MTAC AFSM AI Workgroup #96
11/1/06 Meeting Notes

The USPS kicked off the meeting by noting that this should be the final meeting of this workgroup. The final recommendations for the workgroup will be reviewed, and possibly a last telecon held before Christmas if the group deems that necessary, then the workgroup will be sunset.

Workgroup Report Review

Mauro Licciardello, USPS, presented highlights from the draft workgroup report.

The mailer-prepared Automation Compatible Trays (ACTs) presented major hurdles, he noted. There would be a major investment for new equipment, costs to manage ACT inventory, and material handling of the ACTs is not easy. The trays are very heavy when full and would require hard manual labor to move, as well as being a safety issue.

The perfect pallet concept tested by the workgroup offers value, Mr. Licciardello reported. It is feasible for printers/mailers that use both an automated process or a manual process. It offers the USPS much value as it moves toward an FSS operations environment. A "perfect pallet" is described as a pallet loaded with bundles that are strapped with 1-2 straps (as little strapping as possible), no compensation of bundles (pieces in bundle facing same direction), use of slip sheets to separate multiple sort plans, and standard-sized presorted bundles (all roughly the same size, whatever size works best for the mailpiece and pallet integrity).

Charley Howard noted that once mailers are producing bundles for FSS (no ECR bundles) and move to scheme bundles, then software can determine the average bundle height all the way through the mailing and just make the bundles all the same size.

It was asked whether straps can cover the address on these bundles since they would not be processed on APPS. The USPS will consider the question.

Mr. Licciardello continued his review, describing the benefits of the perfect pallet. It is a direct connect between mailer production and USPS processing, he noted. Bundle breakage costs are avoided because the bundles are not processed on APPS equipment. The perfect pallet concept is a good for for an FSS Auto Prep environment. There would be no adverse impacts to addressing and finishing lines, he noted.

Several printers on the workgroup disagreed with that statement, reminding the Postal Service that many printing lines are shrinkwrap only, with no strapping capability. A quick survey of the workgroup members showed that probably 1/3 to 1/2 of the lines run by major printers on the group would be impacted in that strapping would need to be added. That would require purchase of strapping equipment, and additional labor costs for workers to run that equipment, they noted. The printers also reported that there is a shortage of available strapping equipment in the industry today, and it would probably take 2-3 years to get sufficient equipment supplies. In addition, many printers moved away from strapping equipment because it broke down frequently and required much maintenance.

Would there be any return on investment for the participating mailers, the printers asked. Will dual processing environments be needed (e.g., one method for FSS flats and another for non-FSS flats)? The USPS said that it does not plan to change the existing bundling methods for non-FSS flats because that mail still would need to be processed on APPS, but that means there would be a dual production process for printers, which may be cost prohibitive.

The industry workgroup members strongly urged the Postal Service to look at how much volume might come from printers in the shape of perfect pallets once all things are considered (dual preparation concerns, different methods currently used, cost of strapping/labor, etc.). How much volume would the USPS need to see presented as perfect pallets in order to cost-justify the perfect pallet processing equipment.

Marc McCrery noted that perhaps half of the major printers' volume would be prepared as perfect pallets, depending on co-mailing. He said the USPS has already looked at numbers as far as the potential volume for perfect pallet preparation with the existing flats mail characteristics. Without a major shift in printer technology and processes, he said, there already is some ability to prepare perfect pallets.

Kathy Siviter asked if there would be anything to keep smaller or mid-size printers from being able to produce perfect pallets and the group responded that any mailer now making pallets and with strapping equipment available could do it. The group said that if the USPS decides to go this route, it needs to get the message out to other printers and those preparing the mail.

Mr. Licciardello re-capped the other constraints of the perfect pallet concept, including the fact that not all mailers have the necessary capabilities, some publications would require additional packaging, and some mail designs require bundle compensation. One printer suggested that the increased industry use of saddle stitch versus perfect bound publications may increase the need for bundle compensation.

Next Steps

Mr. Licciardello said that overall the workgroup report will recommend further exploration of the perfect pallet concept as the preferred preparation method in an FSS/Automatic Induction environment. Further exploration of the concept may be appropriate, and could be done as part of another MTAC workgroup looking at mail preparation and entry issues under FSS.

He reported that when the USPS tests the FSS production machine at Dulles next year, Northrop Grumman will have perfect pallet preparation equipment available to further test the concept. Mr. Howard suggested that the USPS at that time could take pallets as they are made today and test them as well as more prepared as "perfect pallets" and see how well they can work. Rob Laybourne, Northrop Grumman, said that the equipment is not designed to remove shrinkwrap. There would be two types of pallets – those that are machine-disassembled and those that are manually-disassembled.

If the USPS wants to further test the perfect pallet concept prior to the Dulles FSS production test, some mailers could supply samples of unaddressed mail, Mr. Howard suggested.

The group briefly discussed the time line for FSS implementation, with the USPS noting that it will be into 2009 before the first 100 machines have been deployed, so it will be awhile.

Workgroup members should look over the draft of the final report and send comments to Jamie Gallagher (e-mail to "jamie.gallagher@usps.gov").