



February 13, 2009

SYLVESTER BLACK
VICE PRESIDENT, WESTERN AREA OPERATIONS

SUBJECT: Audit Report – Postal Vehicle Service Transportation Routes –
Minneapolis Processing and Distribution Center
(Report Number NL-AR-09-001)

This report presents the results of our audit of the Minneapolis, MN, Processing and Distribution Center's (P&DC) Postal Vehicle Service (PVS) transportation (Project Number 08XG020NL001). Our objectives were to determine whether selected PVS vehicle operations were effective and economical. The report is the sixth in a series of reports responding to a request from the Postal Service's Vice President, Network Operations, for audit work in this area. See [Appendix A](#) for additional information about this audit.

Conclusion

The Minneapolis P&DC could more effectively manage PVS transportation processes and schedules. Once this occurs, we estimate the Postal Service could save more than \$9.3 million over 10 years. We also observed that PVS drivers were neither consistently restraining mail and equipment for transportation as required, nor were they consistently using seat belts.

Excess Workhours and Associated Cost Reductions

Minneapolis P&DC officials were not effectively managing PVS transportation processes and schedules as evidenced by unassigned driver time, duplicate trips, and underutilized trips. This occurred because management did not conduct schedule and vehicle utilization reviews. We concluded that officials could remove 22,809 excess workhours from existing PVS schedules and reduce related fuel costs and damage claims, thereby saving about \$9.3 million over a 10-year period. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the Vice President, Western Area Operations:

1. Ensure that Minneapolis Processing and Distribution Center managers follow prescribed fleet management procedures for making Postal Vehicle Service schedules effective, including conducting schedule and vehicle utilization reviews.
2. Verify elimination of the 13,562 workhours already agreed to by local and area management from Postal Vehicle Service trip schedules.

3. Reassess the remaining 9,247 workhours and eliminate the workhours as indicated by the reassessment, or document the reasons for retaining the workhours.

Management's Comments

Management indicated agreement with our findings and recommendations and stated they are planning to conduct semiannual utilization reviews beginning March 2009, and will conduct a follow-up review in October 2009. Management committed to using the results of these reviews to right-size PVS operations to the “ever-changing transportation environment.” By July 2009, management expects to implement the remaining agreed to workhour savings. Additionally, management agreed to reassess the 9,243 disagreed workhours, pending the outcome of the Article 32 arbitration. Finally, management stipulated actual savings may vary from the “potential savings identified by the OIG¹” due to several factors. We have included management's comments in their entirety in [Appendix C](#).

Other Matters – Restraint of Mail and Equipment

We observed mail and equipment being transported on Minneapolis P&DC PVS transportation that was not being consistently restrained according to established safety policies.² Improperly restrained mail and equipment can lead to accidents, property damage, undue liability, and unwarranted costs for the U.S. Postal Service. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the Vice President, Western Area Operations:

4. Ensure that Minneapolis Processing and Distribution Center management issues a memorandum to drivers enforcing load restraint policies for Postal Vehicle Service trips and provides oversight of load restraint processes.

Management's Comments

Management indicated agreement with our finding and recommendation. Management published a memorandum to drivers in February 2009 emphasizing load restraint policies. Additionally, management has already developed procedures to monitor and enforce compliance with Postal Service load restraint policies.

¹ U.S. Postal Service Office of Inspector General

² Logistics Order LO200407, dated April 16, 2004, prescribes policies for safe loading and proper restraint during transportation of mail to facilities. In particular, the order states, “All vehicles transporting containers and pallets must have the load secured with two restraining devices approximately every ten (10) feet.”

Other Matters – Seat Belt Usage

We observed drivers not consistently wearing seat belts as required by Postal Service policy.³ Federal research has found that seat belts significantly reduce the risk of fatal or serious injury to motor vehicle operators who use them. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the Vice President, Western Area Operations:

5. Ensure that Minneapolis Processing and Distribution Center management emphasizes use of seat belts by Postal Vehicle Service motor vehicle operators. At a minimum, management should issue a memorandum to drivers requiring their compliance with Postal Service policies and periodically monitor compliance.

Management's Comments

Management indicated agreement with our finding and recommendation. On January 28, 2009, management issued a memorandum to all Minneapolis P&DC PVS drivers emphasizing the use of seat belts. Additionally, management has already developed procedures to monitor and enforce compliance with Postal Service seat belt policies.

Evaluation of Management's Comments

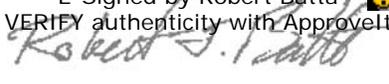
The OIG considers management's comments responsive to all the recommendations, and the corrective actions should resolve the issues identified in the report.

The OIG considers recommendations 1, 2, and 3 significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when management completes corrective actions. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that they can be closed.

We will report \$9,343,066 of monetary impact of funds put to better use in our *Semiannual Report to Congress*. Although management did not agree with our total monetary impact, we believe our estimates are valid based on the best data available and given PVS operations at the facility.

³ Handbook PO-701, *Fleet Management*, March 1991 (updated with *Postal Bulletin* revisions through March 31, 2005), Vehicle Operations and Utilization, Chapter 2, Section 245.26 states, "Any employee (except rural carriers) operating a postal-owned, leased, or privately owned (used during official business) vehicle must use a seat belt any time the vehicle is in motion."

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jody Troxclair, Director, Transportation, or me at (703) 248-2100.

E-Signed by Robert Batta 
VERIFY authenticity with ApproveIt


Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

Attachments

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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Postal Service transportation includes both nationwide network transportation between cities and major facilities and delivery transportation between local post offices and neighborhood delivery and pickup points. Network transportation using Postal Service vehicles and employees is called PVS. Management typically assigns PVS vehicles and personnel to Postal Service network facilities, such as bulk mail centers or P&DCs in or near metropolitan areas. PVS operations are normally conducted within 50 miles of the 162 Postal Service facilities. PVS drivers drive about 150 million miles every year. Because PVS operations are local, they are managed at the facility level under guidance from district, area, and headquarters transportation officials.

PVS is capital- and personnel- intensive. PVS capital assets include 2,222 cargo vans, 1,869 tractors, and 4,182 trailers. Employees service and repair these vehicles at 321 Postal Service vehicle maintenance facilities (VMFs),⁴ auxiliaries, and local commercial garages nationwide. PVS currently involves about 10,000 employees, including 8,482 uniformed drivers, 621 administrative support personnel, and 963 managers. The American Postal Workers Union (APWU) represents PVS drivers and support personnel.



The Minneapolis P&DC is located at 100 South 1st Street and parallels the Mississippi River. October 5, 2008.

PVS operations typically include:

- Transportation to and from major facilities or local post offices.
- Transportation to and from major commercial business mailers.

⁴ A VMF Auxiliary is an extension of a VMF.

- Yard operations, defined as the movement of trailers and equipment in or around a facility yard.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Vice President, Network Operations, requested that we audit PVS operations nationwide. Because individual facilities control PVS operations, we localized our audit approach. This report focuses on PVS operations at the Minneapolis P&DC in the Postal Service's Western Area. The objectives of our audit were to determine whether PVS operations were effective and economical.

Using Postal Service computer-generated data and other records, we analyzed 207 Minneapolis P&DC driver schedules, identified 185,924 workhours associated with those schedules, and evaluated individual trips and trip load volume. We conducted the analysis to determine whether management could reduce workhours and labor costs. We analyzed driver assignments and determined whether drivers made duplicate or unproductive trips.

During our work, we visited the Minneapolis P&DC, other regional facilities, and local post offices. We reviewed relevant Postal Service policies and procedures, interviewed managers and employees, and observed and photographed operations. We evaluated the type of mail carried, considered on time service standards, and visited major commercial business mailers. We examined the cost of PVS operations, including the cost of PVS personnel, fuel, and damage claims. We identified unscheduled time and trip duplications and analyzed potential trip consolidations.



A PVS mail hauling vehicle begins driving up a Minneapolis P&DC ramp. September 9, 2008.

We conducted this performance audit from August 2008 through February 2009 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on January 9, 2009, and included their comments where appropriate.

We did not audit or comprehensively validate the computer-generated data used in our analyses; however, we noted several data and other weaknesses that limited our work. For example, some computer records had missing data and inaccurate load volumes. Although these limitations constrained our work, we were able to compensate by applying alternate audit procedures, including observation, physical inspection, and discussion with appropriate officials. We also applied conservative principles to our workhour and cost reduction estimates.

PRIOR AUDIT COVERAGE

At the request of the Vice President, Network Operations, the OIG has previously worked with the Postal Service to reduce PVS costs. As indicated by the chart below, since March 2007, we have issued five audit reports that identified labor and other potential savings exceeding \$34.3 million. Management agreed with all of our recommendations.

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Postal Vehicle Service Transportation Routes – Memphis Processing and Distribution Center</i>	NL-AR-07-003	March 30, 2007	\$7.3
<i>Postal Vehicle Service Transportation Routes – Los Angeles Bulk Mail Center</i>	NL-AR-07-006	September 21, 2007	4.9
<i>Postal Vehicle Service Transportation Routes – Milwaukee Processing and Distribution Center</i>	NL-AR-07-007	September 27, 2007	4.0
<i>Postal Vehicle Service Transportation Routes – San Francisco Processing and Distribution Center</i>	NL-AR-08-003	March 26, 2008	10.1
<i>Postal Vehicle Service Transportation Routes – Northern Virginia Processing and Distribution Center</i>	NL-AR-08-006	September 25, 2008	8.0
Total			\$34.3

APPENDIX B: DETAILED ANALYSIS

Excess Workhours and Associated Cost Reductions

The Minneapolis P&DC could more effectively manage PVS transportation processes and schedules to ensure efficiency. We found PVS schedules contained:

- Unassigned time when drivers were not needed for a specific trip or related activity.
- Duplicate trips.
- Underutilized trips that management could have consolidated.

This resulted because managers were not routinely conducting PVS schedule reviews as required.⁵ In addition, given the dynamic and ever-changing transportation environment, to maintain the effectiveness and efficiency of PVS operations, the Postal Service requires management to perform vehicle utilization reviews at least annually to determine vehicle need.⁶ According to Minneapolis P&DC management, they had not performed this type of review.

We concluded the Minneapolis P&DC could reduce workhours by 22,809 and save about \$9.3 million over 10 years without negatively affecting service. The Postal Service would achieve more than 90 percent of the savings through personnel workhour reductions; however, the Postal Service would also realize fuel cost and damage claim savings, as depicted in Table 1.

Table 1. Potential Savings (Personnel, Fuel, and Damage Claims)

Cost Category	Fiscal Year (FY) 2009 Total ⁷ (Phased in)	FY 2010 (Annual) Total	10-Year Total (FYs 2009 to 2018)	Percentage
Personnel	\$482,038	\$961,696	\$8,476,477	90.7
Fuel	60,754	60,226	584,314	6.3
Damage Claims	30,377	29,878	282,275	3.0
Total	\$573,169	\$1,051,800	\$9,343,066	100.0

⁵ Handbook PO-701, *Fleet Management*, March 1991, Chapter 2, Section 233, requires PVS operations to perform vehicle utilization reviews at least annually to maintain effectiveness and efficiency.

⁶ Handbook PO-701, *Fleet Management*, March 1991, Chapter 2, Section 233.31 – 233.33, specifically requires annual completion of Postal Service (PS) Form 4575, *MVS Vehicle Survey*; PS Form 4572, *Tractor Log*; and PS Form 4569, *Vehicle Use Plan*, to maintain effectiveness and efficiency.

⁷ The FY 2009 figure is conservative to allow for phase-in of workhour reductions during the year. The FY 2009 total represents \$332,435 in savings (13,562 workhours) with which management agreed and \$240,734 in savings (9,237 workhours) with which management disagreed.

Throughout our audit we coordinated with local transportation managers and proposed schedule realignments to them. The managers reviewed each proposal in conjunction with their own assessment of operational requirements, and we discussed any differences. Although management agreed to only 13,562 of the 22,809 workhours we identified as unnecessary, we believe the remaining 9,247 workhours could produce savings without jeopardizing on time performance. During a December 11, 2008, follow-up discussion with Minneapolis P&DC management, Postal Service officials stated they would further reduce their PVS workhours using OIG recommendations as their foundation. However, management is reluctant to commit to the schedule changes at this time, pending the results of a local arbitration decision with the APWU. Once the decision is resolved, management has committed to right-sizing its PVS operations. During our January 9, 2009, exit discussions with Western Area officials and Minneapolis P&DC management, we determined that due to the aggressive and timely actions management took, about 70 percent of the agreed workhour reductions would be realized in FY 2009. Achievement of savings from the remaining agreed upon workhours would likely take longer.

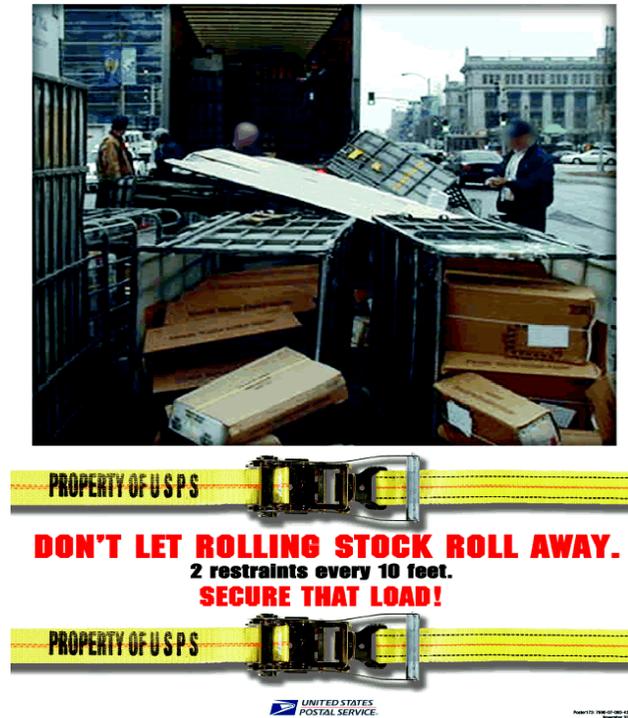
Other Matters – Restraint of Mail and Equipment

During our observations of PVS vehicles being loaded and unloaded at the Minneapolis P&DC, we found that employees were securing 34 percent of these vehicles' loads of rolling stock of mail and equipment with single — instead of the required double — restraints at the ends of their loads.



A single restraint was used on this Minneapolis P&DC PVS load of mail and equipment. November 18, 2008.

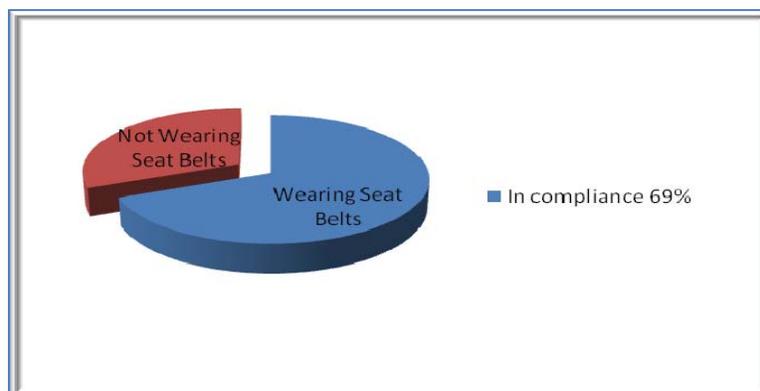
Improperly restrained Postal Service mail and equipment (as shown on the poster⁸ below) can lead to accidents, damage to property, undue liability, and unwarranted costs for the Postal Service.



Other Matters – Seat Belt Usage

During our observations of PVS vehicles in motion, we found that 31 percent of their drivers were not wearing seat belts. See Figure 1.

Figure 1. Percentage of Drivers Not Wearing Seat Belts Based on OIG Observations



⁸ U.S. Postal Service Poster 173, PSN: 7690-07-00-4341, November 2004.

Postal Service policies require PVS drivers to wear seat belts while operating vehicles in motion doing official business. According to the Federal Motor Carrier Safety Administration, a large percentage of drivers involved in fatal trucking accidents were not wearing seat belts.

APPENDIX C: MANAGEMENT'S COMMENTS

SYLVESTER BLACK
VICE PRESIDENT, WESTERN AREA OPERATIONS



February 5, 2009

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Audit Report - Postal Vehicle Service Transportation Routes
Minneapolis Processing and Distribution Center, Western Area
(Report Number NL-AR-09-DRAFT)

The Western Area and the Northland District have reviewed the subject draft audit report (Project # 08XG020NL00). Our response to the findings, recommendations, and monetary amount is provided below.

Recommendation 1

Ensure that the Minneapolis Processing and Distribution Center managers follow prescribed fleet management procedures for making PVS schedules effective, including conducting schedule and vehicle utilization reviews.

Response

To maintain effectiveness and efficiency within the Minneapolis PVS operations, the Minneapolis Processing and Distribution Center will conduct semi annual vehicle utilization reviews. A review is scheduled for March 7-20, 2009. Based on the data from this upcoming review, adjustments to routes will be completed within 30 days to "right size" the vehicle cube to the ever-changing transportation environment. A follow-up review will be conducted in October 2009.

Recommendation 2

Verify elimination of the 13,562 workhours already agreed to by local and Area management for the PVS trip schedules.

Response

Minneapolis Processing and Distribution Center management has implemented changes to capture 67% of the identified agreed 13,562 workhours for elimination at this time. The following changes have been implemented as of January 3, 2009:

- Reduction of Sunday runs for an annual savings of 5,500 Sunday premium hours.
- Reduction of employee drivers staffing on holidays for an annual savings of 880 hours.
- Shifting Tour 2 employees to Tour 1 to maximize the productivity of the current complement (Schedule employees in the right place at the right time.)
- 59% reduction of overtime hours.
- 11.7% reduction in driver workhours.
- Two Saturday runs reverted for an annual savings of 824 hours.
- Removed utility runs via FY09 bidding for an annual savings of 2,011 hours.

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The remaining 33% of the workhours will be captured on the daily runs by movement and realignment of drivers based on the observation outlined in the audit team summary sheet of excess hours. These recommendations will be implemented by July 1, 2009.

Recommendation 3

Reassess the remaining 9,247 workhours and eliminate the workhours as indicated by the reassessment, or document the reason for retaining the workhours.

Response

All recommendations will be reassessed to reduce the remaining 9,243 workhours. Minneapolis PVS operations will continue to track standby time. Minneapolis PVS operations currently average 65-70 standby hours per week. YTD standby hours are 1,160 hours.

Actions to capture these additional workhours will be implemented pending the outcome of the Article 32 arbitration, which was scheduled January 28, 2009, and has since been rescheduled. The potential excessing of PVS drivers outside of the craft via the Article 12 process will be reviewed once the Article 32 issue has been settled.

Recommendation 4

Ensure that Minneapolis Processing and Distribution Center management issues a memorandum to drivers enforcing load restraints policies for PVS trips and provide oversight of load restraint processes.

Response

Minneapolis Processing and Distribution Center management will issue a letter to all drivers emphasizing correct procedures for the proper load restraints. The letter will be issued by February 9, 2009, and will reference the proper procedures outlined on Label 62. Compliance checks will be performed through dock observations and weekly safety walk through (attached).

All transportation EAS staff in Minneapolis will conduct a minimum of five (5) load restraint observations per week. Data will be tracked and monitored for compliance by the Minneapolis Processing and Distribution Center Transportation Manager.

Recommendation 5

Ensure that Minneapolis Processing and Distribution Center management emphasizes the use of seat belts by PVS motor vehicles operators. At a minimum, management should issue a memorandum to drivers requiring their compliance with Postal Service policies and periodically monitor compliance.

Response

Minneapolis Processing and Distribution Center management has issued a letter (attached) to all drivers emphasizing postal policy regarding the wearing of seat belts. Monitoring will be done weekly by PVS staff through their weekly safety walk through. All transportation EAS staff in Minneapolis will conduct a minimum of five (5) safety belt observations per week. Data will be tracked and monitored for compliance by the Minneapolis Processing and Distribution Center Transportation Manager.

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The Western Area has a philosophical difference with the methodology for the calculation of potential savings over 10 years. Actual savings achieved may vary significantly from the potential savings identified by the OIG due to several factors:

- Reduction in PVS scheduled hours does not always result in a corresponding equal number of actual workhours reduced due to contractual restrictions on scheduling of employees.
- Capturing of actual workhours is not immediate due to the rate of attrition by PVS drivers.
- Changes in PVS workload.
- Volatility in fuel prices.
- Potential for contractual changes in PVS work rules.
- Potential for conversion of PVS work to HCR.


Sylvester Black

Attachments

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Supervisor Weekly Safety Walk-Through

Date:

Instructions: Check each item. When "U" is checked for and item, enter the abatement date and action taken and if you spoke to the employee. On the bottom list the (5) drivers names and the time of the observation.

Item (S)atisfactory/ (U)nsatisfactory	SAT		SUN		MON		TUE		WED		THUR		FRI		Abatement Action & Date of Abatement
	S	U	S	U	S	U	S	U	S	U	S	U	S	U	
Are employee's wearing seatbelts & shoulder strap.															
Are employee's wearing radio headset's or bluetooth's or talking on cellphone.															
Are employee's pushing equipment instead of pulling.															
Are employee's using (2) straps to secure loads.															
Is the employee wearing an appropriate uniform and footwear.															
Are employee's using locks to secure the mail.															
Are employee's chocking the tires on vehicle while staged at loading dock.															
Are employee's using 4-way flashers while backing the vehicle.															
Are employee's securing the vehicle when leaving it unattended.															
Are employee's adhering to the "no idling" policy.															
Drivers Name	Time of Observation		Place of Observation		Follow up action taken if required										
Additional notes:															
Completed by:														Reviewed by:	

MANAGER, TRANSPORTATION & NETWORKS
MINNEAPOLIS PROCESSING & DISTRIBUTION



January 28, 2009

SUBJECT: SAFETY BELTS

TO: MINNEAPOLIS MOTOR VEHICLE AND TRACTOR TRAILER DRIVERS

Every day we encounter and avoid hazards in the performance of our driving duties; however there is room for improvement in our usage of safety belts.

A new Federal Motor Carrier Safety Administration study shows only 65% of all commercial vehicle drivers wear safety belts. This study dispels the belief that professional truck drivers are more likely to wear safety belts than drivers of passenger vehicles, 82% of whom wear seat belts. Our local observations are consistent with the findings of the FMCSA study.

Wearing a seat belt while driving for the United States Postal Service is not a personal decision. IT IS POSTAL POLICY. Section 245.26 of the Postal Employee's Guide to Safety, Handbook EL-814 states, "Any employee (except rural carriers) operating a postal-owned, leased, or privately owned (used during official business) vehicle must use a seat belt any time the vehicle is in motion." Furthermore, Fleet Management, Handbook PO-701 also states, "You must wear safety belts at all times the vehicle is in motion....."

The consequences of not wearing a safety belt can greatly affect your employment, your family and your own well being. **Buckle up. Every trip. Every time.**

A handwritten signature in black ink, appearing to read "Thomas Ostendorf".

Thomas Ostendorf
Manager, Transportation & Networks

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