



March 18, 2011

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VICE PRESIDENT, NORTHEAST AREA OPERATIONS

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SUBJECT: Audit Report – Postal Vehicle Services – Scheduling and Staffing –  
Connecticut Valley District (Report Number NL-AR-11-002)

This report presents the results of our audit of Postal Vehicle Service (PVS) operations in the Connecticut Valley District (Project Number 10XG009NL001). The U.S. Postal Service Office of Inspector General (OIG) initiated this audit because the Connecticut Valley District was one of the top 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 governing PVS operations are covered under the Collective Bargaining Agreement.<sup>1</sup> 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.

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<sup>1</sup> The duration of the agreement was February 3, 2007, through November 20, 2010. However, the Postal Service is still in negotiations with the APWU on a new agreement and the old agreement remains in effect until a new one is reached.

## **Conclusion**

The Connecticut Valley District can 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 Connecticut Valley District could save about \$2 million a year in labor and related costs.

## **Excess Workhours and Associated Cost Reductions**

We determined that current PVS schedules were efficient at two of the four facilities audited in the Connecticut Valley District – the Hartford and Stamford P&DCs. However, officials at the Southern Connecticut and Springfield P&DCs could more effectively manage PVS transportation processes and schedules to ensure efficiency. Officials in these two facilities were not effectively managing PVS transportation processes and schedules as evidenced by unassigned driver time and underutilized trips. This occurred because management did not conduct required schedule and vehicle utilization reviews at these two locations. We concluded that management could remove 11,807 excess workhours at the Southern Connecticut P&DC and 2,856 excess workhours at the Springfield P&DC from existing PVS schedules and reduce related fuel costs and damage claims, thereby saving the Postal Service about \$600,000 a year.<sup>2</sup> See [Appendix B](#) for our detailed analysis of this topic.

We recommend the vice president, Northeast Area Operations:

1. Ensure that Southern Connecticut Processing and Distribution Center and Springfield 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 from the Postal Vehicle Service trip schedules of 7,245 workhours from the Southern Connecticut Processing and Distribution Center and 2,856 workhours from the Springfield Processing and Distribution Center identified during our audit and already agreed to by management.
3. Reassess the remaining 4,562 workhours identified in our audit and eliminate the workhours as indicated by the reassessment, or document the reasons for retaining the workhours.

## **Management's Comments**

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<sup>2</sup> Funds that could be used more efficiently by implementing recommended actions.

The Northeast Area agreed with the recommendations in the draft report. In response to recommendation 1, the Northeast Area issued a memorandum to all facilities regarding their responsibilities in conducting annual PVS reviews and set up a tracking system to monitor compliance. Further, management intends to conduct zero-base reviews in all of their facilities in fiscal year (FY) 2011. In response to recommendations 2 and 3, the Northeast Area agreed with eliminating 7,245 workhours identified during our audit and committed to having all changes in place by April 2011. Finally, the Northeast Area agreed to re-assess the 4,562 workhours by conducting a zero-base review and will communicate those results to the OIG after completion of the review in May 2011.

### **Evaluation of Management Comments**

The OIG considers management's comments responsive to the recommendations and management's corrective actions taken and planned 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 using 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 and use of part-time regular employees and requires drivers to have consecutive days off in certain size facilities. If management makes changes, we determined that, for the Connecticut Valley District, the Postal Service has an opportunity to save more than \$1.4 million a year.<sup>3</sup>

We also benchmarked staffing and employee complement of motor vehicle operations with a large commercial delivery company. We found that the 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:

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<sup>3</sup> This is performed by taking advantage of the work hour 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.

4. 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:

5. Increase the allowable percentage of all types of part-time employees to allow maximum use of part-time regular employees in facilities with Postal Vehicle Service operations.
6. Provide permanent flexibility to schedule split days off for employees in facilities with Postal Vehicle Service operations.

### **Management's Comments<sup>4</sup>**

Management agreed with the findings and recommendations. In response to recommendation 4, management stated the Memorandum of Understanding (MOU) agreement between the union and the Postal Service, signed January 15, 2009, has resulted in 21 pilot sites with amended work rules that include using split days off, split shifts, and mixed duty assignments. As of October 2010, expansion of the MOU was mutually suspended due to contract negotiations. Management agrees that the use of part-time work staff is a tactic that local facilities can use to increase PVS efficiencies.

In response to recommendations 5 and 6, Network Operations management stated that they fully intend to maximize the benefits of the work rules mutually negotiated in the new collective bargaining agreement. In the interim, offices are encouraged to use part-time employees where applicable. Use of split days off is currently being pursued as local MOU agreements until execution of the new collective bargaining agreement.

### **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.

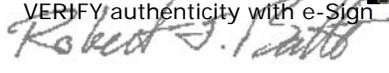
The OIG considers all recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be

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<sup>4</sup> 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.

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 e-Sign  


Robert J. Batta  
Deputy Assistant Inspector General  
for Mission Operations

#### Attachments

cc: Megan J. Brennan  
Cynthia F. Mallonee  
Pamela S. Grooman  
Kimberly J. Peters  
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 governing PVS operations are covered under the collective bargaining agreement. 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 memorandum of understanding (MOU) that allows for split days off.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

Our objective was to determine whether scheduling and staffing of PVS operations is efficient, effective, and economical. Because individual facilities control PVS operations, we localized our audit approach. This report focuses on PVS operations in the Connecticut Valley District in the Postal Service's Northeast Area. There are four processing facilities in the Connecticut Valley District that employ PVS operations: the Stamford, Southern Connecticut, Hartford, and Springfield P&DCs.

During our work, we visited four P&DCs in the Connecticut Valley District as well as other associate 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 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 and analyzed potential trip consolidations. We also reviewed the collective bargaining agreement the Postal Service has with the APWU.



**October 21, 2010. A Southern Connecticut P&DC PVS Tractor Trailer with sacks and pallets for future mailings.**

Using Postal Service computer-generated data and other records, we analyzed 145 Connecticut Valley District driver schedules; identified 233,712 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 Connecticut Valley District's PVS schedules, we analyzed driver assignments and determined whether drivers made duplicate or unproductive trips. 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.

We conducted this performance audit from September 2010 through February 2011 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 on February 8, 2011, and included their comments where appropriate.

We noted several weaknesses in the computer-generated data 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 worked with the Postal Service in the past on reducing PVS costs. As indicated in the chart below, since March 2007, we have issued 13 audit reports that identified labor and other potential savings exceeding \$125.9 million. Management agreed with all of our recommendations. The methodology and findings presented in these reports are comparable to the zero-base methodology<sup>5</sup> and findings in this report. In addition based on this past work, we identified areas where additional flexibilities were needed in the PVS craft, which lead to the audit work that is the basis of this report.

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

<sup>5</sup> 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.

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	8/4/2010	2.8
<i>Postal Vehicle Services - Scheduling and Staffing - Atlanta District</i>	NL-AR-10-008	9/29/2010	40.1
<i>Postal Vehicle Service Transportation Routes – Suburban Maryland Processing and Distribution Center</i>	NL-AR-11-001	1/13/2011	6.5
<b>Total</b>			<b>\$125.9<sup>6</sup></b>

In addition, the 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 the Postal Service'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).</i>	4/2010
<i>U.S. Postal Service Action Needed to Facilitate Financial Viability, (Testimony GAO-10-624T).</i>	4/15/2010

The GAO found that the Postal Service's financial condition had deteriorated, its financial outlook was poor, and financial problems are likely to continue unless management makes fundamental changes that address the challenges in its current business model by better aligning costs with revenue. The 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, the GAO concluded that making the necessary progress toward financial viability

<sup>6</sup> Total slightly higher due to rounding difference.

would require the Postal Service and Congress to pursue strategies and options that would:

- 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.

The 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, the GAO stated that congressional action is urgently needed to require any binding arbitration resulting from collective bargaining to take the Postal Service's financial condition into account.

## APPENDIX B: DETAILED ANALYSIS

### **Excess Workhours and Associated Cost Reductions**

We determined that PVS schedules were efficient at two of the four facilities audited in the Connecticut Valley District – the Hartford and Stamford P&DCs. However, officials at the Southern Connecticut and Springfield P&DCs could more effectively manage PVS transportation processes and schedules to ensure efficiency. We found that PVS schedules at these two facilities included the following:

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

This occurred because managers did not conduct PVS schedule reviews as required<sup>7</sup> or perform annual vehicle utilization reviews. Given the dynamic and ever-changing transportation environment and the need 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.<sup>8</sup>

We concluded that the Southern Connecticut P&DC could reduce PVS workhours by 11,807 and save about \$4.6 million over 10 years without negatively affecting service. In addition, the Springfield P&DC could reduce PVS workhours by 2,856 and save about \$1.3 million over 10 years without negatively affecting service. Total savings for the Connecticut Valley District would be about \$5.9 million. The Postal Service would achieve more than 97 percent of the savings through personnel work hour reductions and also realize fuel cost and damage claim savings, as depicted in Table 1.

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<sup>7</sup> Handbook PO-701, *Fleet Management*, Chapter 23, March 1991, requires PVS operations to perform vehicle utilization reviews at least annually to maintain effectiveness and efficiency.

<sup>8</sup> Handbook PO-701, Chapter 23, Section 233, specifically requires annual completion of Postal Service (PS) Form 4575, Motor Vehicle Service Vehicle Survey; PS Form 4572, Tractor Log; and PS Form 4569, Vehicle Use Plan, to maintain effectiveness and efficiency.

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

Cost Category	FY 2012 Total <sup>9</sup> (Phased In)	FY 2013 (Annual) Total	10-Year Total <sup>10</sup> (FYs 2012 through 2021)	Percentage
Personnel	\$627,873	\$614,726	\$5,718,977	97.5%
Fuel	8,902	8,836	86,095	1.5%
Damage Claims	6,224	6,129	58,156	1.0%
<b>Total</b>	<b>\$642,999</b>	<b>\$629,691</b>	<b>\$5,863,277</b>	<b>100%</b>

Further, the actions would help achieve fuel consumption goals outlined in the Postal Service’s National Energy Plan by reducing fuel use for Postal Service-owned vehicles. See [Appendix C](#) for detailed calculations.

Throughout our audit, we coordinated proposed schedule realignments with local transportation managers. The managers reviewed each proposal in conjunction with their own assessment of operational requirements and we discussed any differences. Management agreed to 10,101 of the 14,663 workhours we identified as unnecessary and we believe the remaining 4,562 workhours could produce savings without jeopardizing on-time performance.

### **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 using split days off for drivers. As such, managers could more efficiently create schedules that appropriately staff operations and match workhours with required workload. We determined that for the Connecticut Valley District, the Postal Service has an opportunity to save more than \$14 million over 10 years by reducing labor costs. The Postal Service should take advantage of work hour schedule and staffing flexibilities under the existing work rules and pursue additional flexibilities in this area. See [Appendix C](#) for our detailed calculations.

<sup>9</sup> The FY 2012 figure is conservative to allow for phase-in of work hour reductions during the year.

<sup>10</sup> 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 Postal Service Headquarters Finance.



**October 19, 2010. Stamford P&DC PVS transportation arriving at a Postal Service facility to pick up mail for subsequent delivery.**

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 very restrictive 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 size facilities.

These requirements create scheduling challenges for Postal Service managers in that many actual 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 more additional drivers than necessary if split days off were routinely allowed (see [Appendix D](#) for an analysis of consecutive and split days off). Thus, the Connecticut Valley District uses more driver hours than required 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 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 different positions 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, is able to implement any or all provisions. According to union officials, this agreement was made 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, due to a decline in mail volume and distribution compressions at facilities, part-time employment would greatly benefit the Postal Service and help 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 previously stated, the Postal Service 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 days 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 against a company with operations similar to the Postal Service’s. 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 is able to move employees from operation to operation based on the needs 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, evaluates productivity in real time, and adjusts 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.

**APPENDIX C: MONETARY IMPACT**

**Work hour and Cost Reductions<sup>11</sup>**

<b>Excess Work hour and Associated Cost Reductions</b>			
<b>Cost Category</b>	<b>FY 2012 Total</b>	<b>FY 2013 (Annual) Total</b>	<b>10-Year Total (FYs 2012 through 2021)</b>
Personnel	\$627,873	\$614,726	\$5,718,977
Fuel	8,902	8,836	86,095
Damage Claims	6,224	6,129	58,156
<b>Total</b>	<b>\$642,999</b>	<b>\$629,691</b>	<b>\$5,863,227</b>

<b>Postal Service Agreed Work hour Reductions from Part-Time and Split Days Off Conversion</b>			
<b>Cost Category</b>	<b>FY 2012 Total (Phased In Over 2 Years)</b>	<b>FY 2013 (Annual) Total</b>	<b>10-Year Total (FYs 2012 through 2021)</b>
Part-Time Conversion	\$257,262	\$755,625	\$7,359,230
Split Days Off Conversion	223,779	620,763	6,694,391
<b>Total</b>	<b>\$481,040</b>	<b>\$1,376,388</b>	<b>\$14,053,621</b>

<b>Total Work hour Reduction Savings</b>			
<b>Cost Category</b>	<b>FY 2012 Total (Phased In)</b>	<b>FY 2013 (Annual) Total</b>	<b>10-Year Total FYs 2012 through 2021)</b>
Work hour Conversion	\$481,040	\$1,376,388	\$14,053,621
Excess Work hour Analysis	642,999	629,691	5,863,227
<b>Total</b>	<b>\$1,124,039</b>	<b>\$2,006,079</b>	<b>\$19,916,848<sup>12</sup></b>

<sup>11</sup> Totals slightly different due to rounding.

<sup>12</sup> Impact Category: Funds put to better use are funds that could be used more efficiently by implementing recommended actions.

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

<b>Rates by Type</b>	<b>Factor</b>	<b>Published</b>
Discount Rate/Cost of Borrowing	3.875 %	5/7/2010
Labor Escalation Rate	1.7 %	5/7/2010
Fuel Cost Escalation Rate	3.1 %	5/7/2010
Tort Cost Claim Escalation Rate	2.3 %	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 necessary are scheduled on 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

STEVEN J. FORTE  
VICE PRESIDENT, AREA OPERATIONS  
NORTHEAST AREA



March 7, 2011

Lucine M. Willis  
Director, Audit Operations  
1735 North Lynn Street  
Arlington, VA 22209-2020

SUBJECT: Transmittal of Draft Audit Report – Postal Vehicle Services – Scheduling  
and Staffing – Connecticut Valley District  
(Report Number NL-AR-11-DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report.

**Recommendation 1:** Ensure the Southern Connecticut P&DC and the Springfield P&DC managers follow prescribed fleet management procedures for making Postal Vehicle Service (PVS) schedules effective, including conducting schedule and vehicle utilization reviews.

**Response:** The Northeast Area has committed to conduct a PVS zero base review at every facility during the current fiscal year. In addition, the Northeast Area issued a policy letter (copy attached) to all Northeast Transportation and Networks Managers advising them of their responsibility to conduct annual efficiency reviews of all PVS operations under their direct supervision. Included is a requirement that notification be sent to the Northeast Area Postal Vehicle Operations Specialist for compliance tracking purposes.

**Recommendation 2:** Verify the elimination of 7,245 work hours from the Southern Connecticut P&DC and 2,856 work hours from the Springfield P&DC identified during our audit and already agreed to by management, from the PVS trip schedules.

**Response:** The Northeast Area concurs with the findings and recommendations. We have discussed the specific findings with both the Springfield (A) Manager of Transportation and the (A) Manager of Transportation at Southern Connecticut. The Connecticut Valley Performance Cluster has established an implementation plan whereby the recommended changes at Southern Connecticut will be completed by March 15, 2011 and the Springfield changes by March 30, 2011. The Northeast Area Distribution Network Office will conduct a review of the VITALS schedules for the facilities the first week of April, to verify the implementation of the schedules.

**Recommendation 3:** Reassess the remaining 4,562 work hours identified in our audit and eliminate the work hours by the reassessment or document the reasons for retaining the work hours.

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**Response:** The Northeast Area, in conjunction with the Manager, Transportation (A) at the Southern Connecticut P&DC, will conduct a zero base review of the PVS workload and evaluate the additional 4,582 work hours highlighted in the report. The review and all activity resulting from the review is targeted to be completed by May 21, 2011.

Please contact me if you have any questions regarding this response.



Steven J. Forte

cc: District Manager, Connecticut Valley District  
Senior Plant Manager, Connecticut Valley District  
Plant Manager, Southern Connecticut P&DC  
Plant Manager, Springfield P&DC  
Manager, Operations Support  
Manager, Distribution Networks  
Manager, Networks

NORTHEAST AREA OFFICE



March 7, 2011

MEMORANDUM FOR TRANSPORTATION MANAGERS

SUBJECT: ANNUAL SURVEY REVIEWS

Based upon a recent OIG review, you are reminded that we must comply with the 701 Handbook when performing our annual transportation reviews.

The 701 Handbook states in Vehicle Operations & Utilizations, Section 233, Secondary Surveys (Motor Vehicle Service Operations), Item 233, 1. Definition, states:

Secondary surveys are for post offices having motor vehicle service units or intracity and/or intercity services by postal employees to and from four or more points. Secondary surveys are mandatory and must be completed at least once every year, or more frequently as required by the installation head or higher level of management.

Please notify the PVS Analyst, Linda Marker, when your annual surveys have been completed, including the results.

A master log will be maintained at the Northeast Area DN Office to document compliance.

  
Joseph P. Woods  
Manager, Distribution Networks

Cc: Richard Uluski  
Brian Leary  
Linda Marker

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DAVID E. WILLIAMS  
VICE PRESIDENT, NETWORK OPERATIONS



March 10, 2011

LUCINE WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Transmittal of Draft Audit Report – Postal Vehicle Services  
– Scheduling and Staffing – Connecticut Valley District  
(Report Number NL-AR-11-DRAFT)

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

Overall, Network Operations agrees with the recommendations provided.

Recommendation 4:

Fully utilize the flexibility under the existing American Postal Workers Union (APWU) 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.

Management Response/Action Plan:

The Memorandum of Understanding (MOU) agreement between the APWU and the Postal Service, signed on January 15, 2009, allows amended work rules at mutually agreeable pilot sites. Currently, the Postal service is taking advantage of the flexibilities afforded by the MOU. Since inception, management nominated 75 PVS sites for pilot implementation. Twenty-one sites have incorporated amended work rules to include the use of split days and split shift assignment. The use of part-time regular drivers and casual employees is another tactic employed locally to increase PVS productivity.

In October 2010, expansion of the MOU pilot was temporarily suspended by mutual agreement due to labor negotiations.

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Target Implementation Date:

Post APWU Contract Agreement

Responsible Official:

Cheryl Martin, Manager, Surface Operations

Recommendation 5:

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

Management Response/Action Plan:

Network Operations fully intends to maximize benefits of the work rules negotiated as mutually accepted in the new Collective Bargaining Agreement. In the interim, local offices are encouraged to increase the use of part-time employees where applicable.

Target Implementation Date:

Post APWU Contract Agreement

Responsible Official:

Cheryl Martin, Manager, Surface Operations

Recommendation 6:

Provide permanent flexibility to schedule split days off for employees in facilities with Postal Vehicle Service operations.

Management Response/Action Plan:

Permanent flexibility to schedule split days off for employees in facilities with PVS operations is being pursued as local MOU agreements until execution of the new national collective bargaining agreement.

Target Implementation Date:

Post APWU Contract Agreement

Responsible Official:

Cheryl Martin, Manager, Surface Operations

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This report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act (FOIA).



David E. Williams

cc: Ms. Brennan  
Mr. Tulino  
Mr. Forte  
Ms. Mallonee  
Ms. Grooman  
Mr. Batta  
Ms. Peters  
Corporate Audit and Response Management