



September 29, 2010

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VICE PRESIDENT, NETWORK OPERATIONS

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SUBJECT: Audit Report – Postal Vehicle Services - Scheduling and Staffing -
Atlanta District (Report Number NL-AR-10-008)

This report presents the results of our audit of Postal Vehicle Service (PVS) operations at the Atlanta District (Project Number 10XG009NL000). The U.S. Postal Service Office of Inspector General (OIG) initiated this audit because the Atlanta District was one of the top three districts in our assessment of operational risk based on key transportation indicators. Our objective was to determine whether scheduling and staffing of PVS operations are efficient, effective, and economical. See [Appendix A](#) for additional information about this audit.

U.S. Postal Service transportation includes both nationwide network transportation between cities and major facilities as well as 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 Network Distribution Centers (NDCs) or Processing and Distribution Centers (P&DCs) in or near metropolitan areas. PVS operations are normally conducted within 50 miles of the 154 Postal Service facilities with PVS operations. PVS drivers travel 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. Drivers who work within the PVS craft are represented by the American Postal Workers Union (APWU), and the work rules which govern PVS operations are covered under the Collective Bargaining Agreement.¹ The existing collective bargaining agreement allows for limited use of part-time employees for the PVS craft and requires consecutive days off for employees in most circumstances.

¹ The duration of the existing agreement is February 3, 2007, through November 20, 2010.

Conclusion

The Atlanta District began taking steps based on our audit to more efficiently and effectively manage PVS transportation processes and schedules, thereby reducing driver workhours as well as associated fuel use and damage claims. In addition, the Postal Service could use alternate schedules to include split days off and expand the use of part-time drivers for PVS operations where possible. This would allow managers to more efficiently staff operations and match workhours with workload. By making these changes, we estimate the Atlanta District could save about \$40.1 million over 10 years in labor and related costs.

Opportunities to Adjust PVS Vehicle Schedules

Postal Service management inconsistently developed driver schedules and assigned some drivers more time than necessary to accomplish specified tasks. We also found some schedules contained tasks that appeared unnecessary, including excessive travel and loading and unloading time; duplicated trips, and excessive unassigned time. This occurred because local transportation officials had not conducted annual reviews of PVS operations as required. Based on our recommendation, the Postal Service conducted a “zero-base” review² during the audit. As a result, management identified 23,920 excess hours within PVS schedules in the Atlanta District.³ See [Appendix B](#) for our detailed analysis of this topic.

We recommend the vice president, Southeast Area Operations:

1. Implement changes identified during the zero-base review and verify the removal of the 23,920 hours of savings achieved, which we estimate to be \$12.6 million over 10 years.

Management’s Comments

The Southeast Area agreed with the 23,900 workhour savings identified in the zero-base review in the Atlanta District. They have already eliminated 13 PVS routes and restructured the remaining bids. See [Appendix E](#) for management’s comments in their entirety.

² A “zero-base” review consists of analyzing whether tasks were actually needed, and if so, analyzing how much time the drivers needed to perform them.

³ Atlanta PVS operations are fluid, and the final accounting of hours may change based on operational parameters.

Evaluation of Management's Comments

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

Opportunities to Further Reduce Overall PVS Driver Labor Costs

The Postal Service could further reduce overall PVS operating costs by expanding the use of all types of part-time drivers for PVS operations and utilizing split days off for drivers. This would allow managers to more efficiently create schedules that match workhours with workload, and thus reduce labor costs. These conditions occurred because the existing agreement between the Postal Service and its union restricts the percentage of part-time workers, restricts the use of part-time regular employees, and requires drivers to be given consecutive days off in certain size facilities. If changes are made, we determined that for the Atlanta District, the Postal Service has an opportunity to save \$27.5 million over 10 years.⁴

We also benchmarked staffing and employee complement of motor vehicle operations with another large commercial delivery company. We found that company has the flexibility to schedule and staff their transportation operations more efficiently based on operational parameters and volume forecasting, and can eliminate idle time and unnecessary workhours within the craft. The Postal Service could implement similar best practices to make PVS transportation operations more efficient. See [Appendix B](#) for our detailed analysis of this topic.

We recommend the vice president, Network Operations:

2. Fully utilize the flexibility under the existing American Postal Workers Union Collective Bargaining Agreement and Memorandum of Understanding to increase the use of split days off for Postal Vehicle Service (PVS) drivers and maximize the use of part-time regular PVS drivers where possible.

We also recommend the vice president, Network Operations, coordinate with the vice president, Labor Relations, to pursue additional flexibilities to:

3. Increase the allowable percentage of all types of part-time employees to allow maximum use of part-time regular employees in facilities with PVS operations.
4. Provide permanent flexibility to schedule split days off for employees in facilities with PVS operations.

⁴ This is done by taking advantage of the current workhour schedule and staffing flexibilities under the existing collective bargaining agreement work rules and by negotiating and modifying work rules, as necessary, in the upcoming renewal of the collective bargaining agreement.

Management's Comments⁵

Management agreed with the findings and recommendations. In response to recommendation 2, management stated that the Memorandum of Understanding (MOU) agreement between the union and the Postal Service, signed on January 15, 2009, has resulted in 21 pilot sites with amended work rules that include the use of split days off, split shifts, and mixed duty assignments to increase productivity. Further, management intends to propose implementation of additional pilot sites during Fiscal Year (FY) 2011 to capture savings that can be achieved through more efficient driver scheduling. In addition, where feasible, they are using part-time regular drivers at local offices to increase PVS driver productivity.

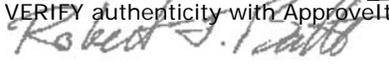
In response to recommendations 3 and 4, Network Operations management stated they are currently participating with Labor Relations in labor negotiations and have prepared a plan to increase workforce flexibility to improve operational efficiency and the effectiveness of PVS.

Evaluation of Management's Comments

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

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

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

⁵ The VP, Labor Relations did not provide separate comments to our draft report. A representative from his office stated that they were satisfied with the comments provided by the VP, Network Operations.

cc: Patrick R. Donahoe
Steven J. Forte
Cynthia F. Mallonee
Pamela S. Grooman
Kate F. Wiley
Corporate Audit and Response Management

APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

Postal Service transportation includes both nationwide network transportation between cities and major facilities as well as 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 NDCs or P&DCs in or near metropolitan areas. PVS operations are normally conducted within 50 miles of the 154 Postal Service facilities with PVS operations. PVS drivers travel 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.

The work rules which govern PVS operations are covered under the collective bargaining agreement.⁶ The existing agreement allows for limited use of part-time employees for the PVS craft, and requires consecutive days off for employees, with the exception of PVS employees in a limited number of facilities under a pilot program being explored through a MOU that allows for split days off.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether scheduling and staffing of PVS operations are efficient, effective, and economical. Because individual facilities control PVS operations, we localized our audit approach. This report focuses on PVS operations at the Atlanta District in the Postal Service's Southeast Area. There are two processing facilities in the Atlanta District that employ PVS operations: the Atlanta P&DC and the North Metro P&DC.

During our work, we visited both P&DCs within the Atlanta District as well as other regional facilities. We reviewed relevant Postal Service policies and procedures, interviewed managers and employees, and observed and photographed operations. We evaluated the type of mail carried, and considered on-time service standards. We examined the cost of PVS operations, including the cost of PVS personnel, fuel, and damage claims. We identified unscheduled time and trip duplications as well as analyzed potential trip consolidations. We also reviewed the collective bargaining agreement the Postal Service has with the APWU that expires in 2010.

⁶ The duration of the existing agreement is February 3, 2007, through November 20, 2010.



**PVS Tractor Trailer being unloaded at the
Atlanta Logistics & Distribution Center on January 27, 2010.**

Using Postal Service computer-generated data and other records, we analyzed 215 Atlanta District driver schedules; identified 297,587 annual 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. As part of our review of the Atlanta District's PVS schedules, we analyzed driver assignments, determined whether drivers made duplicate or unproductive trips, and recommended that officials conduct a zero-base review to correct deficiencies identified. We also reviewed the fuel reduction initiatives for Postal Service-owned vehicles as contained in the Postal Service's National Energy Plan and determined whether our recommendations impacted the initiatives.

After the zero-base review was completed by the Atlanta District, we conducted additional reviews of all the Atlanta District's PVS schedules. Specifically, we assessed actual workflow and identified times where 8 consecutive hours of work was not necessary. We then applied part-time work assignment and split days off scenarios in order to align workhours with workload. By doing so, we identified additional opportunities for PVS workhour reductions for the Atlanta District.

We conducted this performance audit from November 2009 through September 2010 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management the week of August 23, 2010, 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 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 workhours 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 in the chart that follows, since March 2007, we have issued 11 audit reports that identified labor and other potential savings exceeding \$79.2 million. Management agreed with all our recommendations. The methodology and findings presented in these reports are comparable to the zero-base methodology and findings in this report. In addition based on this body of work, we identified where additional flexibilities were needed in the PVS craft, which lead to the audit work from which this report is being issued.

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	3/30/2007	\$7.3
<i>Postal Vehicle Service Transportation –Los Angeles Bulk Mail Center</i>	NL-AR-07-006	9/21/2007	4.9
<i>Postal Vehicle Service Transportation Routes – Milwaukee Processing and Distribution Center</i>	NL-AR-07-007	9/27/2007	4.0
<i>Postal Vehicle Service Transportation Routes – San Francisco Processing and Distribution Center</i>	NL-AR-08-003	3/26/2008	10.1
<i>Postal Vehicle Service Transportation Routes – Northern Virginia Processing and Distribution Center</i>	NL-AR-08-006	9/25/2008	8.0
<i>Postal Vehicle Service Transportation Routes – Minneapolis Processing and Distribution Center</i>	NL-AR-09-001	2/13/2009	9.3
<i>Postal Vehicle Service Transportation Routes – Philadelphia Bulk Mail Center</i>	NL-AR-09-005	7/17/2009	4.3
<i>Postal Vehicle Service Transportation Routes – Philadelphia Processing and Distribution Center</i>	NL-AR-09-006	7/20/2009	5.4
<i>Postal Vehicle Service Transportation Routes – Cardiss Collins Processing and Distribution Center</i>	NL-AR-10-002	12/28/2009	18.3
<i>Postal Vehicle Service Transportation Routes – Southern Maryland Processing and Distribution Center</i>	NL-AR-10-006	7/14/2010	4.8

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Postal Vehicle Service Transportation Routes – Washington Network Distribution Center</i>	NL-AR-10-007	8/04/2010	2.8
Total			\$79.3⁷

In addition, U.S. Government Accountability Office (GAO) issued five documents listed in the following chart that include reports and summaries of testimony to Senate subcommittees relating to postal's financial crisis and recommendations needed to achieve financial viability.

Report Title	Date Issued
<i>High Risk Series: Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability (Testimony GAO-09-937SP)</i>	7/2009
<i>U.S. Postal Service Restructuring Urgently Needed to Achieve Financial Viability, (Testimony GAO-09-958T)</i>	8/6/2009
<i>U.S. Postal Service Financial Crisis Demands Aggressive Action, (Testimony GAO-10-538T)</i>	3/18/2010
<i>U.S. Postal Service Strategies and Options to Facilitate Progress toward Financial Viability (Report GAO-10-455 April 2010)</i>	4/2010
<i>U.S. Postal Service Action Needed to Facilitate Financial Viability, (Testimony GAO-10-624T)</i>	4/15/2010

GAO found that the Postal Service's financial condition had deteriorated, its financial outlook was poor, and that financial problems are likely to continue unless fundamental changes are made to address challenges in its current business model by better aligning costs with revenues. GAO also concluded that the Postal Service has had difficulty reducing costs because of limited flexibility due in part to work rules under collective bargaining agreements with the unions. Finally, GAO concluded that making the necessary progress toward financial viability would require the Postal Service and Congress to pursue strategies and options that would:

⁷ Total slightly higher due to rounding difference

- Reduce compensation, benefits, and other operations and network costs using the collective bargaining process to address wages, benefits, and workforce flexibility.
- Address legal restrictions and resistance to realigning Postal Service operations, networks, and workforce.

GAO noted that the Postal Service included many of these strategies and options in the action plan it issued in March 2010, but these planned actions under its existing authority will not be enough to make it financially viable. Therefore, GAO stated that action by Congress and the Postal Service is urgently needed to require that any binding arbitration resulting from collective bargaining would take the Postal Service's financial condition into account.

APPENDIX B: DETAILED ANALYSIS

Opportunities to Adjust PVS Vehicle Schedules

Based on our audit work, the Atlanta District began taking steps to improve PVS processes and save money by correcting driver schedule weaknesses. During the audit, we noted that management inconsistently developed driver schedules and assigned some drivers more time than necessary to accomplish specified tasks. In addition, we determined that some schedules contained tasks that appeared unnecessary; included excess travel time; included excess loading and unloading time; duplicated other trips, and contained excessive unassigned time. This occurred because local transportation officials had not conducted annual reviews of PVS operations as required.⁸ Based on our recommendations, the Postal Service conducted a “zero-base” review during our audit.

As a result, management identified 23,920 excess hours within PVS schedules in the Atlanta District. By removing these hours, the Atlanta District could save about \$12.6 million over 10 years without negatively affecting service. The Postal Service would achieve more than 74 percent of the savings through staff workhour reductions; however, the Postal Service would also realize fuel cost and damage claim savings.⁹ Further, the actions would help achieve fuel consumption goals in the Postal Service’s National Energy Plan by reducing fuel use for Postal Service owned vehicles. The estimated PVS savings are depicted in Table 1. See [Appendix C](#) for detailed calculations.

**Table 1. PVS Potential Savings – Funds Put to Better Use
(Personnel, Fuel, and Damage Claims)**

Cost Category	FY 2011 Total (Phased in over 2 years)¹⁰	FY 2013 (Annual) Total	10-Year Total (FYs 2011 to 2020)¹¹	Percentage
Personnel	\$1,036,639	\$993,682	\$9,442,221	74.7%
Fuel	\$206,030	\$202,968	\$1,992,490	15.8%
Damage Claims	\$129,334	\$125,442	\$1,208,573	9.6%
Total	\$1,372,004	\$1,322,092	\$12,643,284	100.0%

⁸ Handbook PO 701, *Fleet Management*, March 1991, Chapter 23, requires PVS operations to perform vehicle utilization reviews at least annually to maintain effectiveness and efficiency.

⁹ Fuel and Tort Claim are estimated savings due to the potential reduction in miles driven attributable to the elimination of the PVS schedules.

¹⁰ The FY 2011 figure is conservative to allow for phase-in of workhour reductions during the year.

¹¹ The standard OIG practice for calculations of this type employs a 10-year cash flow methodology, discounted to present value by applying factors published by the Postal Service Finance Department.

Opportunities to Further Reduce Overall PVS Driver Labor Costs

The Postal Service could further reduce overall PVS operating costs by expanding the use of all types of part-time drivers and by utilizing split days off for drivers, so that managers could more efficiently create schedules that appropriately staff operations and match workhours with required workload. We determined that for the Atlanta District, the Postal Service has an opportunity to save \$27.5 million over 10 years by reducing labor costs. Specifically, the Postal Service should take advantage of workhour schedule and staffing flexibilities under the existing work rules and pursue additional flexibilities in this area. See [Appendix C](#) for our detailed calculations.



**Trailer departing Atlanta Logistics & Distribution Center on January 27, 2010
Drivers in the Atlanta District work 8 hours per day, even though there are not 8
hours of work within their schedules.**

Current Work Rules. Most PVS drivers are full-time employees, and Postal Service officials schedule most drivers a total of 40 hours per week, 8 consecutive hours per day, 5 consecutive days per week, with consecutive days off. These conditions exist because of work rules in the collective bargaining agreement between the Postal Service and the APWU. In summary, the work rules:

- Restrict the percentage of part-time workers to 10 percent in the motor vehicle craft.
- Restrict the use of part-time regular employees to 2.5 percent of the overall work force.
- Require that consecutive days off be given in certain sized facilities.

These requirements create scheduling challenges for Postal Service managers in that many PVS schedules do not contain a consecutive 8 hours of work for a driver to perform. In addition, the requirement for consecutive days off creates a need for

additional drivers than would be needed if split days off were routinely allowed. (See [Appendix D](#) for an analysis of consecutive and split days off.) Thus, the Atlanta District uses more driver hours than is necessary to perform the necessary transportation functions and is incurring unnecessary costs.

Limited Flexibility Under Existing Work Rules – MOU. On January 15, 2009, the Postal Service entered into an agreement to relax some of the work rules governing motor vehicle drivers. The MOU allows for PVS drivers to work under modified work rules at a limited number of pilot facilities. The MOU, in part, allows:

- Drivers to have split days off.
- Drivers to work 8 non-consecutive hours within a 9-, 10-, 11-, or 12-hour day.
- Management to move employees into a different position within the installation without penalty, as long as there is no work to be performed in the motor vehicle craft.

Under the MOU, management, with approval from local union officials, have the ability to implement any or all provisions. According to union officials, this agreement was done out of necessity. In a statement posted on its official website, the union stated, “The USPS decision to condense dispatch windows has made it hard to find eight hours of continuous work for drivers.” In addition, they stated, “The union agreed to the MOU because in virtually all installations there is insufficient work within nine consecutive hours to keep all the drivers gainfully employed.” However, this agreement is limited to a small number of facilities, and expansion requires union approval.

More Scheduling Flexibility Needed in Work Rules. The Postal Service needs more flexibility in staffing and scheduling PVS drivers to make the operations more efficient.

Part-time Employees. As previously stated, the Postal Service is currently prohibited from hiring an increased staff of part-time regular employees. Because work within transportation has decreased because of a decline in mail volume and because of distribution compressions at facilities, part-time employment within the Postal Service would be beneficial and would help to significantly reduce costs in the PVS motor vehicle craft. In addition, part-time regular employees enjoy the same benefits afforded full-time employees including leave accrual, health benefits, and union representation.

Split Days Off. As also previously stated, the Postal Service currently must give consecutive days off, with the exception of those limited number of facilities covered by the provision in the MOU allowing for split days off. We concluded that requiring consecutive days off results in the need for additional drivers to cover schedules. Specifically, the number of drivers needed to cover schedules on Sundays is a small percentage as compared to other days of the week. Because the majority of drivers have Sundays off, under the existing bargaining agreement, they must also have

either Monday or Saturday off to comply with the consecutive day off provision. If the Postal Service can give these drivers another weekday off, fewer drivers would be needed to cover Saturday and Monday schedules. With consecutive days off, two additional employees are needed to cover each five full-time schedules. With non-consecutive days off, one additional employee is needed to cover each five full-time schedules. (See [Appendix D](#) for a chart illustrating how the use of split days off results in fewer workhours.)

Benchmarking of Best Practices in the Motor Vehicle Craft. The Postal Service does not have the same workforce flexibility that a competing delivery company has in the private sector. We benchmarked staffing and employee complement of motor vehicle operations with a company with operations similar to the Postal Service. We determined that the other company has the flexibility to schedule and staff its transportation operations more efficiently based on operational parameters and volume forecasting. They can also readily eliminate idle time and unnecessary workhours within the craft.

The competitor predominantly uses full-time employees, but management has the ability to move employees from operation to operation based on the need of the organization at that given time. If work is not available for drivers, management re-assigns them to perform other tasks. Managers monitor workloads daily, evaluate productivity in real time, and adjust the workforce in response to workload fluctuations. The company is similar to the Postal Service in that its workforce consists of employees represented by a union; however, its collective bargaining agreements incorporate flexible scheduling.

Incorporating similar flexibilities and practices in the PVS craft would greatly benefit the Postal Service. The flexibility would allow the Postal Service to match workload with workhours and reduce labor costs by using part-time regular employees and allowing for the regular use of split days off.

APPENDIX C: WORKHOURS COST REDUCTIONS¹²

The Postal Service is already in the process of implementing workhour reductions associated with the zero-based analysis. As a result, full FY 2011 cost savings are calculated.

Postal-Initiated Workhour Reductions from Zero-Based Analysis			
Cost Category	FY 2011 Total	FY 2013 (Annual) Total	10-Year Total (FYs 2011 to 2020)
Personnel	\$1,036,639	\$993,682	\$9,442,221
Fuel	206,030	202,968	1,992,490
Damage Claims	129,334	125,442	1,208,573
Total	\$1,372,004	\$1,322,092	\$12,643,284

Postal Service Agreed Workhour Reductions from Part-Time and Split Days Off Conversion			
Cost Category	FY 2011 Total (Phased in over 2 years)	FY 2013 (Annual) Total	10-Year Total (FYs 2011 to 2020)
Part-Time Conversion	\$563,097	\$2,159,052	\$18,275,261
Split Days Off Conversion	301,978	1,085,490	9,225,464
Total	\$865,074	\$3,244,541	\$27,500,725

Total Workhour Reduction Savings			
Cost Category	FY 2011 Total (Phased in)	FY 2013 (Annual) Total	10-Year Total FYs 2011 to 2020)
Workhour Conversion	\$865,074	\$3,244,541	\$27,500,725
Zero-Based Analysis	1,372,004	1,322,092	12,643,284
Total	\$2,237,079	\$4,566,633	\$40,144,009 ¹³

The standard OIG practice for workhour savings calculations employs a 10-year cash flow methodology, discounted to present value by applying the following factors published by Postal Service Headquarters Finance.

¹² Totals slightly different due to rounding.

¹³ Impact Category: Funds put to better use are funds that could be used more efficiently by implementing recommended actions.

Rates by Type	Factor	Published
Discount Rate/Cost of Borrowing	3.875 percent	5/7/2010
Labor Escalation Rate	1.7 percent	5/7/2010
Fuel Cost Escalation Rate	3.1 percent	5/7/2010
Tort Cost Claim Escalation Rate	2.3 percent	5/7/2010

APPENDIX D: CONSECUTIVE AND NON-CONSECUTIVE DAYS OFF ANALYSIS

Fewer Drivers are Needed with Non-Consecutive Days Off - Daily schedules require replacement drivers to cover days off. The number of drivers needed on lower volume Sundays is a small percentage of the number needed during other days of the week. With consecutive days off, more drivers than are needed are scheduled on lower volume Sundays, resulting in an excess amount of unassigned or standby time. With non-consecutive days off, most drivers would have lower volume Sundays off, and another day during the week. With consecutive days off, two replacement drivers are needed for every five schedules. With non-consecutive days off, one replacement driver is needed for every five schedules.

Consecutive Days Off Schedule – Two Replacement Drivers Needed for Every Five Daily Schedules								
Route	Consecutive Days Off	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
101	Saturday/Sunday	101	101	101	101	101	Replacement Driver 1	Replacement Driver 1
102	Monday/Tuesday	Replacement Driver 1	Replacement Driver 1	102	102	102	102	102
103	Tuesday/Wednesday	103	Part-Time Flex/Casual	Replacement Driver 1	103	103	103	103
104	Thursday/Friday	104	104	104	Replacement Driver 2	Replacement Driver 2	104	104
105	Friday/Saturday	105	105	105	105	Part-Time Flex/Casual	Replacement Driver 2	105

Non-Consecutive Days Off Schedule – One Replacement Driver Needed for Every Five Daily Schedules								
Route	Non-Consecutive Days Off	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
101	Saturday/Sunday	101	101	101	101	101	Replacement Driver 1	Small number of schedules covered by part-time flexible or casual employees
102	Sunday/Monday	Replacement Driver 1	102	102	102	102	102	
103	Sunday/Tuesday	103	Replacement Driver 1	103	103	103	103	
104	Sunday/Wednesday	104	104	Replacement Driver 1	104	104	104	
105	Sunday/Thursday	105	105	105	Replacement Driver 1	105	105	

APPENDIX E: MANAGEMENT'S COMMENTS

LINDA J. WELCH
VICE PRESIDENT, AREA OPERATIONS
SOUTHEAST AREA



September 20, 2010

LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Response to OIG Draft Audit Report
Postal Vehicle Services - Scheduling and Staffing
Atlanta District (Report Number NL-AR-10-DRAFT)
(Project Number 10XG009NL000)

As requested, this letter represents the Southeast Area's response to the findings referenced in the Draft Audit Report, Postal Vehicle Services – Scheduling and Staffing Atlanta District (Report Number NL-AR-10).

Recommendation #1:

Implement changes identified during the zero-base review and verify the removal of the 23,920 hours of savings achieved, which we estimate to be \$12.6 million over 10 years.

Management Response:

The Southeast Area is in agreement with the 23,900 workhour savings identified in this recommendation of the Draft Report. Southeast Area Distribution Networks conducted a PVS "zero base" review in the Atlanta District in February 2010. The review resulted in the aforementioned workhour savings of 23,900 hours per year.

We agree with the initial assessment of workhour savings of 23,900. In support of this audit, in June 2010 we eliminated 13 PVS routes and restructured the remaining bids.

Freedom of Information Act (FOIA)

The Southeast Area does not believe this report contains any proprietary or business information which may not be disclosed pursuant to the Freedom of Information Act.

If you have any questions or need additional information, please contact Mary Mahnke, Manager, Distribution Networks at 901-747-7332.

A handwritten signature in black ink that reads "Linda J. Welch".

Linda J. Welch

cc: Katherine Banks, Manager, Corporate Audit and Response Management
Kate Wiley, District Manager, Atlanta District
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DAVID E. WILLIAMS
VICE PRESIDENT, NETWORK OPERATIONS



September 20, 2010

Lucine Willis
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SUBJECT: Transmittal of Draft Audit Report – Postal Vehicle Services – Scheduling
and Staffing – Atlanta District (Report Number NL-AR-10-DRAFT)

Thank you for providing the Postal Service with the opportunity to review and comment on the subject draft report. The audit assessed whether scheduling and staffing of Postal Vehicle Service (PVS) operations in Atlanta District are efficient, effective, and economical.

Overall, management agrees with the recommendations provided.

Recommendation 2:

Fully utilize the flexibility under the existing American Postal Workers Union Collective Bargaining Agreement and Memorandum of Understanding to increase the use of split days off for PVS drivers and maximize the use of part-time regular PVS drivers where possible.

Management Response

The Memorandum of Understanding (MOU) agreement between the American Postal Workers Union and the Postal Service, signed on January 15, 2009, allows amended work rules at mutually agreeable pilot sites. A total of 75 PVS sites were nominated in March 2009 for consideration under this MOU. As of this response, 21 pilot sites are operational with amended work rules that include the use of split days off, split shifts, and mixed duty assignments to increase productivity.

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- 2 -

Of the 162 PVS locations nationwide, 132 have ten or more drivers and the potential to decrease costs through MOU implementation. The remaining 30 sites are classified as smaller PVS units and historically, have not shown the potential for significant savings unless PVS is converted to highway contract route service. We intend to propose implementation of additional pilot sites during fiscal year 2011 to capture savings that can be achieved through more efficient driver scheduling.

The use of part-time regular drivers is another strategy employed by local offices, where feasible, to increase PVS driver productivity.

Recommendation 3:

Increase the allowable percentage of all types of part-time employees to allow a maximum use of part-time regular employees in facilities with PVS operations.

Management Response

Network Operations is currently participating with Labor Relations in labor negotiations and we have prepared a plan to increase workforce flexibility in order to improve operational efficiency and effectiveness of PVS.

Recommendation 4:

Provide permanent flexibility to schedule split days off for employees in facilities with PVS operations.

Management Response

Network Operations is currently participating with Labor Relations in labor negotiations and we have prepared a plan to increase workforce flexibility in order to improve operational efficiency and effectiveness of PVS.

We have reviewed the audit report and do not believe that any portion of the document requires exemption from disclosure under the Freedom of Information Act (FOIA).



David E. Williams

cc: Mr. Forte
Mr. Tulino
Ms. Welch
Ms. Mallonee
Ms. Grooman
Ms. Wiley
Ms. Willis
Ms. Gallagher
Corporate Audit and Response Management