

**2007 Innovations Awards Program  
APPLICATION**

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ID # (assigned by CSG): 07-S-36VASEATGOVMAILCONSOLIDATE

**Please provide the following information, adding space as necessary:**

State: Virginia

Assign Program Category (applicant): Government Operations – Administrations

1. Program Name:  
Seat of Government Mail Consolidation Initiative
2. Administering Agency:  
Virginia Department of General Services
3. Contact Person:  
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<http://sms.dgs.virginia.gov/default.aspx>
9. Please provide a two-sentence description of the program.

The Commonwealth of Virginia launched the Seat of Government Mail Consolidation Initiative, which is designed to centralize mail processing for state agencies at the seat of government in and around the Richmond metropolitan area. This initiative consolidates mail services, creating-cost saving opportunities and increased security for agencies.

10. How long has this program been operational?

The mail consolidation program began in May 2006.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?

The program was established to consolidate mail at the seat of Government in and around the Richmond metropolitan area, providing a centralized location for processing inbound and outbound mail in order to enhance mail security and efficiency.

Prior to consolidation, individual agencies had rudimentary mail policies and equipment in place to safeguard their staff and customers. Agencies also duplicated efforts by purchasing individual mail equipment and resources for mail processing as apposed to having a more efficient, more secure centralized unit.

12. Describe the specific activities and operations of the program in chronological order.

- May 2006: Began design plans for new State Mail Services operations facility.
- August 2006: Purchased x-ray equipment and other mail processing equipment. Hired Department of General Services (DGS) State Mail Services Manager and moved into a new mail facility.
- September 2006: Conducted first Commonwealth Postal Roundtable meeting designed to assist with program planning, evaluation and implementation. Sent communications through Leadership Communique, advertising the State Mail Services operation and detailing the services it would provide. Designed State Mail Services web page within the Department of General Services website.
- October 2006: Conducted first mail forum composed of customers and potential customers, drafted new State Mail Services (SMS) Mail Service Guide and conducted second roundtable. Began merging agencies that process small volumes of mail into SMS mail operation.
- November 2006: Distributed SMS guide to customers, conducted third roundtable and began drafting Mail Security Guide. Also began merging second wave of agencies into SMS mail operation.
- December 2006: Conducted second mail forum, launched SMS website and merged additional agencies into the SMS operation.
- January 2007: Purchased additional mail equipment, conducted fourth roundtable and merged another set of agencies into SMS operation.
- February 2007: Published the Commonwealth of Virginia Mail Security Guide.

13. Why is the program a new and creative approach or method?

For years, the Commonwealth of Virginia conducted mail operations similar to all other states. Each agency managed its own operations independently (“stovepipe” approach), and agency mail operations were normally constructed with the following: mail staff, courier service, mail processing equipment and operating space. This program consolidates these

components at a single point and eliminates costly duplication of mail operations across all agencies.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

The program's start-up cost was \$890,000. Start-up costs included the purchase of x-ray machines, special air handling and air filtration equipment, the build out of a state-of-the-art mail processing center. In addition, costs include recurring costs (approximately \$240,000 of the \$890,000) for four additional FTE (fulltime employee). One FTE is the state mail manager that provides oversight to the program. The mail manager is looking at mail processes across the enterprise and making enterprise based decisions rather than the "stovepipe" approach where each individual agency makes agency specific decisions. The other three FTE, one is an operations manager to manage activity in the mail center and the other two FTE are mail courier positions.

When the program began, there were already four DGS staff members processing mail, and the operation was originally housed in a small area inside of the Commonwealth's laboratory. This location was an inappropriate and inefficient location for the mail unit. DGS determined that a state-of-the-art mail facility, strategically located within a reasonable distance to the Capitol, yet isolated should a mail event occur that required mail quarantine.

In addition to the equipment purchased for the new mail center, the Virginia Department of Health (VDH) transferred its two high speed (DM1000) postage meters to the mail consolidation activity. These meters have the capacity to post over 50,000 pieces of mail each. VDH was able to transfer meters to the consolidated mail activity because their mail volume was eliminated due to consolidation and as a result, they no longer had need for the postage meter. By transferring the meters to the consolidate mail activity the mail activity did not need to purchase postage metering equipment; the Commonwealth realized a cost savings of over \$100,000.

15. What are the program's annual operational costs?

First year operational costs are estimated to be approximately \$650,000.

16. How is the program funded?

The program is currently funded from the Commonwealth's General Fund.

17. Did this program require the passage of legislation, executive order or regulations?

The following items mandated the mail consolidation program:

- Executive Order 3
- Governor's 2004 Executive Directive
- The 2006 Virginia Acts of Assembly - Chapter 3, Item 73-E

More information can be found on the State Mail Services web site at: <http://sms.dgs.virginia.gov/background.aspx>

18. What equipment, technology and software are used to operate and administer this program?

For security, SMS purchased:

1. A large stationary x-ray machine.
2. Five mobile x-ray machines.
3. A mail cut open machine designed to detect airborne spores and other biological threats.
4. High speed postage meters
5. A fleet of mail delivery vehicles
6. Software to capture postage costs by agency cost codes (for billing purposes)

For efficiency, SMS purchased:

1. The Arrival Package Tracking and Delivery Management System, an internal tracking system designed to track registered, certified and insured mail or packages that will be used to track carrier mail delivery and pick-up times.
2. eSolutions Software, which allows customers to process and track registered, certified and insured mail electronically.
3. Ascent™ - Multi-Carrier Package Management, which helps shippers and mailers compare service options and save money without compromising delivery requirements.
4. Business Manager Information Management System, a PC-based system that links multiple mailing and shipping systems at multiple sites.
5. Two DM1000 metering machines, which automatically feed, seal, post and stack up to 260 letters per minute. *(note the metering machines were transferred from the Department of Health and not an actual purchase).*

19. To the best of your knowledge, did this program originate in your state?

The program did not originate in the Commonwealth of Virginia. There are about seven other states that have adapted some form of this program.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Yes: Oregon, North Carolina, Iowa, Washington, Kentucky, Tennessee and Georgia. Oregon offers its customers an automated folding and insertion system. North Carolina, Iowa, Washington, Kentucky, Tennessee and Georgia provide postal pick-up and delivery of both inter-agency and USPS mail for their customers.

21. Has the program been fully implemented? If NO, what actions remain to be taken?

Because we are using a phased method for merging agencies into the SMS operation, mergers will continue for some time. For the initial six months, we focused on low hanging fruit. Those agencies that would realize the biggest return on consolidation of their mail operations into the consolidated mail activity were targeted first. We are now turning our attention to the remaining agencies. In addition, we are taking services to the next level by identifying additional services expected to achieve greater cost benefits that weren't part of the original scope of services offered.

In June 2007, we will reevaluate the operation and determine whether we need to hire additional staff and purchase additional equipment to implement the additional service offerings.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Pros

- Since the program's inception, the Commonwealth of Virginia has enhanced mail security by establishing uniform security procedures and measures.
- By establishing SMS, the Commonwealth of Virginia has eliminated redundancy in state mail operations. Agencies were able to eliminate individual metering contracts, contracted carrier services, and redeploy agency resources once used to process mail to other agency activities.
- The Commonwealth can now take advantage of postal discounts because of large-volume processing created by the merging of state agencies' outgoing mail.

Cons

- Anticipated resistance to the mail service initiative from agencies.
- Agencies that are in iron-clad, expensive contracts for metering machines or carrier services were deterred from immediately merging into program.

23. How has the program grown and/or changed since its inception?

- In 2004 the Commonwealth had 53 postage meters (rented or owned) as of February 2007 the Commonwealth has 35 meters. This count will continue to be reduced as agencies enter into the consolidated mail activity.
- Savings of over \$90,000 per year are attributed to the reduction in postage meters.
- A savings of over \$28,000 per year are attributed to the elimination of courier services
- Incoming pieces of mail processed by the consolidated mail activity has increased from 9,000 to over 70,000. Increase occurred over a six month span from September 2006 to February 2007.
- Outgoing pieces of mail processed by the consolidated mail activity has increased from 1,200 to over 110,000. Increase occurred over a six month span from September 2006 to February 2007.
- Number of mail stops increased from 114 to 121 over a six month period of time (September 2006 to February 2007).
- Additional postage savings as a direct result of the consolidated mail activity went from \$0 to approximately \$5,000 per month, a projected annual savings of approximately \$60,000.
- The consolidated mail operation has increased its processing capability by the transfer of the Virginia Department of Health postage meters to the consolidated mail activity. This action resulted in a cost savings to the Commonwealth in excess of \$100,000.
- The consolidated mail activity has an oversight group referred to as the mail "roundtable". This group is comprised of senior managers from agencies that have large mail operations (i.e. Tax, DMV, DSS). This group meets on a quarterly basis.

- The consolidated mail activity has established a “mail forum” where individuals responsible for mail operations within agencies gather on a quarterly basis with the state mail manager to discuss the latest in mail processing requirements from USPS, UPS, etc. and receive information about consolidated mail activities. Forum participants have increased from about 50 to over 80.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Potential obstacles may include:

- Resistance from agencies if there are no legislative mandates or executive directives
- Postal equipment and manpower shortages
- Agencies having multiple metering contracts
- Agencies refusing to transfer postal resources to other agencies

## **2007 Innovations Awards Program Program Categories and Subcategories**

Use these as guidelines to determine the appropriate *Program Category* for your state's submission and list that program category on page one of this application. Choose only one.

### *Infrastructure and Economic Development*

- Business/Commerce
- Economic Development
- Transportation

### *Government Operations*

- Administration
- Elections
- Public Information
- Revenue

### *Health & Human Services*

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

### *Human Resources/Education*

- Education
- Labor
- Management

- Personnel
- Training and Development
- Workforce Development

### *Natural Resources*

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

### *Public Safety/Corrections*

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

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CSG Innovations Awards 2007  
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This application is also available at [www.csg.org](http://www.csg.org), in the Programs section.

**Deadline: April 2, 2007**