV receives their mail from multiple sources including couriers and the USPS. All incoming mail is handled in a separate area, subjected to an x-ray detection process, then slit and sorted. Mail is received in varying forms, customer processed, and addressed without the use of a standard return mailer. After sorting, inbound mail is then forwarded to the DMV itself for further processing.

The DMV houses the outbound mail operation and utilizes its own print operation, including many specialized inserters to handle the plastic Driver's license card and other specialized correspondence. The DMV utilizes a presort vendor for all outbound mail and provides some assistance for other COV operations by also providing their mail to the presort vendor.

Virginia Institute for the Blind (VIB). Due to the postal costs incurred by VIB, the **FE** team felt it necessary to observe the operations at this agency. VIB is located at 1535 High St. The operation is an outbound mail organization that performs myriad one-time and unique mailings for the COV. The labor force primarily consists of visually impaired individuals who perform a number of manual tasks such as manual enclosing of mailing, name and address label placement on envelopes, and packaging of parcels.

Many of the tasks are segmented, and equipment is stand-alone for insertion, spray jetting, metering etc. Currently, all mailings are sent out without the use of a presort vendor. This results in full USPS charges for letter mail. The operation is unique for its employment structure, and efficiencies can only be gained at the loss of individual positions, which is not desired.

State Mail Services. The **FE** Team visited the State Mail Services operation. The DGS study listed The State Mail Services operation as ancillary to practically all of the agencies. The State Mail Services operation is located at 600 North 5th Street. State Mail Services handles all of the COV's interagency mail in addition to providing some assistance to incoming mail for smaller agencies.

Inbound mail operations of the State Mail Services agency are embodied in two major functions 1) open mail designated for the Governor and key state officials utilizing an x-ray scanner and biohazard unit, and 2) pick up and deliver inbound interagency mail for sorting and redistribution to each of the 124 COV agencies. The security procedures for the Governor's mail operation are the most secure of all COV's agencies observed. The task involves the manual labor of 4 individuals spending 3 to 4 hours per day opening the mail in a secure work area. Extensive use of rubber gloves and safety glasses in an air controlled/protected environment reduces the level of potential containments that can enter the agency. This level of security is high but nonetheless very time consuming.

State Mail Services operates six COV-owned vehicles to continuously pick up and deliver interagency mail from the 124 offices. In downtown locations, State Mail Services transports mail twice-a-day (more remote locations have a once-a-day transportation schedule). State Mail Services performs an outbound mail metering service for some of the smaller agencies. The agency picks up outbound USPS mail and meter the mail for USPS distribution. Individual agencies are charged back postage for this service. Currently, the volume and type of mail for this service do not warrant presort vendor discounts.

Department of Treasury. A member of the **FE** Team visited the Treasury operation located at 101 North 14th street. A tour of the check printing operations was provided. The unit produces and mails approximately 10 million checks annually. Ninety five percent of these checks are mailed at automated discount First-Class postage letter rates. Treasury provides all necessary mail preparation and mailing documents for the USPS. A private courier is utilized to deliver the presorted checks to the Richmond Post Office. The building site was found to be fairly secure. A security guard is on site in the lobby of the building and the check printing operation can only be accessed through a secure door with buzzer access.

In addition to the visits outlined above, the **FE** Team would like to visit the Outbound Tax operation at 2220 West Broad St. and the Presort house used by the COV, Mailers Resouces Group in the very near term.



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MEMORANDUM

To: COV Project Team
From: FE Project Team
Subject: COV Additional Site Visit Observations
Date: May 5, 2005
Project: Mail Services Consolidation Initiative

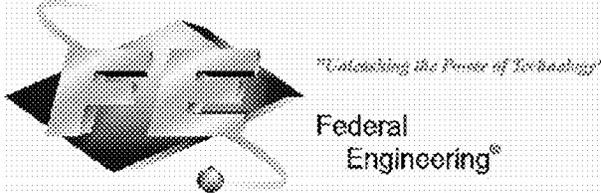
The **FE** Project Team recently visited two additional sites related to COV mail processing in order to observe operations. These site visits were in addition to the site visits performed previously as reported in our April 29, 2005 memorandum. This document contains the observations from each of these two additional visits.

Mailer's Resource Group (MRG). On May 3, 2005, the FE Project Team visited Mailer's Resource Group at 3116 West Leigh Street in Richmond, Virginia. We were provided with a tour of the presort operation. MRG picks up mail from various agencies and presorts the mail. The sortation is done via a Multi Line Optical Character Reader (MLOCR). The four agencies that are currently using MRG services include Division of Motor Vehicles (DMV), Social Services, Health Professionals and Taxation. MRG handled 17 million pieces of First-class mail for these agencies last year. Over 96% of this volume was mailed at a discounted postage rate. It appears that MRG works well with these customers. Each agency was very complimentary of the service they received from MRG. MRG indicated that they have additional processing capacity available and would welcome additional volumes. In our discussions with MRG, we found that the agencies providing mail were metering and post-dating the mail for next day. This provided MRG additional time to process the mail in order to achieve increased postal savings from the USPS for both the COV and MRG.

Tax Department. On May 4, 2005, the FE Project Team visited Taxation at 2220 Broad Street in Richmond, Virginia. A tour of the outgoing print and insertion area was provided. Taxation is using two large laser printers to generate various tax bills, statements and vouchers. Many of these documents were folded and inserted on an adjoining inserter. All mail is being metered via a postage meter attached at the end of the inserter. All outgoing mail is sent out in a #10 window envelope. Documents expecting returns include a #9 window envelope and a mailing address voucher. There was a smaller laser printer on site for back-up should it be needed.

Three older line printers were located in an adjoining room. They are used to produce pin-fed forms and in-house reports. This process necessitated an older type inserter. The inserter was in another room and only used for pin-fed documents. This process mandates that Taxation keep adequate supplies of needed forms available until the process can be upgraded. The upgrade is expected to be implemented in August of 2005. The upgrade to laser print technology will allow Taxation to eliminate the line printers, older inserter and all associated forms. Taxation will be able to bring back in-house printing and inserting of daily and project mailings currently being performed by DMV. Taxation employees felt that there could be some opportunity for them to do some outside print and insert work for other smaller agencies. Volumes could best be determined after the August transition.

The facility utilized swipe card entry technology. There was a security officer at the lobby desk. Visitors were signed in and escorted from the lobby by appropriate COV employees. Each office and print room had swipe card entry doors.



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MEMORANDUM

To: COV Project Team
From: FE Project Team
Subject: COV Site Visit Observations
Date: May 20, 2005
Project: COV Mail Services Initiative

Virginia Information Technologies Agency (VITA)

On May 19, 2005 a member of the FE Project Team visited VITA to discuss their role related to mail services and any anticipated future plans. VITA performs the printing function for many COV agencies and directly supports 8 agency operations. Vita was formed in 2003 by combining various COV information technology agencies into one organization. Vita supports the COV in areas related to all of its information technologies and mainframe needs. VITA maintains approximately 12 mainframe printers that are located throughout the various agencies. Functions that are supported include hardware, maintenance, and machine operation. A majority of the printers are Xerox equipment which supports cut-sheet applications used by the agencies. There are also IBM and OCE printers that are utilized for internal printing. All of these printers are IP connected to the mainframes. Postal application software utilized for address cleansing and postal sortation is also resident on the mainframe. VITA's agency process consists of mostly specialized print applications using special forms for the various agencies. These special forms require unique processing and warehousing to ensure an ample supply is always on hand.

VITA is in the process of reviewing an initiative to consolidate existing printing into two of the major agencies. This effort would entail the consolidation of print into two existing COV mainframe supported agencies. Printed output media would then be distributed to the appropriate supported agencies. VITA has expressed an interest in any effort that would help achieve consolidation of print into at least two locations. VITA also is interested in any initiative that would help eliminate any special forms and standardize the printing process. VITA encourages the use of technology and processes that would help reduce the need for the generation of physical printed media.

Department of Social Services (DSS)

On May 19, 2005 a member of the FE Project Team visited the DSS located at 7 N. Eight Street in Richmond, Virginia. At the facility a security officer was located at the lobby desk. Visitors are signed in and escorted from the lobby by appropriate COV employees. A site tour was provided of both the mailroom area where agency mail was received and processed as well as the area where child support checks were received and processed.

The mailroom appears to be well organized. The mailroom is in an open environment and does not have locked doors to prevent anyone from entering it. It contained numerous boxes on the walls around the room that are utilized for the pouch mail associated with each of the approximately 154 DSS field offices located throughout the state. All USPS mail with some courier express packages mixed in are picked up in the morning daily at the post office by a courier and delivered to the DSS facility.

Agency mail is broken down and sorted in preparation for its distribution. Manual logs are utilized for tracking accountable mail, courier pouches and carrier packages and parcels. Pouch mail is delivered daily to each field offices by a courier utilizing several different routes. When mail is delivered to the field offices the courier also picks up any outgoing field office mail which is brought back to the DSS mailroom for processing and redirection. In order to cut down on the amount of physical paper being sent between the various field offices DSS is looking into converting certain reports into electronic format.

All child support payments and receipts received from the morning mail pickups are opened and processed in another work area. All payments and receipts are processed on the same day they are received. Monday is normally the busiest day of the week. Daily incoming volumes of mail can vary from as few as 6 mail trays up to 30 mail trays. The employees work schedules are established in order to maximize available resources during the expected busy periods.

Letters are mechanically opened on an old letter opening machine. Plans are to upgrade this equipment to newer Opex equipment. Even though a unique post office box has been established for checks; frequently correspondence directed to child support enforcement is received at this box because the sender had used this address. Incoming mail being sent to the Department of Child Support Enforcement is considered as higher risk mail due to the fact that some of the senders are irate and not happy with the fact that they are being forced to provide child support payments.

Upfront security screening is not performed on any of the incoming mail that is received in DSS.



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ATTACHMENT 7.3.4

MINUTES

Date: April 29, 2005
To: Mr. J.R. Simpson,
Ms. Kim Farrar,
From: Bob Connelly – COV/FE Mail Services Initiative Project Team
Subject: COV/FE Weekly Project Manager Meeting 4/26/2005

Attendees: J.R. Simpson - COV Project Manager
Mr. Robert Young - COV Treasury
Mr. Curtis Chisholm - COV DMV
Mr. Skip Funk – FE
Mr. Phil Claire – FE
Mr. Robert Connelly - FE

Topics Discussed

- Mr. Claire provided a read out on the weekly status report for week ending 04/22 which had been previously documented and distributed.
- A brief review of the site visits performed by the FE Team was provided. Mr. Claire indicated that by end of week documented site visit observations would be distributed to the COV team.
- Information related to scheduled project activities for the remainder of the current week was provided.
- Mr. Simpson provided an update on the status of getting responses to the questions and data request he received from the FE Team. The agencies contacted were responsive and providing the requested information in a timely manner. Responses to most of the security related questions were being coordinated by Ms. Kim Farrar.

- A discussion related to the upcoming roundtable meeting scheduled for Friday the 29th was held. Mr. Simpson asked that FE be in a position to provide high level information as to who the FE Team is, a status of where we are in the project and where we expect to be going. Mr. Claire indicated that he was prepared to discuss the overall project plan and timeline.
- An open discussion and general Q&A session was held.

Action Items

- Mr. Simpson would attempt to arrange for a COV/FE meeting with Mr. George Foresman, Department of Emergency Management, in order to review the project with him and obtain information related to any of his issues and concerns. (Note: A subsequent meeting was scheduled and held on 4/28/2005)
- Mr. Clair requested that a site visit of Treasury Operations be arranged for the FE Team. Mr. Young will make the necessary arrangements. (Note: A subsequent site visit was scheduled and held on 4/27/2005)
- The FE Team will be contacting Mr. Art Leonard from the Mailer's Resource Group to arrange for a meeting sometime next week. The Mailer's Resource Group is the presort bureau that provides services to several of the COV agencies.

Next Meeting

The next COV/FE Project Manager meeting is scheduled for 3 p.m. Tuesday May 3rd.

Location yet to be determined.

Please advise if there are corrections or changes required. Thanks.



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MINUTES

Date: May 5, 2005

To: Mr. J.R. Simpson,
Ms. Kim Farrar,

From: Bob Connelly – COV/FE Mail Services Initiative Project Team

Subject: COV/FE Weekly Project Manager Meeting 5/03/2005

Attendees: J.R. Simpson - COV Project Manager
Mr. Robert Young - COV Treasury
Mr. Curtis Chisholm - COV DMV
Mr. Skip Funk – FE
Mr. Phil Claire – FE
Mr. Robert Connelly – FE
Mr. Jeff Thurmond - FE

Topics Discussed

- All attendees had received and reviewed the FE status report dated 4/29/05. Everyone was OK with the status and there were no questions or comments related to it.
- Mr. Claire presented information related to proposed high-level short and long term options and recommendations that were in early stages of development by the FE team. He indicated that development and refinement of the options over time would include more detailed security and financial data. Options presented for discussion included:

Incoming Mail

- a) Individual Office Security
- b) Priority Location
- c) Centralized in Existing Major Offices for all COV Inbound Mail
- d) Centralized in New Secure Inbound Mail Handling Facility
- e) Centralized in New Secure Inbound Mail Handling in Multiple Facilities

Outgoing Mail

- a) Consolidation into Existing Agencies
 - b) Consolidation into a Larger Agency
 - c) Centralize Outbound into a Mega Center (Print and Insertion)
 - d) Centralize Outbound into Multiple Mega Centers (Print and Insertion)
-
- Mr. Claire indicated that final recommendations would include the need to establish centralized management control of all mail related issues within one organization. The existing process consists of 124 individual COV agencies managing varying levels of location specific mail services functions. Mr. Simpson agreed that an enterprise solution was needed to address current situation.
 - Information on mail processing security equipment available and assessments related to low, medium, and high levels of security was provided to the team for review.
 - An open discussion and general Q&A session was held.

Action Items

- Mr. Clair will provide the team with the dial-in bridge number to be used for next weeks project manager meeting.
- Mr. Simpson had made arrangements for the site visit by the FE team to the Tax outbound mailing facility at 2220 West Broad Street to be on Wednesday 5/4/05 at 8:30 a.m. The FE team will meet with the tax representative at that time.
- The FE Team will continue with the development of the short and long term proposed options and will provide updated information at the next COV/FE project manager meeting.

Next Meeting

The next COV/FE Project Manager meeting is scheduled for 3 p.m. Tuesday May 10, 2005. The dial-in bridge number is 888-384-9090. The pass code is 406896.

Please advise if there are corrections or changes required. Thanks.



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MINUTES

To: Mr. J.R. Simpson,
Ms. Kim Farrar,
From: Bob Connelly – Federal Engineering
Subject: Weekly Project Manager Meeting May 10, 2005
Date: May 11, 2005
Project: COV Mail Services Initiative

Attendees: J.R. Simpson - COV Project Manager
Mr. Robert Young - COV Treasury
Mr. Curtis Chisholm - COV DMV
Mr. Skip Funk – FE
Mr. Phil Claire – FE
Mr. Robert Connelly – FE
Mr. Jeff Thurmond - FE

Topics Discussed

- All attendees had received and reviewed the FE project status report dated May 6, 2005. Everyone was OK with the status and there were no questions or comments related to it.
- Mr. Claire indicated that the FE team effort was on schedule in accordance with the project timeline related to the development of short and long term strategic options for the COV.
- Mr. Claire emphasized that any final recommendations made as a result of this project would include one emphasizing immediate need for centralized management control of all mail related issues and procedures throughout the various agencies, irregardless of the options selected. Mr. Simpson and the team agreed with this assessment.
- Mr. Claire reviewed with the team the preliminary short and long term options that were under development. These options included six related to inbound mail processing and five related to outbound mail processing. He also indicated that security screening for all inbound express mail should be included in some of the options. Inbound express mail screening should be included in any recommendations to the COV since the FE team has discovered that none of the overnight couriers provide any regular screening related to their overnight services.

- The team discussed some of the items listed as “Special Requirements” within the DGS Assessment Study. Mr. Claire indicated that all special requirements would be further reviewed and incorporated into the options presented as appropriate.
- The upcoming FE Mid-Point presentation to the steering committee scheduled for May 23rd was discussed. The presentation is expected to last approximately 45 minutes and will include a high level view of the FE Team’s activities, findings, long & short term options being developed, and next steps envisioned related to formulation of the final recommendations.

Decisions Made

- The team reviewed and discussed the merits associated with each of the preliminary mail handling options that were presented. As a result of these discussions it was agreed that 5 of the 11 mail handling options reviewed could be closed out. Focus would now be placed on the 6 remaining options to continue development related to the final strategic long and short term recommendations that would be created. The remaining 6 options are:

Inbound Mail

- 1) Priority Location
- 2) Centralized in Existing Major Agencies for All COV Inbound Mail
- 3) Centralized New Secure Inbound Mail Handling in Two Locations

Outbound Mail

- 1) Consolidation into Existing Agencies
- 2) Consolidation into Large Agency
- 3) Centralized Outbound into Two Mega Centers (Print and Insertion)

Action Items

- Mr. Simpson will send E-mail's to Dee Prisulla (VITA) and David Mitchell (Social Services) informing them that they will be contacted by the FE Team for additional discussions related to this project.

Next Meeting

The next COV/FE Project Manager meeting is scheduled for 3 p.m. Tuesday May 17, 2005. The dial-in bridge number will be established and communicated to the team.

Please advise if there are corrections or changes required. Thanks.



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10600 Arrowhead Drive

Fairfax, VA 22030

703-359-8200

MINUTES

To: Mr. J.R. Simpson,
Ms. Kim Farrar,
From: Mr. Robert Connelly – Federal Engineering
Subject: Weekly Project Manager Meeting May 31, 2005
Date: June 2, 2005
Project: COV Mail Services Initiative

Attendees: J.R. Simpson - COV Project Manager
Mr. Robert Young - COV Treasury
Mr. Curtis Chisholm - COV DMV
Mr. Phil Claire – FE
Mr. Robert Connelly – FE
Mr. Jeff Thurmond - FE

Topics Discussed

- Mr. Simpson indicated that he would attempt to schedule a Mail Roundtable Committee meeting on Monday, June 20th at 3pm. This meeting will serve as a final update to Roundtable members from Federal Engineering related to Phase 2 of the Mail Services Initiative. Subsequent to the meeting this date and time has been finalized. The meeting will be held in the Department of General Services (DGS) conference room located on the 2nd floor of the 9th Street Office Building.
- Mr. Simpson indicated that Federal Engineering is scheduled to present a final update and its recommendations to the Evaluation Committee On Friday, June 24th. Location and time to be determined.
- A discussing was held related to the input and feedback from the May 24th Evaluation Committee meeting. All attendees present at the meeting agreed that the input received was positive.
- Mr. Claire reviewed with the team the proposed format and expected content for the final document and recommendation that Federal Engineering will be providing to the Commonwealth of Virginia (COV) at end of Phase 2 of the Mail Services initiative project. A team discussion was held related to the sections within the document and the type of information that should be included in each. All agreed that the format and content as proposed was acceptable.

- Mr. Connelly informed the team that he had met with personnel from State Mail Services (SMS) to further communicate and define the non–priority level smaller agency short term option that is under development.

Action Items

- Mr. Claire indicated that he would send an email with attached copies of the Federal Engineering Roundtable and Evaluation Committee presentations to Virginia Information Technologies Agency (VITA) members Dee Pisciella and Leslie Carter. Mr. Claire wanted to ensure that VITA is informed of the Federal Engineering direction related to the expected long term vision recommendation and its possible impact on the information technology and print departments.

Next Meeting

- The next FE/COV Project Manager meeting, which was scheduled for Tuesday, June 7th at 3 p.m., has been rescheduled to Thursday, June 9th at 3 p.m. This face-to-face meeting will be held at Mr. Simpson's office located at 3600 West Broad Street.

Please advise if there are corrections or changes required. Thanks.



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703-359-8200

MINUTES

To: Mr. J.R. Simpson,
Ms. Kim Farrar,
From: Mr. Robert Connelly – Federal Engineering
Subject: Weekly Project Manager Meeting June 9, 2005
Date: June 15, 2005
Project: COV Mail Services Initiative

Attendees: J.R. Simpson - COV Project Manager
Mr. Robert Young - COV Treasury
Mr. Curtis Chisholm - COV DMV
Mr. Phil Claire – FE
Mr. Robert Connelly – FE
Mr. Jeff Thurmond - FE

Topics Discussed

- The FE Project Team held its weekly Project Manager status meeting with the COV to discuss the DRAFT Federal Engineering final deliverable product and 6/20 Roundtable presentation.
- Mr. Claire reviewed in more detail the changes that were made to the priority Location option. The inbound mail processing Priority Location sites were reduced from the 18 original locations to 7 locations. The remaining Priority Locations will rely upon State Mail Services to provide security screening for their inbound mail processing.
- Mr. Claire indicated that the FE Project Team was beginning development of the final presentation that would be provided to the Evaluation Committee at the 6/24 meeting.

Action Items

- The COV team members would review the draft of the final deliverable and provide any input or suggestions back to the FE Team by Monday, 6/13.

Next Meeting

- None Scheduled.



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ATTACHMENT 7.3.5

STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar
Copy to: Mr. John Murray,
Mr. Skip Funk
From: Mr. Philip Claire,
COV Mail Consolidation Project Team
Date: April 25, 2005
Subject: COV-MAIL-CON - 4/22 Status Report

Team;

The FE Project Team has completed the first week of tasks on the Mail Consolidation project. I am pleased to report our weekly activities.

Program Management

- The FE Project Team has finalized their work environment in 215 Governor St. COV has provided two internet ready PC's, one Internet connection and two analog lines. FE has supplied two speakerphones for use in the office area. Contact lists and published reach numbers have been provided to all team members.
- The FE Project Team participated in the initial project "kick off" meeting at the 9th Street Building conducted by Mr. Richard Zorn and Mr. Joseph D'Amico.
- The FE Project Team consisting of Philip Claire, Robert Connelly, Josh Rivera, and Jeff Thurmond have received their Capital State Police badges. The badges are for identification purposes only and not for building entry.

- The FE Project Team established internal FE Project Team meeting/conferences that will be conducted every Tuesday and Thursday at 10AM for the FE Project Team.
- A Project Manager meeting/conference will be conducted every Tuesday at 3 PM. P. Claire and J.R. Simpson will be the primary participants. Other Team Members requesting participation can be bridged in via conference phone.

Project Activities

- The FE Project Team had visited the Richmond US Postal Services (USPS) and met with the COV Postal Director, Michael Smith to discuss and review COV Mail and USPS Security Procedures for inbound USPS mail. A subsequent meeting will be held with the USPS and COV to review USPS Security procedures.
- The FE Project Team performed 4 COV site visits. The sites included; Treasury (In bound mail), Department of Motor Vehicles (DMV), Virginia Institute for the Blind (VIB) and the State Mail operation. A detail observation report will be compiled for the sites visited.
- A COV Steering Committee Meeting was cancelled for Friday, 4/22. The meeting will be rescheduled.

Next Week's Deliverables:

- A series of questions regarding the DGS document and site observations will be produced for both an operational and security prospective.
- A site visit report will be produced for the four sites visited.
- A Strategic Mail environment document will be produced to envisioning an ideal COV Mail environment. This document would represent the long term strategic plan for the COV mail operation. This is not the final recommendation but perhaps what the FE Project Team envisions as the ideal mail environment.
- A site visit observation report will be produced detailing the operation of the four sites selected.

Next Week's Strategy:

The FE Project Team will meet in the Richmond office, Tuesday through Thursday. These are our planned activities:

- Team conferences to assess and analyze the current findings.
- Continuing review of DGS document for “gaps” in information.
- Tentative schedule for COV/FE Project Teams’ USPS Security review at Richmond USPS.
- Finalization of “gap” questions to be provided by end of week.
- The FE Project Team will begin defining high level potential scenarios for consolidation and security procedures for the COV to review and assess potential value.

Issues/Concerns

None

Other Activities

- COV Steering Committee meeting scheduled for Friday, 4/29 at 10 AM.
- Tentative USPS meeting Thursday, 4/28 at 2 PM.

Please advise if there are corrections or changes required. Thanks.



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Skip Funk
From: Mr. Philip Claire,
COV Mail Services Initiative Project Team
Date: April 29, 2005
Subject: COV-MAIL-CON - 4/29 Status Report

Team;

I am pleased to report our weekly activities for the week ending 4/29.

Program Management

- The FE Project Team participated in the April 29th COV Steering Committee Meeting held at the 9th St. Building for various COV agencies.
- The FE Project Team conducted their scheduled internal FE Project Team meeting/conference on Tuesday. Thursday's meeting was held on-site at the 215 Governor St. location.
- A Project Manager meeting/conference was held on Tuesday 4/26 as scheduled. Present were; J.R. Simpson, Bob Young, Curtis Chisholm, Bob Connelly and Skip Funk via conference phone.

Project Activities

- The COV/FE Project Team's visited the Richmond US Postal Services (USPS) and met with the COV Postal Manager, Michael Smith to discuss and review COV Mail and USPS Security Procedures for inbound USPS mail.
- The FE Project Team performed an additional site and re-visit. The additional site was to Treasury to examine outbound check processing. The revisit was at the State Mail Services for FE Security to examine the inbound security procedures and overall operation.
- The analysis and identification process for outstanding "gap" questions continue. COV responses are being handled in a rapid manner.
- The FE Project Team continues their investigation and analysis in the Long Term recommendation and Short Term options that will drive into the final recommendation.
- The COV/FE Project Team held an impromptu meeting with Mr. George Foresman, Dept. of Emergency Management To review project and assess COV requests.
- The FE Project Team provided the COV team with high level observations from it's site visits from the prior week and suggested direction for mail services initiative

Next Week's Deliverables:

- Final series of questions regarding the DGS document and site observations will be produced for both an operational and security prospective.
- A preliminary mail environment document will be produced to provide some preliminary short and long term options for the COV to select. The options will review various levels of security and will contain some attributes for each option identified. This is not the final recommendation but perhaps what the FE Project Team suggests for further development.

Next Week's Strategy:

The FE Project Team will meet in the Richmond office, Tuesday through Thursday. These are our planned activities:

- Team conferences to assess and analyze the current findings.
- Tentative schedule for COV/FE Project Teams' review.
- Finalization of "gap" questions to be provided by end of week.
- The FE Project Team will present and begin detailed analysis on high level potential scenarios for consolidation and security procedures for the COV to review and assess potential value.

Issues/Concerns

None

Other Activities

- Meetings to be scheduled with Presort vendor, Mailer's Resource Group

Please advise if there are corrections or changes required. Thanks.



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Ron Bosco,
Mr. Robert Connelly,
Mr. Jeff Thurmond
Mr. Robert Cizmada
Mr. Joshua Rivera
From: Mr. Philip Claire
Subject: COV-MAIL-CON – 6/10 Status Report
Project: COV Mail Services Initiative
Date: June 10, 2005

Team,

I am pleased to report our weekly activities for the week ending 6/10.

Program Management

- The final Roundtable presentation is scheduled for Monday 6/20 @ 2 PM in the Ninth St. building, 2nd floor DGS conference room
- The final COV project presentation is scheduled for Friday, 6/24 @ 10:00. Location TBD.
- The FE/COV Project Manager meeting was held on Thursday, 6/10.

Project Activities

- The FE Project Team is continuing with its independent investigation and analysis related to the Short Term and Long Term options that will drive into the final recommendation.
- The FE Security Team continues to analyze and refine the security recommendation. Final recommendation, equipment description and pricing are forth-coming.
- The FE Project Team held a conference call with Mr. J.R. Simpson to review a change to the Priority Location option. Due to the substantial expense associated with security equipment, the Project Team determined that the Priority Location recommendation for inbound mail processing be reduced from the 18 original locations to 7 locations. The remaining Priority Locations will rely upon State Mail Services to provide security screening for their inbound mail processing. All recommendations will be changed to reflect that change.
- The FE Project Team held a meeting with State Mail Services (SMS) personnel to discuss the SMS Short Term option currently under development.
- The FE Project Team held its weekly Project Manager status meeting with the COV to discuss the DRAFT Federal Engineering final deliverable product and 6/20 Roundtable presentation.

Next Week's Deliverables

- The FE Project Team will continue development of the individual Short Term and Long Term options. Internal discussions will be held with the COV and Project Manager teams as necessary.

Next Week's Strategy

- The FE Project Team will meet in the Richmond office Monday thru Friday to jointly develop the final recommendation.
- The FE Project Team will develop the 6/20 Roundtable presentation that will be covered with the various agency representatives. The presentation will cover project findings and the proposed final recommendations.
- The FE Project Team will complete the development of the final deliverable and prepare for the packaging of the final product. The final product will consist of four hard copies (in binder form), two electronic CD's of the information including final recommendations, supporting attachments and project related material. The final deliverable is required for distribution on 6/24.
- The FE Project Team will begin development on the final COV presentation scheduled for 6/24.



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Robert Connelly,
Mr. Jeff Thurmond
Mr. Robert Cizmadia
Mr. Joshua Rivera
From: Mr. Philip Claire
Subject: COV-MAIL-CON – 6/3 Status Report
Project: COV Mail Services Initiative
Date: June 3, 2005

Team,

I am pleased to report our weekly activities for the week ending 6/3.

Program Management

- The FE Project Team has continued to refine and define the selected COV options.
- The FE/COV Project Manager conference call was conducted on Tuesday, 5/31.
- PBS&J continues to evaluate security equipment and communicate with the equipment vendors as necessary. PBS&J will continue to analyze and refine the security recommendations.

Project Activities

- The FE Project Team is continuing with its independent investigation and analysis related to the Short Term and Long Term options that will drive into the final recommendation.
- The FE Security Team continues to analyze and refine the security recommendation. A project team conference call was held to review current status and to further define security equipment needs.
- The FE Project Team held a conference call with Mr. Michael Perry from the Tennessee Department of General Services. The purpose of the call was to review findings, experiences, and successes associated with their mail services consolidation efforts which have occurred over the last several years.
- The FE Project Team held a meeting with State Mail Services (SMS) personnel to discuss the SMS Short Term option currently under development.
- The FE Project Team held its weekly Project Manager status meeting with the COV to discuss the proposed Federal Engineering format for the final deliverable product.

Next Week's Deliverables

- The FE Project Team will continue development of the individual Short Term and Long Term options. Internal discussions will be held with the COV and Project Manager teams as necessary.

Next Week's Strategy

- The FE Project Team will meet in the Richmond office Monday thru Friday to jointly develop the final recommendation.
- The FE Project Team will hold two security related conference calls on Tuesday, 5/7 and Thursday, 5/9 at 10:00 AM to review final recommendations for both Short Term and Long Term options.
- The Project Manager conference call is rescheduled for Thursday, 5/9 at 3:00 PM to review progress on the final recommendation product.
- A USPS conference call will be scheduled for obtaining USPS concurrence on the proposed options.
- The FE Project Team will meet with State Mail Services (SMS) personnel to finalize the SMS Short Term option currently under development.



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Skip Funk,
Mr. Robert Connelly,
Mr. Jeff Thurmond
Mr. Robert Cizmadia
Mr. Joshua Rivera
From: Mr. Philip Claire
Subject: COV-MAIL-CON – 5/27 Status Report
Project: COV Mail Services Initiative
Date: May 27, 2005

Team,

I am pleased to report our weekly activities for the week ending 5/27.

Program Management

- The FE Project Team has continued to refine and define the selected COV options.
- The FE/COV Project Manager conference call was deferred due to the 5/24 Evaluation Committee meeting.
- PBS&J continues to evaluate security equipment and communicate with the equipment vendors as necessary. PBS&J will continue to analyze and refine the security recommendations.

Project Activities

- The FE Project Team is continuing with its independent investigation and analysis related to the Short Term and Long Term options that will drive into the final recommendation.
- The FE Security Team continues to analyze and refine the security recommendation. A project team conference call was held to review current status and to further define security equipment needs.
- The FE team provided mid-point progress presentations to COV personnel at the 5/23 Roundtable and 5/24 Deputy Secretary and Evaluation Committee meetings.
- The FE Project Team held meetings with the USPS to discuss and analyze possible mail processing and distribution impacts in relation to COV options under development.
- The FE Project Team held a meeting with State Mail Services (SMS) personnel to discuss Short Term Option under development.

Next Week's Deliverables

- The FE Project Team will continue development of the individual Short Term and Long Term options. Internal discussions will be held with the COV and Project Manager teams as necessary.

Next Week's Strategy

- The FE Project Team will work individually at home locations Tuesday through Friday for the purpose of:
 - Daily team conferences to assess and analyze the current findings
 - Continued refinement of the final recommendations
 - Project Manager conference call at 3 p.m. Tuesday, May 31, 2005
 - Conference call at 2 p .m. Thursday, June 2, 2005 with State of Tennessee - Director of Consolidated Postal Services.



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico

Copy to: Mr. John Murray,
Mr. Skip Funk,
Mr. Robert Connelly,
Mr. Jeff Thurmond
Mr. Robert Cizmadia
Mr. Joshua Rivera

From: Mr. Philip Claire

Subject: COV-MAIL-CON – 5/20 Status Report

Project: COV Mail Services Initiative

Date: May 20, 2005

Team,

I am pleased to report our weekly activities for the week ending 5/20.

Program Management

- The FE Project Team has continued to refine and define the selected COV options.
- The FE/COV Project Manager conference call was deferred until next Tuesday, 5/24 in order to review results from Roundtable and Evaluation Committee meetings which are to be held on 5/23 and 5/24 respectively.
- PBS&J continues to evaluate security equipment and communicate with the equipment vendors as necessary. PBS&J will continue to analyze and refine the security recommendations.

Project Activities

- The FE Project Team is continuing with its independent investigation and analysis related to the Short Term and Long Term options that will drive into the final recommendation.
- The FE Security Team continues to analyze and refine the security recommendation. A meeting was held in FE headquarters with Northrop Grumman to review their current security activities with the USPS.
- Presentations have been developed and finalized for the 5/23 Roundtable meeting with the COV internal agencies and the 5/24 Evaluation committee meeting with the Deputy Secretaries.
- The FE Project Team held meetings with the Department of Social Services and Information Technologies - Printing Services. A site observation report was documented and distributed to the COV/FE teams.

Next Week's Deliverables

- The FE Project Team will continue development of the individual Short Term and Long Term options. Internal discussions will be held with the COV and Project Manager teams.

Next Week's Strategy

- The FE Project Team will assemble in the Richmond office Monday through Thursday for the purpose of:
 - 5/23 Roundtable Presentation
 - 5/24 Evaluation Committee Presentation
 - Team conferences to assess and analyze the current findings
 - Tentative discussions/visits with USPS

Issues/Concerns

- None currently identified

Other Activities

- None currently planned



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico

Copy to: Mr. John Murray,
Mr. Skip Funk,
Mr. Robert Connelly,
Mr. Jeff Thurmond

From: Mr. Philip Claire

Subject: COV-MAIL-CON – 5/13 Status Report

Project: COV Mail Services Initiative

Date: May 13, 2005

Team,

I am pleased to report our weekly activities for the week ending 5/13.

Program Management

- The FE Project Team has worked independently from their home offices this week and has refined the 11 proposed options for presentation to the COV team for direction.
- The FE Project Team conducted scheduled conference calls each day of the week in order to refine and develop the Short Term and Long Term options.
- A FE/COV Project Manager conference call was held on Tuesday, 5/10 to review proposed options. Present on the conference call were; J.R. Simpson, Bob Young, Curtis Chisholm, Bob Connelly, Phil Claire, Jeff Thurmond and Skip Funk. Minutes of the meeting were produced detailing the outcome.
- PBS&J scheduled two security related conference calls which included equipment vendor participation. Security equipment being evaluated for possible use by the COV was reviewed and discussed. PBS&J will continue to analyze and refine the security recommendations.

Project Activities

- The FE Project Team is continuing with its independent investigation and analysis related to the Short Term and Long Term options that will drive into the final recommendation.
- The FE Security team continues to analyze and refine the security recommendation.

Next Week's Deliverables

- The FE Project Team will build and refine the In-Progress review presentation that has been rescheduled for the Tuesday, 5/24 Round Table meeting @ 10 AM in the 9th Street Building,
- The FE Project Team will continue development of the individual Short Term and Long Term options.
- The FE Project Team will seek final concurrence on the selected Short Term and Long Term options discussed and selected at the 5/7 Project Manager meeting (final selection week of 5/23).

Next Week's Strategy

- The FE Project Team will assemble in the Richmond office Monday through Thursday for the purpose of:
 - Team conferences to assess and analyze the current findings
 - Tentative discussions/visits with COV Department of Social Services, Information Technology and USPS
 - Development of In-Progress Review presentation.

Issues/Concerns

- None currently identified

Other Activities

- None currently planned



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STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Skip Funk
From: Mr. Philip Claire,
COV Mail Services Initiative Project Team
Date: May 6, 2005
Subject: COV-MAIL-CON – 5/06 Status Report

Team;

I am pleased to report our weekly activities for the week ending 5/06.

Program Management

- The FE Project Team received closure on any the current outstanding gap questions from the COV. Some discussion(s) will be held on individual questions on a one-on-one as-needed basis,
- The FE Project Team conducted their scheduled internal FE Project Team meeting/conference on Tuesday and Thursday at 10A.M. An additional internal FE Project Team conference was held on Friday at 10A.M.
- A Project Manager meeting/conference was held on Tuesday 5/3 as scheduled. Present were; J.R. Simpson, Bob Young, Curtis Chisholm, Bob Connelly, Jeff Thurmond and Skip Funk via conference phone. Minute will be produced for the meeting.

Project Activities

- The FE Project Team performed two site visits this week. The first site visit was at Taxation for the examination of the outbound mail processing. The second site visit was for a meeting/presentation at the Mailer's Resource Group (MRG) Presort vendor. Site visit observation reports detailing observations were produced and distributed.
- The FE Project Team continues their investigation and analysis in the Long Term recommendation and Short Term options that will drive into the final recommendation. The first preview of options was presented at Tuesday's P.M. meeting.
- This analysis and "churn" period will continue for the next 3 weeks with the objective of developing the preliminary long term vision and short term options for the project. As the weeks progress, some options will be eliminated while others will be refined and finely detailed.

Next Week's Deliverables:

- The "churn" period will continue and the proposed mail environment document will be refined and presented to provide additional/refined short and long term options for the COV to select. The options will review various levels of security and will contain some attributes for each option identified. This is not the final recommendation but perhaps what the FE Project Team suggests for further development.

Next Week's Strategy:

The FE Project Team will work from their home office locations. Bob Connelly will remain in the Richmond office. These are our planned activities:

- DAILY Team conferences to assess and analyze the current findings/developments.
- Tuesday 3 p.m. conference call for COV/FE Project Teams' review.
- The FE Project Team will continue to refine and present detailed analysis on high level potential scenarios for consolidation and security procedures for the COV to review and assess potential value.

Issues/Concerns

- None Currently Identified

Other Activities

- A meeting was held with the Capital Police on Friday at 11A.M. Colonel George Mason, Chief of Capital Police, indicated that the Capital Police's position on COV mail processing is based upon the 2002 recommendations that resulted from the efforts and the study that was performed under the Secure Commonwealth Initiative by the Secure Commonwealth Panel. He indicated that incoming mail currently received by all the individual state agencies in the Capital Complex should be centralized, appropriately screened, and processed in a state run off-site location prior to its distribution.



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Fairfax, VA 22030
703-359-8200

STATUS REPORT

To: Mr. Daniel Wilborn,
Mr. Donald Rainey,
Mr. J.R. Simpson,
Ms. Kim Farrar,
Mr. Joseph Damico
Copy to: Mr. John Murray,
Mr. Ron Bosco,
Mr. Robert Connelly,
Mr. Jeff Thurmond
Mr. Robert Cizmadia
Mr. Joshua Rivera
From: Mr. Philip Claire
Subject: COV-MAIL-CON – 6/17 Status Report
Project: COV Mail Services Initiative
Date: June 17, 2005

Team,

As the FE Team is in the final phase of the project, I am pleased to report our weekly activities for the week ending 6/17.

Program Management

- The final Roundtable presentation is scheduled for Monday 6/20 @ 2 PM in the Ninth St. building, 2nd floor DGS conference room
- The final COV project presentation is scheduled for Friday, 6/24 @ 10:00. Location TBD.

Project Activities

- Finalization of Project documentation and presentation development.

Next Week's Deliverables

- Final project recommendation package
- 6/20 Roundtable Presentation
- 6/24 Final Evaluation Committee Presentation

Next Week's Strategy

- The FE Project Team will meet in the Richmond office Monday thru Friday to complete the project tasks.

The FE Project Team would like to Thank the COV Team member who participated in this project and freely gave their time and effort in contributing to the overall success of the project..



Commonwealth of Virginia Mail Services Initiative

May 23, 2005
Attachment 7.3.6

*Presented by Federal Engineering, Inc.
10600 Arrowhead Drive • Fairfax, VA 22030*





Presentation Overview

- Project overview
- Initial findings
- Analyzed options
- Current direction
- Next steps
- Implementation approach
- Open discussion





Project Overview

- In depth analysis on DGS Assessment will be used to formulate recommendations
- DGS data will be supplemented by site visits and meetings with various agencies
- We will use COV directives and industry best practices for recommendation guidance for security and mail process.



Project Overview - Process Analysis



- Federal Engineering in collaboration with its business partner PBS&J will develop a secure and cost effective mail handling method that can be adaptable in the COV environment at any level which they desire.
- The team will present various levels of security and costs attributed to achieve that level.



Project Overview - Key Drivers



- Governor Warner's Mail Services directive
- Mr. George Foresman, Dept of Emergency Management guidelines and recommendations of COV Secure Panel
- Col. George Mason, Capital Police meeting
- Best industry practices
- Workable business solution



Project Overview - Support from COV



- COV Project Manager assigned, weekly PM status meetings and discussions
- COV Management Team be assembled to review/approve FE's findings
- FE open access to COV environment, agency contacts, vendors and USPS
- FE In-Progress review/Mid-point and proposal recommendation



Project Overview - Timelines, Milestones



- Week 1 – Project Initiation and complete analysis of data assessment
- Week 2 – Project orientation meeting with COV – identification of any outstanding data collection issues
- Week 3 Milestone – COV review to close any outstanding data collection issues
- Week 3 to 6 – Compile draft recommendation
- Week 6 Milestone – COV Mid Point review to review initial draft findings



Project Overview - Timelines, Milestones (cont)



- **Week 6 to 8 – Draft recommendation development and initiate high-level transition planning**
- **Week 8 Milestone – COV review draft recommendations acceptance**
- **Week 8 to 10 – Complete recommendations and transition plan**
- **Week 10 Milestone – Final options and transition plan - Project completion**





Initial Findings

- 124 individual agencies
- Equipment duplication (meters etc.)
- Extensive use of courier/resources for mail pickup and delivery
- Fragmented security screening
- Fragmented efficiencies
- No Mail Management focal point
- No Vendor/USPS focal point





Initial Findings - Security

- Out of 124 COV locations only 4 screen mail (DMV, SMS, General Assembly, Supreme Court)
- COV security policies and training practices are not standardized
- USPS only screens letters for anthrax; future plans include flats and parcels
-





Initial Findings - 2005

Financial

● USPS	\$20.1M
● Labor	\$2.4M
● Overnight services	\$1.3M
● Mail courier	\$643K
● Equipment	\$357K
● RE location	\$229K
● COV vehicles	\$52K
● TOTAL 2005	\$25.1M





Initial Findings - Myths

- Security is cheap
 - Equipment - X-ray, biodetection - capital and maintenance costs
 - Labor - training, usage, additional handling
- COV is inefficient
 - USPS discounts maximized for major mailers, however some efficiencies are not uniformly distributed in COV



Initial Finding - Potential savings



- USPS - minimal savings on presort
- Labor - +/- security, redeployment
- Overnight services - none
- Mail courier - potential savings
- Equipment - potential savings
- Real estate - redeployment
- COV vehicles - redeployment



Analyzed Options - Security



- Various types of equipment exists; vary in functionality and costs for small and large enterprise operations
- Equipment options: (Excludes training, installation and maintenance costs)
 - X-ray: \$19-100K
 - Biological Detection System: \$20-175K
 - Particle Containment Hoods: \$5-12K



Analyzed Options - Security



- Costs to perform tests higher than equipment purchase
- Labor costs associated with operating equipment needs to be considered, if current screening process expanded
- Secure space planning logistics required
- Rely on USPS BDS screening and only x-ray mail and parcels
- Establish uniform security practices



Analyzed Options - Rejected



- Individual agency inbound security
- Centralization of inbound into new location
- Centralize inbound into multi-locations
- Consolidate outbound into larger agency
- Centralize outbound into new location
- Centralize outbound into multi location



Analyzed Options - Outbound



- **Consolidate outbound into existing agencies**
- **Centralize outbound into two load-leveled locations**
- **Priority office inbound level**
- **Centralization of Inbound into existing agency**
- **Centralize inbound into 2 locations**



Current Direction – Selected Option



- Long term goal to consolidate in/outbound mail processing in two load-leveled locations
- Short term options for consolidation of in/outbound mail processing from smaller agencies into SMS
- Short term options for securing priority locations with enhanced security



Current Direction - Selection Reasoning



- Short term options to provide some immediate benefits in a more secure environment while acting as a building block for the long term goal
- Long term goal would entail many organizational and procedural hurdles and provide benefits at a much later time.
- In either case, security will be enhanced, short term benefit is a more secure and efficient current environment





Next Project Steps

- Continue refinement of long term goal and short term options
- Creation of preliminary transition plan
- Packaging of final recommendations
- Initiate detailed plan/procurement of security equipment and process





Implementation approach

- **Implement Mail Management Organization to oversee the ongoing procedures and operation of all of the COV agencies for the purpose of managing mail issues for both equipment (postal equipment procurement and maintenance), services (transportation, courier, presort vendors, USPS), and security management.**





Implementation approach

- Build detailed plan to implement desired option(s)
- Procure, install and train personnel on security equipment and practices
- Confirm location requirements and prep work areas as per work option
- Resolve any external limitations identified preventing migration of agency work
- Begin migration plan to selected option
-





Open Discussion





Commonwealth of Virginia Mail Services Initiative

June 20th, 2005

*Presented by Federal Engineering, Inc.
10600 Arrowhead Drive • Fairfax, VA 22030*





Presentation Overview

- Project Summary
- Mail Management Organization
- Long Term Strategic Plan
- Short Term Options
 - SMS
 - Priority Location
 - Mail Security
- Transition Plan
- Next Steps
- Open Discussion





Project Summary

- Federal Engineering's (FE) objective for this ten week effort was to provide a recommendation for Mail Services for the COV agencies. The purpose of this recommendation is to ascertain a level of security and cost effectiveness to guide the COV in determining its future mail services environment.





Project Summary

- The analysis has reviewed many aspects of the overall mail operation including:
 - Current COV operation
 - USPS procedures and processing
 - Other state governments
 - Mail industry practices
 - Current mail security methods and equipment used industry-wide
 - COV's Executive Directives



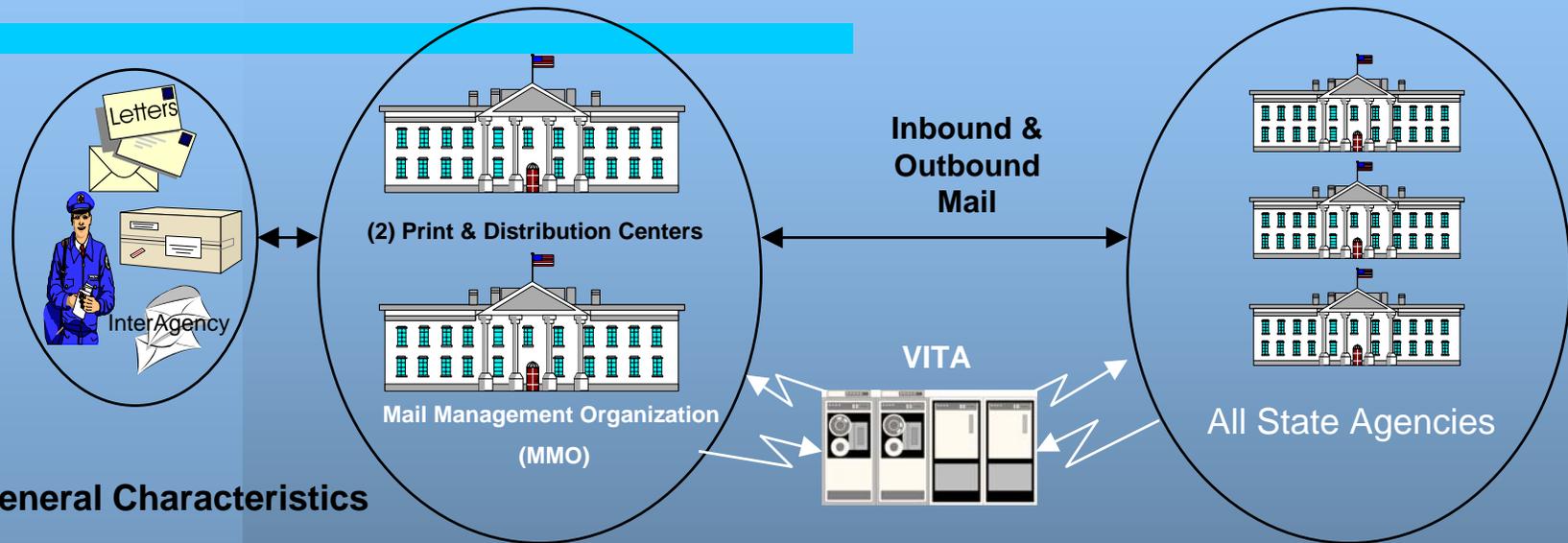
Mail Management Organization



- The FE Team recommends the creation and centralization of a Mail Management Organization to oversee and manage the complete mailing process. The initial responsibilities of this organization will include:
 - Management of mail handling resources (postal equipment, courier services, overnight services)
 - Management over security policies and procedures
 - Management over USPS policies and issues



Long Term Strategic Plan Future Mail Environment



General Characteristics

- Establishment of (2) Print & Distribution Centers each handling 50% of COV capacity providing DR
- Centers will utilize up to date technological solutions (high speed laser printing and document insertion, documentation management control, on line document creation, print on demand, standardized forms and envelopes, production processing automation and standardized processes)
- Comprehensive inbound mail security screening utilizing at COV desired level (X-ray, Explosive, Bio)
- Print facilities will load share and provide disaster recovery and additional peak capacity
- Maximized postal savings utilizing internal/external postal presort processes.
- Provides overall COV savings in Labor, Postage, Equipment, and Vehicle Expense
- Provides cost effective and efficient mail services solutions to all COV agencies
- Technology driven processes to produce mail, administer operation, and report production



Long Term Strategic “Vision”



Why?

- Long term goal will provide the most efficient and effective method of operation
- Significant cost savings will be accomplished by consolidating equipment, labor and mail into two centers
- Consolidation of print, insertion and mailing under the same roof will eliminate redundant equipment
- Will centralize all COV print and mail functions within same organization
- Will have the ability to provide additional print and mail services such as; lettershop, one-off printing and unique mailing services
- Will provide inbound mail security at a reasonable cost with an established internal COV work force
- Will be a driver for standardization of COV mailing processes and technology
- Will provide administration, reporting, disaster recovery and peak performance





Short Term Options

- **Four short term options have been identified to provide some immediate savings in a more secure environment while acting as a building block for the long term goal. These options are:**
 - **State Mail Services handling of inbound mail services and security screening**
 - **State Mail Services handling of outbound mail services including metering and postal disposition**
 - **Priority Locations utilizing enhanced inbound security screening**
 - **Priority Locations handling of outbound mail services from non-priority locations including metering and postal disposition**



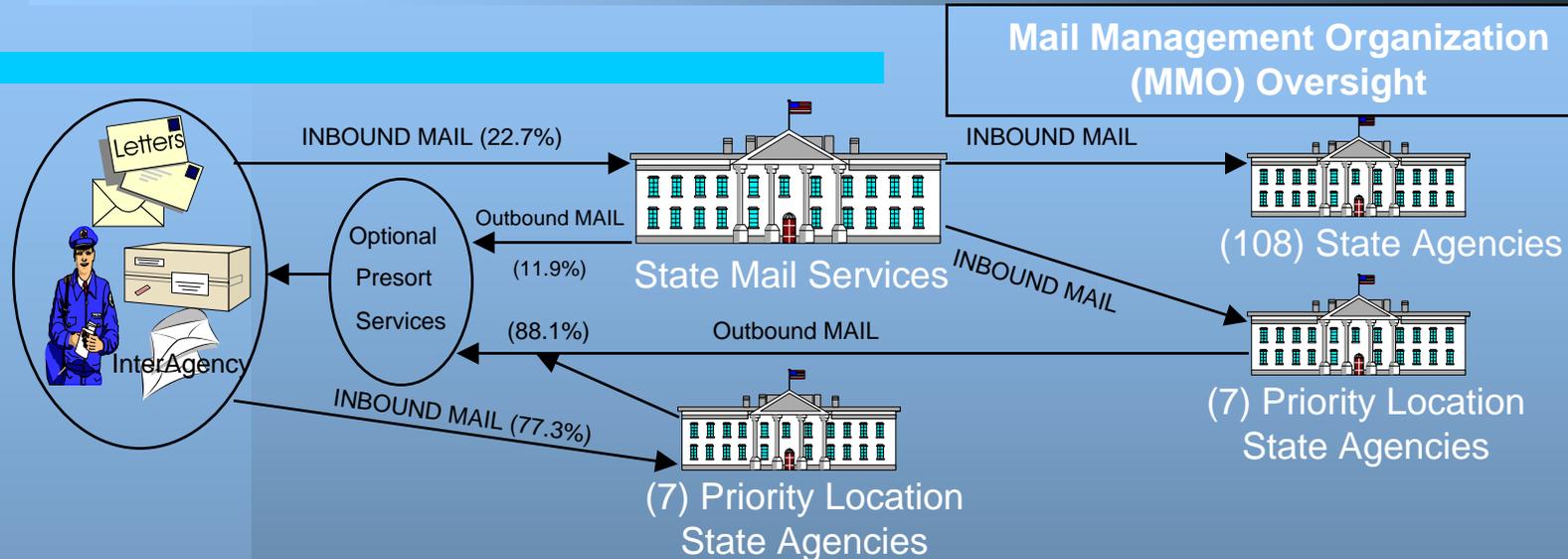


Short Term - SMS Inbound/Outbound

- **State Mail Services (SMS) has been selected as the centralized mail services agency for the processing of inbound and outbound mail services for non-priority locations. SMS was selected as the agency of choice primarily because:**
 - SMS is an established COV internal mail services agency used for interagency mail
 - SMS has a local COV transportation network in place
 - SMS currently services most of the COV agencies for interagency mail
 - SMS has experience in mail handling for other COV agencies including security screening of sensitive mail



Short Term - SMS Inbound/Outbound



General Characteristics

- Mail Management Organization guidance & control of COV strategic mail initiatives & direction
- Inbound mail handling and distribution and outbound handling and metering of agency mail
- Comprehensive standardized security screening (X-Ray) across all agencies for inbound mail
- Reduction in external threat risk, shut downs, and delays across all agencies
- Elimination of 50+ postage meters and associated lease, maintenance, and replacement cost
- Redeployment of agency labor associated with USPS mail pickup and outbound mail metering
- Redeployment of agency vehicle expense associated with USPS mail pickup
- Elimination of significant courier expense associated with USPS mail pickup





Short Term - SMS Inbound/Outbound

- The functions within the SMS option that can be implemented independently are:
 - Inbound mail handling and distribution to COV agencies including daily USPS pickup
 - Inbound mail security screening on all inbound mail
 - Outbound metering services and postal mail disposition services for charge back to originating agency





Short Term - SMS Inbound/Outbound

- **Immediate benefits can be realized from the implementation of this option at minimal costs**
 - Decrease in COV postal meters
 - Cost avoidance in postal meter replacement
 - Decrease in agency/courier costs for mail pickup and delivery services
 - Potential for additional presort discounts
 - Minimal to no impact on delivery times of in and out bound mail
 - Additional transportation network, vehicle and labor costs associated with this option are minimal for SMS
 - Security for COV Inbound mail for non-priority locations will be accomplished at the lowest possible costs to the COV



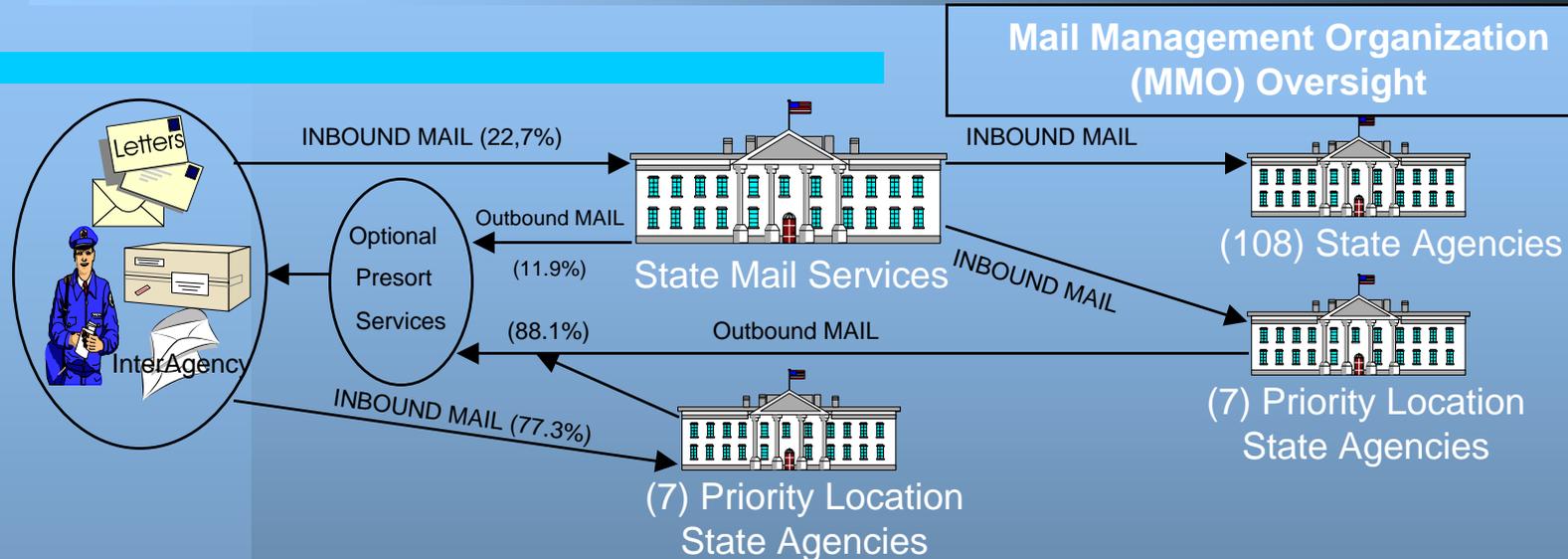
Short Term - Priority Location Inbound/Outbound



- This option will provide inbound security equipment for 7 Priority Locations; Taxation, Worker's Comp, Social Services, Employment Commission, DMV, Corporation Commission, and SMS.
- This option can also be used as an alternative to the SMS outbound processing option by providing outbound mail services for non-priority locations only using SMS's transportation network for pickup and delivery of non-priority mail.



Short Term Priority Location Inbound/Outbound



General Characteristics

- Mail Management Organization guidance & control of COV strategic mail initiatives & direction
- Inbound mail security and outbound mail handling of other agencies
- SMS will handle mail transportation for other agencies interagency and USPS mail
- Comprehensive standardized security screening (X-Ray) across all agencies for inbound mail
- Reduction in external threat risk, shut downs, and delays across all agencies
- Elimination of 50+ postage meters and associated lease, maintenance, and replacement cost
- Redeployment of agency labor associated with USPS mail pickup and outbound mail metering
- Redeployment of agency vehicle expense associated with USPS mail pickup
- Elimination of significant courier expense associated with USPS mail pickup



Short Term - Priority Location Inbound/Outbound



- The inbound option if implemented in conjunction with the short term SMS inbound option can provide the COV with a comprehensive mail screening process for those agencies selected
- Implementation of this option can be staged for one or multiple agencies concurrently or based upon agency risk assessment
- The benefits of using the outbound option are similar to the SMS outbound benefits for postal, presort, courier and agency labor savings
 - we recommend this option in the event the SMS outbound option is not considered.





Short Term – Mail Security

- **X-ray technology**
 - commonly used in industry and other state governments – basic detection
- **X-ray supplemented by explosive detection**
 - Next level of security testing – requires more time/labor/costs
- **X-ray, explosive detection and bio-detection**
 - Most sophisticated level of testing – significant time/labor/costs associated with installation, maintenance and testing



Transition Plan



- First order of business, establish Mail Management Organization
- Determine options to be implemented and select agencies for phase-in to short term options

Options to be determined include:

- Inbound mail processing
- Inbound security processing
- Outbound mail processing

Agency selection as per COV with consideration for:

- Legally mandated agencies
- Mail sensitive agencies (Health Services, Library...)



Transition Plan



- **Formal implementation plan needs to developed for:**
 - Agency selection and notification
 - Vendor notification (postal meters, presort vendors, couriers...)
 - Procurement of security equipment
 - Formal training (security, agency)
 - Established SMS transportation scheduled for USPS pick up/ delivery, agency pickup/ delivery
 - Implementation date for mail transition
 - Agency servicing and implementation follow-up



Transition Plan



- In conjunction, development of the long term “vision” should be continued including planning through implementation
 - Project funding and project objective
 - Team established from all impacted COV agencies
 - Major analysis effort required to identify print and mail processes at all COV agencies
 - Major impact on VITA print services
 - Major analysis for logistical planning and COV operational impacts





Next Steps

- **Project completion presentation on June 24th with Evaluation Committee, next steps:**
 - **Review of recommendations**
 - Mail Management Organization
 - Long term objective
 - Short term options
 - Mail security options
 - **Financials for short term options**
 - **Final recommendation package**
 - **Mail Services project phase close out**





Open Discussion





Commonwealth of Virginia Mail Services Initiative

May 24, 2005

*Presented by Federal Engineering, Inc.
10600 Arrowhead Drive • Fairfax, VA 22030*





Presentation Overview

- Project overview
- Initial findings
- Analyzed options
- Current direction
- Next steps
- Implementation approach
- Open discussion





Project Overview

- Mid point review
- Mail Services Initiative to review COV mail processing and mail security for the COV 124 agencies





Initial Findings

- 124 individual agencies
- Equipment duplication (meters etc.)
- Extensive use of courier/resources for mail pickup and delivery
- Fragmented security screening
- Fragmented efficiencies
- No Mail Management focal point
- No Vendor/USPS focal point





Initial Findings - Security

- Out of 124 COV locations only 4 screen mail (DMV, SMS, General Assembly, Supreme Court)
- COV security policies and training practices are not standardized
- USPS only screens letters for anthrax; future plans include flats and parcels
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Initial Findings - 2005

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- USPS - minimal savings on presort
- Labor - +/- security, redeployment
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Analyzed Options - Security



- Various types of equipment exist; vary in functionality and costs for small and large enterprise operations
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- Costs to perform tests higher than equipment purchase
- Labor costs associated with operating equipment needs to be considered, if current screening process expanded
- Secure space planning logistics required
- Rely on USPS BDS screening and only x-ray mail and parcels
- Establish uniform security practices



Analyzed Options - Rejected



- Individual agency security
- Centralization of inbound into new location
- Centralize inbound into multi-locations
- Consolidate outbound into larger agency
- Centralize outbound into new location
- Centralize outbound into multi location



Analyzed Options - Accepted



- **Consolidate outbound into existing agencies**
- **Centralize outbound into two load-leveled locations**
- **Priority office level**
- **Centralization of Inbound into existing agency**
- **Centralize inbound into 2 locations**



Current Direction - Selected Options



- Long term goal to consolidate in/outbound mail processing in two load-leveled locations
- Short term options for consolidation of in/outbound mail processing from smaller agencies into SMS
- Short term options for securing priority locations with enhanced security



Current Direction - Selection Reasoning



- Short term options to provide some immediate benefits in a more secure environment while acting as a building block for the long term goal
- Long term goal would entail many organizational and procedural hurdles and provide benefits at a much later time
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Next Steps

- Continue refinement of long term goal and short term options
- Creation of preliminary transition plan
- Packaging of final recommendations
- Initiate detailed plan/procurement of security equipment and process





Implementation approach

- **Implement Mail Management Organization to oversee the ongoing procedures and operation of all of the COV agencies for the purpose of managing mail issues for both equipment (postal equipment procurement and maintenance), services (transportation, courier, presort vendors, USPS), and security management.**





Implementation approach

- Build detailed plan to implement desired option(s)
- Procure, install and train personnel on security equipment and practices
- Confirm location requirements and prep work areas as per work option
- Resolve any external limitations identified preventing migration of agency work
- Begin migration plan to selected option
-





Open Discussion





Commonwealth of Virginia Mail Services Initiative

June 24, 2005
Mail Services
Recommendations

*Presented by Federal Engineering, Inc.
10600 Arrowhead Drive • Fairfax, VA 22030*



Presentation Overview



- Project Summary
- Mail Management Organization
- Long Term Vision
- Short Term Options
 - SMS
 - Priority Location
 - Mail Security
- Short Term Financials
- Transition Plan
- Ongoing Support
- Open Discussion



Project Summary



- Federal Engineering's (*FE*) objective for this ten week effort was to provide the COV with recommendations for Mail Services for the COV's agencies located in the "seat of government". The purpose of these recommendations to deliver a level of security and cost effectiveness to guide the COV in determining its future mail services environment.



Project Summary



- The analysis has reviewed many aspects of the overall mail operation including:
 - Current COV operation
 - USPS procedures and processing
 - Other state governments
 - Mail industry practices
 - Current mail security methods and equipment used industry-wide
 - COV's Executive Directives



Mail Management Organization

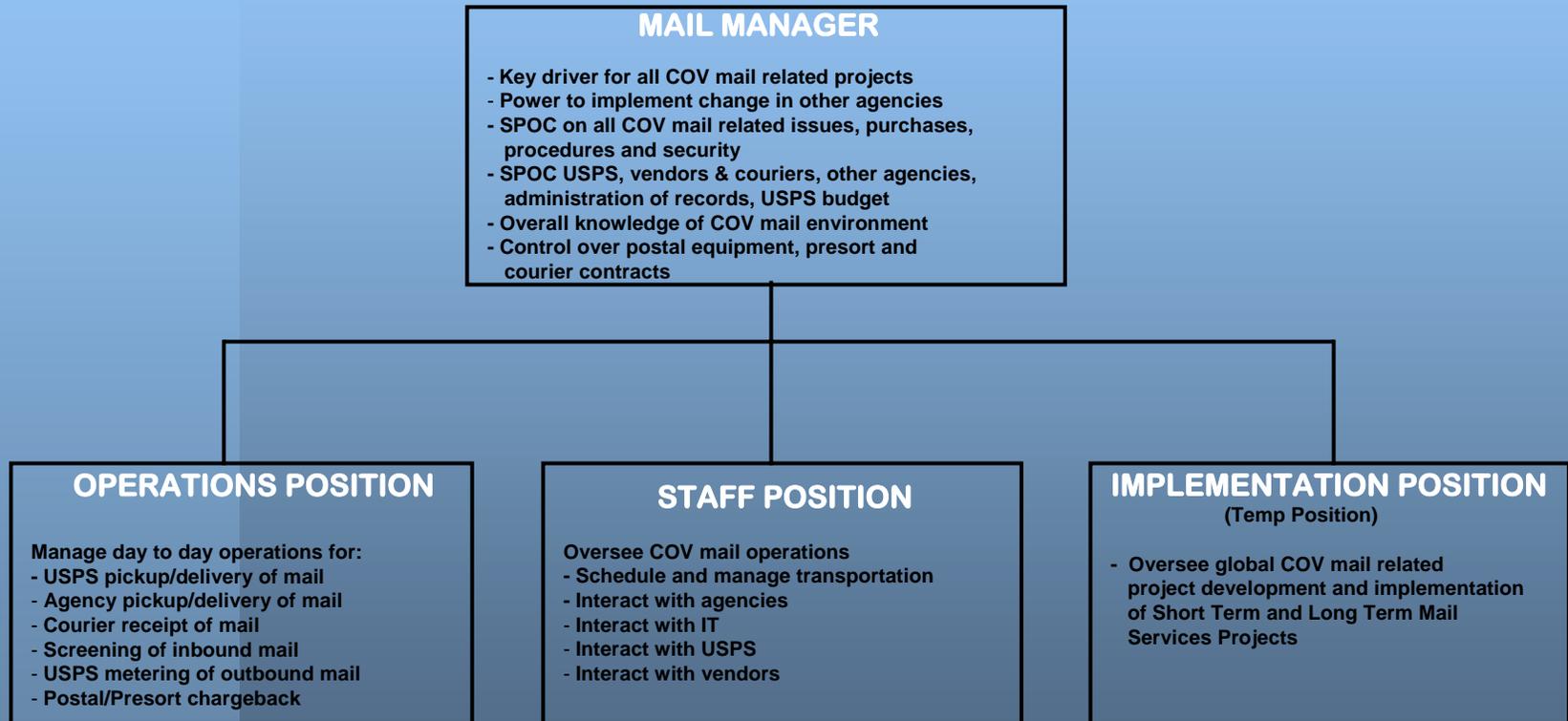


- The *FE* Team recommends the creation and centralization of a Mail Management Organization to oversee and manage the complete mailing process. The initial responsibilities of this organization will include:
 - Management of mail handling resources (postal equipment, courier services, overnight services)
 - Management of security policies and procedures
 - Management of USPS policies and issues

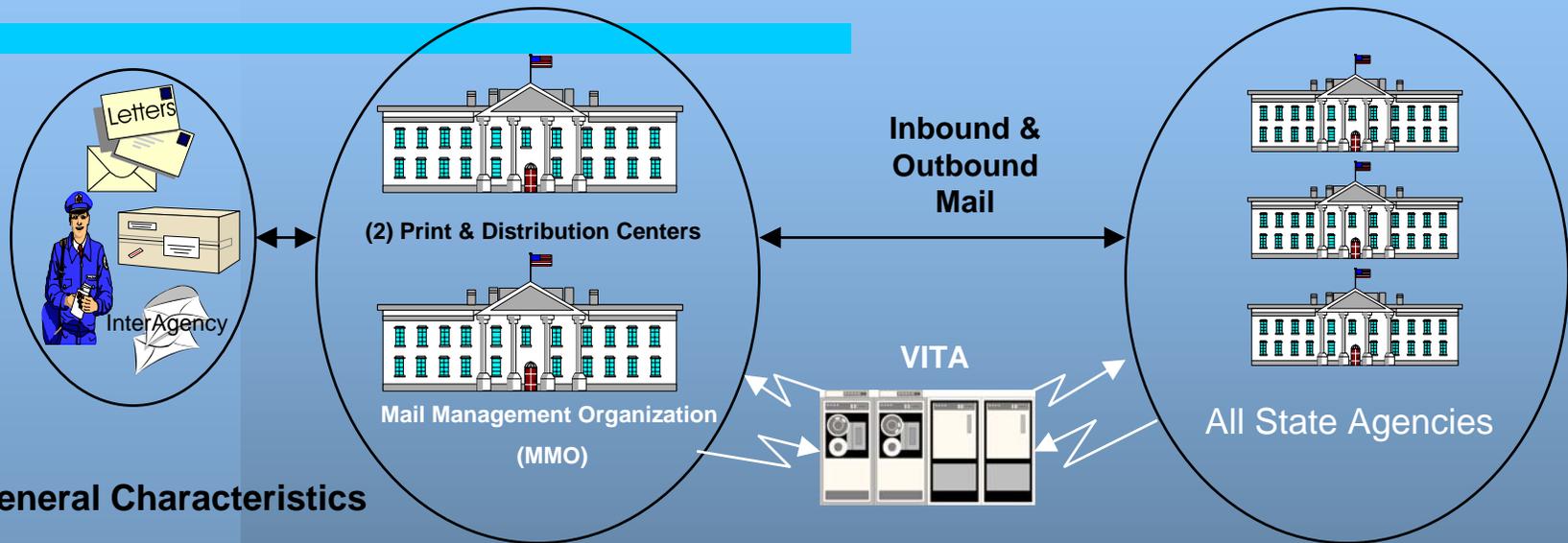




Mail Management Organization (MMO)



Long Term Strategic Plan Future Mail Environment



General Characteristics

- Establishment of 2 Print & Distribution Centers each handling 50% of COV capacity providing DR
- Centers will utilize current technological solutions (high speed laser printing and document insertion, documentation management control, on-line document creation, print on demand, standardized forms and envelopes, production processing automation and standardized processes)
- Comprehensive inbound mail security screening at COV desired level (X-ray, Explosive, Bio-detection)
- Print facilities will load share and provide disaster recovery and additional peak capacity
- Maximized postal savings utilizing internal/external postal presort processes
- Provides overall COV savings in labor, postage, equipment, and vehicle expense
- Provides cost effective and efficient mail services solutions to all COV agencies
- Technology driven processes to produce mail, administer operation, and reporting



Long Term Strategic “Vision”



- Long term goal will provide the most efficient and effective method of operation
- Significant cost savings will be accomplished by consolidating equipment, labor, and mail into two centers
- Consolidation of print, insertion, and mailing under the same roof will eliminate unnecessary costs and redundant equipment
- Centralize all COV print and mail functions in the same organization
- Have the ability to provide additional print and mail services such as lettershop, one-off printing and unique mailing services
- Provide inbound mail security at a reasonable cost with an established internal COV work force
- Be the driver for standardization of COV mailing processes
- Provide administration and reporting on mail services
- Provide disaster recovery capabilities and peak performance
- Maximize technology for standardizing of print and insertion and eventual reduction of printed media (e-business)



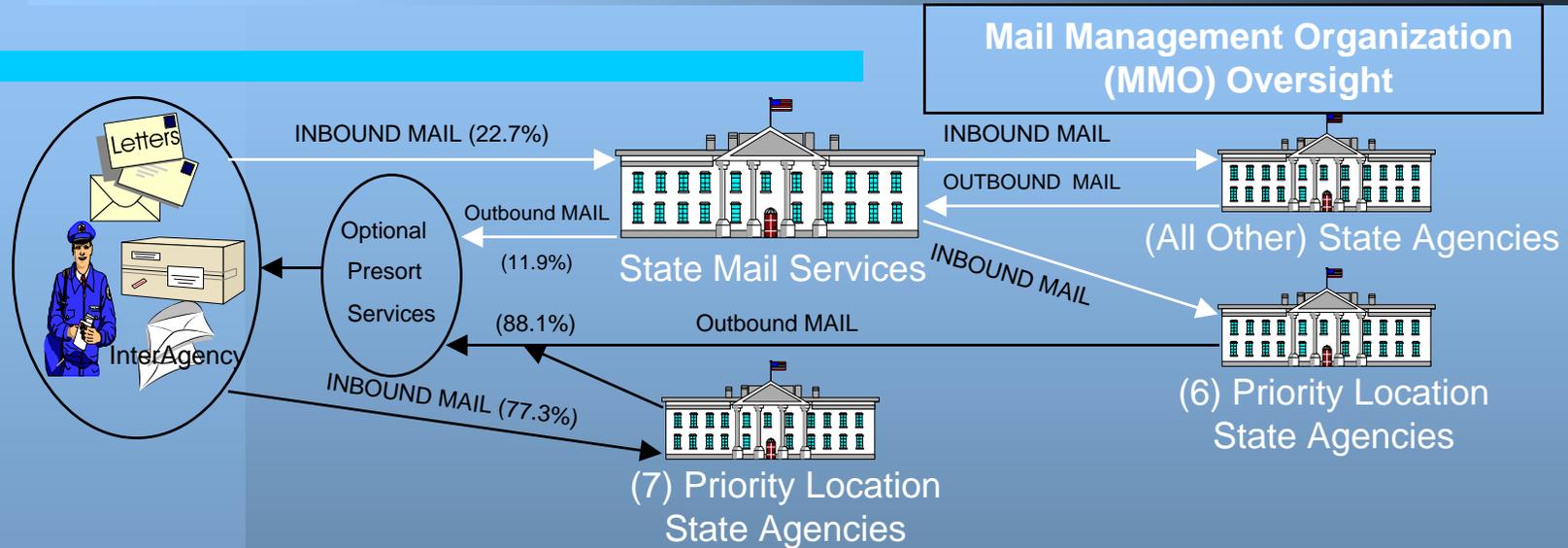
Short Term Options



- Four short term options have been recommended to provide some immediate savings in a more secure environment while serving as a building block for the long term goal. These options are:
 - State Mail Services handling of inbound mail services and security screening
 - State Mail Services handling of outbound mail services including metering and postal disposition
 - Priority Locations utilizing enhanced security screening
 - Priority Locations handling of outbound mail services from non-priority locations including metering and postal disposition



SMS Short Term Option – Inbound/Outbound



General Characteristics

- Mail Management Organization guidance & control of COV strategic mail initiatives & direction
- SMS inbound mail handling and distribution and outbound handling and metering of agency mail
- Comprehensive standardized security screening & (X-Ray) across all agencies for inbound mail
- Reduction in external threat risk, shut downs, and delays across all agencies
- Elimination of 50+ postage meters and associated lease, maintenance, and replacement cost
- Redeployment of agency labor associated with USPS mail pickup and outbound mail metering
- Redeployment of agency vehicle expense associated with USPS mail pickup
- Elimination of significant courier expense associated with USPS mail pickup



SMS Short Term – Inbound/Outbound

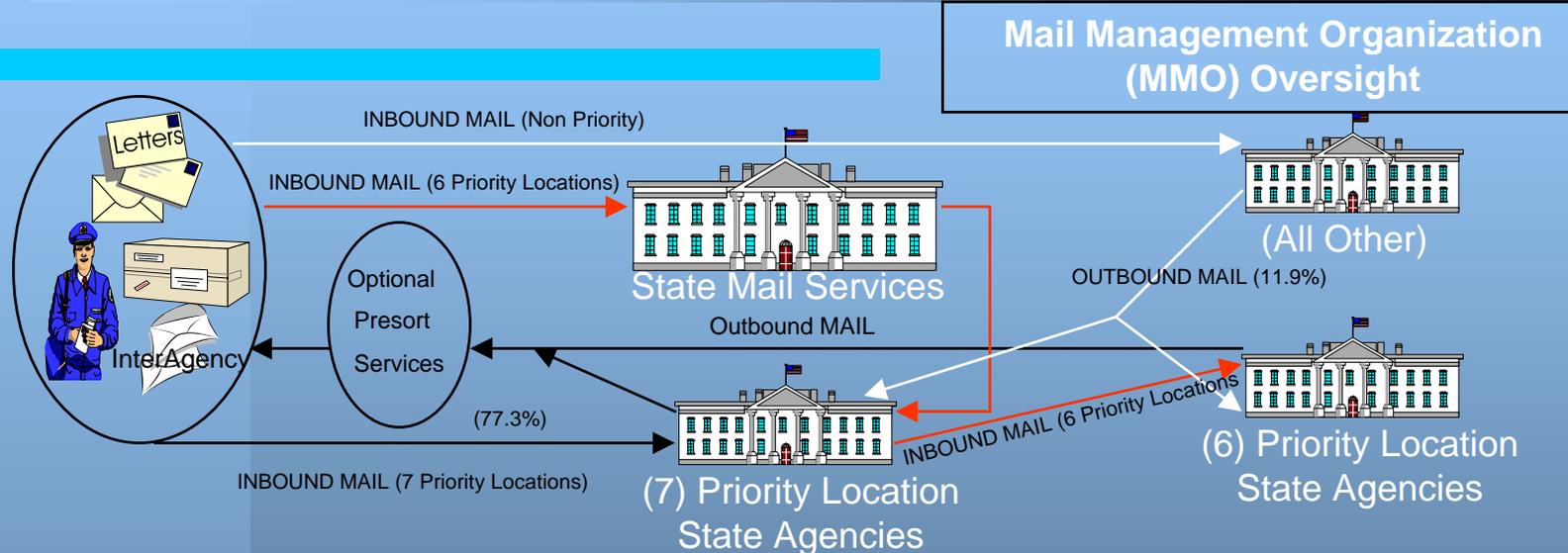


- Immediate benefits can be realized from the implementation of this option with minimal costs.
 - Decrease in COV postal meters
 - Cost avoidance in postal meter replacement
 - Decrease in agency/courier costs for mail pickup and delivery services
 - Potential for additional presort discounts
 - Minimal to no impact of delivery times of in and out bound mail
 - Additional transportation network, vehicle and labor costs associated with this option are minimal for SMS
 - Security for COV Inbound mail for non-priority locations will be accomplished at the lowest possible costs to the COV





Priority Location Short Term – Inbound/Outbound



General Characteristics

- Mail Management Organization guidance & control of COV strategic mail initiatives & direction
- Priority Location inbound mail security and outbound mail handling of other agencies
- SMS will handle mail transportation for other agencies interagency and USPS mail
- Comprehensive standardized security screening & (X-Ray) across all agencies for inbound mail
- Reduction in external threat risk, shut downs, and delays across all agencies
- Elimination of 50+ postage meters and associated lease, maintenance, and replacement cost
- Redeployment of agency labor associated with USPS mail pickup and outbound mail metering
- Redeployment of agency vehicle expense associated with USPS mail pickup
- Elimination of significant courier expense associated with USPS mail pickup





Priority Location Short Term Inbound/Outbound

- This option if implemented in conjunction with the short term SMS option can provide the COV with comprehensive inbound mail screening coverage for those agencies selected
- Implementation of this option can be staged for one or multiple agencies concurrently or based upon agency risk assessment
- The benefits of using the outbound option are similar to the SMS outbound benefits for postal, presort, courier and agency labor savings
 - *FE* recommends this option in the event the SMS outbound option is not considered



Short Term – Mail Security



- **X-ray technology**
 - commonly used in industry and other state governments – basic detection
- **X-ray supplemented by explosive detection**
 - Next level of security testing – requires more time/labor/costs
- **X-ray, explosive detection and bio-detection**
 - Most sophisticated level of testing – significant time/labor/costs associated with installation, maintenance, and testing





Financials – SMS Option

- **Inbound mail processing**
 - **Net savings \$42K**
 - **Costs**
 - \$62K (SMS labor, vehicle, real estate, relocation)
 - **Savings**
 - Real \$48K (Courier)
 - Redeployment \$56K (agency vehicle, labor)

- **Outbound mail processing**
 - **Net savings \$468K + \$261K cost avoidance**
 - **Costs**
 - \$62K (SMS labor, vehicle, real estate, relocation)
 - **Savings**
 - Real \$383K (Presort, postage meter)
 - Redeployment \$147K (agency vehicle, labor)
 - **Additional one time cost avoidance of \$261K from 2006 USPS postal meter directive**



Financials – SMS Option



- **Security implementation in conjunctions with inbound option**
 - One time capital expense \$78K – \$322K
 - 2nd year maintenance expense \$8K to \$64K
 - Inbound option net saving \$42K (defined previous slide)
 - **Costs**
 - X-ray \$76K to X-ray/Bio \$322K
 - 2nd year maintenance \$8K to \$64K
- **Bottom Line:**
 - Implementation of SMS inbound/outbound options result in \$540K net savings in addition to a \$261K cost avoidance
 - Addition of X-ray capital expenditure of \$78K results in same first year savings, second year net savings are \$532K due to maintenance expenses for X-ray equipment



Financials – Priority Location



● Inbound mail security

- Capital expense \$458K - \$1,305K
- 2nd year maintenance expense \$46K to \$261K
- Inbound option net expense \$4K
 - Costs
 - X-ray \$458K to \$1,305K (X-ray/bio)
 - 2nd year maintenance \$46K to \$261K
 - COV \$43K (SMS vehicle, labor, PL labor)
 - Savings (redeployment)
 - Agency \$39K (vehicle, labor)

● Outbound mail processing

- Net savings \$498K + cost avoidance \$261K
 - Costs
 - \$32K (SMS vehicle, labor)
 - Savings
 - Real \$383K (presort, postal meters)
 - Redeployment \$147K (agency labor, vehicles)
 - Additional one time cost avoidance of \$261K from USPS directive



Financials – Priority Location



- **Bottom Line:**
 - Implementation of Priority Location security option for X-ray screening will incur a capital cost of \$458K with ongoing maintenance expenses of \$46K after the first year in addition to \$4K in COV related expenses resulting in a net expense of \$4K for the first year and \$50K thereafter
 - Implementation of Priority Location outbound mail processing option will yield a net savings \$498K in addition to a \$261K cost avoidance



Transition plan



- First order of business, establish Mail Management Organization (MMO)
- Determine options to be implemented and select agencies for phase-in to short term options.

Options to be determined include:

- Inbound mail processing
- Inbound security processing
- Outbound mail processing

Agency selection as per COV with consideration for:

- Legally mandated agencies
- Mail sensitive agencies (Health Services, Library...)



Transition Plan



- **Formal implementation plan needs to developed for:**
 - Agency selection and notification
 - Vendor notification (postal meters, presort vendors, couriers...)
 - Procurement of security equipment
 - Development of security procedures and training
 - Established SMS transportation scheduled for USPS pick up/ delivery, agency pickup/ delivery
 - Implementation date for mail transition by agency
 - Agency servicing and implementation follow-up



Transition Plan



- In conjunction, development of long term “vision” needs to be continued including planning through implementation
 - Project funding and project objective
 - Team established from all impacted COV agencies
 - Analysis effort required to identify print and mail processes at all COV agencies.
 - VITA impact on print services
 - Logistical planning analysis required
 - Operational analysis required



Ongoing Support



- Federal Engineering's background in Mail Consolidation, Project Management and Systems Development is an asset to a project of this magnitude. The Federal Engineering team can be instrumental in helping the COV attain its short term goals while developing the long term objective of creating a secure and cost effective mail services environment.





Open Discussion

