



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**Postal Vehicle Service – Nationwide
Analysis**

Audit Report

April 25, 2012

Report Number NL-AR-12-005



HIGHLIGHTS

IMPACT ON:

U.S. Postal Service, Postal Vehicle Service (PVS) operations nationwide.

WHY THE OIG DID THE AUDIT:

The objectives of this audit were to summarize the results of our prior audit work and to identify PVS scheduling and staffing issues and associated impacts that require nationwide attention.

WHAT THE OIG FOUND:

We determined that Postal Service Headquarters needs to strengthen nationwide processes, guidance, and monitoring of PVS fleet management procedures for conducting required schedule and vehicle utilization reviews. In addition, management can create more efficient PVS schedules by using non-traditional full-time (NTFT) employees and changing work schedules to include split, or non-consecutive, days off. This would allow managers to more efficiently staff operations, match workhours with workload, and reduce driver workhours. By making these changes nationally, we estimate the Postal Service could save about \$47.1 million annually. Finally, we determined that, at some facilities previously audited, drivers were not consistently following prescribed safety procedures when conducting PVS operations.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Network Operations, ensure that Postal Service managers follow prescribed fleet management procedures for conducting

schedule and vehicle utilization reviews and make more timely PVS schedule changes. We also recommended increasing the use of NTFT employees where fewer than 8 hours of work exists when feasible and having management encourage local officials to negotiate the use of split days off with local union officials. Finally, we recommended the Postal Service ensure that processing and distribution center managers enforce the use of seat belts, chock blocks, and load restraints by drivers; and that managers periodically monitor compliance.

WHAT MANAGEMENT SAID:

Management generally agreed with our recommendations but not our monetary impact. Management stated they will monitor compliance with vehicle utilization reviews; continue to pursue the use of postal support employees (PSE) and NTFT employees to reduce overall workhours and control costs; and will work with area staff to hire the maximum compliment of PSEs in PVS operations. Finally, management plans to reissue safety procedures.

AUDITORS' COMMENTS:

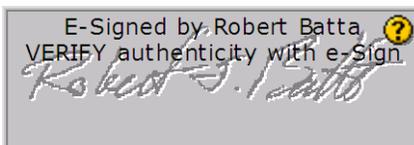
Management's comments are responsive to the last recommendation but not responsive to the first three. While management's actions will help, management needs to take additional actions as recommended to further ensure PVS operations are efficient.

[Link to review the entire report](#)



April 25, 2012

MEMORANDUM FOR: DAVID E. WILLIAMS, JR.
VICE PRESIDENT, NETWORK OPERATIONS



FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Postal Vehicle Service – Nationwide Analysis
(Report Number NL-AR-12-005)

This report presents the results of our audit of Postal Vehicle Service Scheduling and Staffing – Nationwide Analysis (Project Number 11XG026NL001).

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

Attachments

cc: Megan J. Brennan
Cynthia F. Mallonee
Pamela S. Grooman
Area Vice Presidents
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of Postal Vehicle Service (PVS) Scheduling and Staffing – Nationwide Analysis (Project Number 11XG026NL001). The U.S. Postal Service Office of Inspector General (OIG) initiated this audit based on the results of our prior 11 audits focused on PVS operations at processing and distribution centers (P&DCs), and three audits focused on PVS staffing and scheduling inefficiencies. The objectives of this audit were to summarize the results of our prior work and to identify PVS scheduling and staffing issues and associated impacts that require nationwide attention. See [Appendix A](#) for additional information about this audit.

Conclusion

Postal Service Headquarters needs to strengthen nationwide processes, guidance, and monitoring of fleet management procedures for conducting PVS schedule and vehicle utilization reviews. This would ensure that management makes necessary changes to PVS schedules more timely and uses the most efficient and effective transportation of mail by reducing driver workhours and associated fuel use and damage claims. Specifically, management did not always conduct annual schedule and vehicle utilization reviews to evaluate and adjust PVS schedules for efficiency. In addition, Postal Service officials could further increase efficiency nationwide by maximizing the use of non-traditional full-time (NTFT) employees and altering schedules to include the use of split days off where practical. This would allow managers to more efficiently staff operations, match workhours with workload, and reduce driver workhours. By making these changes nationally we estimate the Postal Service could save about \$47.1 million annually. We also found that drivers were not consistently following prescribed safety procedures when conducting PVS operations.

Conducting Schedule and Vehicle Utilization Reviews

We determined that management needs to strengthen policies and procedures as well as provide increased oversight for conducting PVS schedule and vehicle utilization reviews. According to Postal Service Handbook PO-701, *Fleet Management*, Postal Service officials are required to conduct PVS schedule and vehicle utilization surveys (reviews) at least annually. Surveys are completed to determine, among other things:

- Trailer capacity, load utilization of each trip, and schedule efficiency.
- The method used to handle mail sacks, pouches, and containers.
- The running time between service points and whether there is excessive platform or office time in relation to the mail carried.

Our work in 14 previous PVS audits¹ identified that PVS schedules frequently included:

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

At the 18 sites visited during our previous audits, we assessed whether management was conducting annual schedule and vehicle utilization reviews as required by Postal Service policy. We determined that none of the 18 sites were in compliance with the annual requirement. Overall, we previously identified 247,675 unnecessary workhours and identified savings exceeding \$106.2 million. We believe these reviews would have created opportunities to generate more efficient schedules, thereby eliminating the inefficiencies noted previously.

Using Non-Traditional Full-Time Employees

Where feasible, the Postal Service needs to staff some PVS operations with NTFT employees to be more efficient. With the new collective bargaining agreement (CBA) signed with the American Postal Workers Union (APWU) ratified on May 11, 2011, Postal Service officials can create full-time schedules for PVS drivers that contain 30-48 workhours and use NTFT employees. Before the new CBA, traditional schedules had to contain 40 hours to be classified as full-time. This resulted in inefficient driver schedules with idle time because the workhours did not always match the workload. In two prior district-level PVS audits we recommended the conversion of full-time positions to part-time, with savings exceeding \$25.6 million. We conducted these audits before ratification of the current CBA. As part of the new CBA, management eliminated part-time positions in the motor vehicle craft and replaced them with NTFT employees.

Based on the results of our prior work in the districts, we further assessed PVS schedule efficiency nationwide by analyzing workflow and workhour data for a sample of sites and projected our results over all PVS sites.² In doing so, we identified an audit universe of 66 P&DCs with 26 to 192 drivers³ and assessed whether or not management could reduce workhours by using the new NTFT employees for schedules with less than 8 hours of work to be performed based on workflow. We analyzed the workhours in a sample of nine facilities and projected the results to the 66 P&DCs (see [Appendix C](#) for a detailed list of sites). Overall, we concluded that the Postal Service, with the use of NTFT employees working less than 40 hours a week where possible, could reduce PVS workhours by an estimated 1,240,488 hours and save more than \$53 million over 2 years⁴ (an average of \$26.8 million annually), without negatively impacting service. See [Appendix B](#) for our detailed calculations.

¹ Since 2007, we have issued 11 reports focused on PVS operations at P&DCs and we issued three district level reports focused on PVS staffing and scheduling.

² In facilities with fewer than 26 drivers, a different type of analysis would be needed other than the one employed in this audit to substantiate savings. In the one with more than 192 drivers, we felt that, because of its size, it would be an outlier and could not be used in a nationwide projection.

³ We excluded the drivers from the Atlanta, GA; Connecticut Valley; and Western Pennsylvania districts because of our previous scheduling and staffing audits in those districts.

⁴ These savings are predicated on the Postal Service being able to change PVS schedules through attrition.

Using Split Days Off for Employees

The Postal Service needs more flexibility in staffing and scheduling PVS drivers nationwide by allowing for the use of split days off to make the operations even more efficient and reduce costs. However, we determined that the Postal Service, under the existing CBA, must give successive days off in certain size facilities, which results in the need for additional drivers to cover schedules. With consecutive days off, two additional employees are needed to cover five full-time schedules. In contrast, with nonconsecutive days off, one additional employee is needed to cover five full-time schedules. See [Appendix D](#) for a chart illustrating how the use of split days off results in fewer workhours.

Moreover, we found that work rule flexibility had been allowed under the previous APWU agreement. Specifically, recognizing the need to change work rules governing drivers due to insufficient work, the Postal Service and the APWU entered into a Memorandum of Understanding (MOU) on January 15, 2009, in which both parties agreed to relax some of the work rules regarding motor vehicle drivers.⁵ Selected facilities were able to take advantage of these provisions to allow for split days off. This MOU between the Postal Service and the APWU became null and void with the new CBA, effective November 21, 2010. However, we further determined that this type of work rule agreement can be continued under the new agreement, but those agreements have to be pursued and negotiated or re-negotiated at the local level.

We analyzed the use of split days off in our prior district audits and identified 39 unnecessary positions and savings exceeding \$23.8 million by not using consecutive days off. We also analyzed the use of split days off nationwide and determined that the Postal Service could save more than \$40 million over 2 years by eliminating 536 employees not needed for PVS operations if local agreements are established under the new CBA to allow for nonconsecutive days off. See [Appendix B](#) for our detailed calculations.

Other Matters – Safety Concerns

During our observations at six facilities previously audited,⁶ we found that employees were securing vehicle loads of rolling stock of mail and equipment with single – instead of the required double – restraints at the ends of their loads. Improperly restrained mail and equipment can lead to accidents, damaged property, undue liability, and unwarranted costs for the Postal Service. In addition, at one facility we observed that nearly one-third of its drivers were not wearing seat belts, which reduce the risk of serious or fatal injury.

⁵ This MOU allowed PVS drivers to work under modified work rules at a limited number of pilot facilities. The MOU, in part, allowed drivers to have split days off; work 8 nonconsecutive hours within a 9-, 10-, 11-, or 12-hour day; and allowed management to move employees into different positions within the installation without penalty, as long as they did not perform work in the motor vehicle craft.

⁶ We identified load restraint safety issues at the Northern Virginia, Minneapolis, Cardiss Collins, Southern Maryland, Suburban Maryland, and Baltimore P&DCs.

At three facilities we visited during our previous audits, we observed that trailers' wheels were not consistently chocked. Postal Service Standard Operating Procedures, *Receiving and Dispatching Vehicles* (November 7, 2007), require PVS drivers to approach loading docks by backing vehicles to the door or platform space, setting the brake, shutting off the engine, and placing the chock blocks behind the wheels. The chock blocks are intended to prevent accidental movement of the vehicle and, if they are missing, the driver must notify the expeditor or platform personnel.

Trailer parked at the Pittsburgh P&DC dock. Pictured is a chock block that, per Postal Service policy, is supposed to be placed behind the wheel to prevent movement.



Source: OIG

Recommendations

We recommend the vice president, Network Operations:

1. Instruct area Postal Service officials to follow prescribed fleet management procedures for conducting Postal Vehicle Service schedule and vehicle utilization reviews and make necessary changes to the schedules in a more timely fashion (or at least annually) to match the fluid operational changes.
2. Ensure Postal Service officials change schedules when feasible to reduce overall scheduled workhours and staffing by increasing the use of non-traditional full-time employees where fewer than 8 hours of work exists.
3. Encourage area Postal Service officials to negotiate the use of split days off with local union officials where possible to reduce operating costs through staff reductions.
4. Instruct processing and distribution center management to issue memorandums to drivers reinforcing the use of seat belts, chock blocks, and load restraints; and periodically monitor compliance.

Management's Comments

Management generally agreed with our recommendations,⁷ but not our monetary impact. Management stated they will continue to track and monitor compliance with fleet management procedures on a quarterly basis to ensure PVS managers perform annual vehicle utilization reviews in order to maintain effectiveness and efficiency. In addition, they will continue to pursue and monitor the maximum use of postal support employees (PSE) and NTFT employees to control costs and hours. Regarding the use of split days off, management does not believe encouraging the negotiation of split days off for NTFT employees is actionable at this time since it would first require management to seek adoption of a MOU with the APWU at the national level. Instead, management will coordinate with area PVS staff to hire PSEs who earn less and can be scheduled with split days off without union involvement. Management will also reissue Vehicle Receiving and Dispatching Standard Operating Procedures to field management for adherence and follow up.

Regarding monetary impact, management did not agree with our estimates because the APWU agreement does not currently allow for the use of split days off for NTFT employees without further action at the national and local levels. In addition, management stated they cannot agree with our projected savings associated with the use of the NTFT position since the ability to optimize around the NTFT position is conditional on vacancies, volunteer full-time regular employees, and conversion of PSEs after their initial 1-year term as PSEs. See [Appendix E](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendation 4. However, the OIG does not consider management's comments responsive to recommendations 1 through 3 and the proposed corrective actions will not fully address the issues identified in the report. We will continue working with management on implementation of our recommendations during the close-out process, and if unresolved, we will pursue them through the formal audit resolution process.

Regarding annual vehicle utilization reviews, management needs to aggressively ensure compliance and follow-through in its quarterly tracking and monitoring given the extent of non-compliance identified in our prior audits. Quarterly tracking and monitoring has been the standard process in the past, and this approach has not significantly changed PVS efficiency as identified in our prior audits.

Further, regarding the use of split days off, we agree that use of PSEs will provide some flexibility necessary to reduce workhours. However, the intent of our recommendation was to encourage the use of split days off for regular employees which is negotiable under the APWU agreement for many facilities without a separate MOU allowing for it.

⁷ Management did not explicitly state agreement with our findings in their response. However, they agreed in the exit conference with the findings, and agreed in the response to implement the recommendations.

Consecutive days off are costly and the Postal Service needs to aggressively pursue the use of split days off where possible. We agree that if the Postal Service applied the recommendation to NTFT employees, it would need to adopt a MOU for that class of employee to allow for local negotiations for split days off. By doing so, the Postal Service would have additional flexibility and opportunities to reduce costs.

Finally, regarding our monetary impact, we believe the estimates to be valid based on the assumptions and methodology used in our calculations. We based the estimates on staffing flexibilities that are already available or can be pursued (as has been done in the past) – specifically the ability to use split days off through local negotiations and a national MOU with the APWU. It should be noted that we lowered estimates from our draft report by using the salary and benefit labor rate instead of the fully loaded rate in our calculations to ensure an even more conservative estimate.

The OIG considers all the 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.

Appendix A: Additional Information

Background

The Postal Service's transportation network includes nationwide 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 P&DCs or network distribution centers 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 annually. Because PVS operations are local, they are managed at the facility level under the guidance of district, area, and headquarters transportation officials.

PVS vehicle traveling from the Orlando P&DC to an associate office, taken October 19, 2011.



Source: OIG

Drivers who work within the PVS craft (also known as the motor vehicle craft) are represented by the APWU and the work rules governing PVS operations are covered under the CBA. Before the CBA was ratified in 2011, drivers' schedules were developed based on an 8-hour assignment. Management had to pay drivers for 8 hours of work, although the schedules may not have contained 8 hours of assignments. Managers were allowed a complement of 10 percent of their work force that could be part-time, regular employees.

With the new CBA ratified in 2011, management eliminated part-time, regular employees in the motor vehicle craft and replaced them with NTFT employees. Management can now develop schedules with fewer than 8 hours of work and staff those schedules with NTFT employees. These employees are classified as full-time employees; however, these employees may work fewer than the traditional 8 hours per day, or 40 hours per week. The new CBA also requires management to schedule

employees with consecutive days off in most cases. However, management at the local level can negotiate split days off, but only if the local union agrees to allow it.

Objectives, Scope, and Methodology

We initiated this audit based on the results of our 14 prior audits that identified inefficiencies in the scheduling and staffing of PVS operations. In our prior PVS audit work, we reviewed schedules for inefficiencies and eliminated complete schedules. Although this helped make the operations more efficient, opportunities exist to make the schedules more efficient by matching workhours with workload. In our prior audit work, because individual facilities control PVS operations, we localized our audit approach. The objectives of this audit were to summarize the results of our prior work and to identify PVS scheduling and staffing issues and associated impacts that require nationwide attention.

To accomplish our nationwide objectives, we reviewed prior work and identified systemic issues requiring attention and performed additional analyses to determine whether further opportunities existed to make operations more efficient. In doing so we identified an audit universe of 66 P&DCs with 26 to 192 drivers.⁸ We excluded other P&DC facilities because we would have had to analyze their operations individually.⁹ From the list of 66 P&DCs, we created a statistical-sample and identified nine P&DCs¹⁰ to analyze. We conducted the analysis to determine whether management could reduce workhours and labor costs. As part of our review of the Postal Service's PVS schedules, we analyzed driver assignments and determined whether drivers made duplicate or unproductive trips. We extracted trip volume data from the Postal Service's Transportation Information Management Evaluation System and PVS schedule information from the Vehicle Information Transportation Analysis and Logistics system.

Using Postal Service computer-generated data and other records, we analyzed 974 PVS driver schedules from our sample and evaluated individual trips and trip load volume. We projected the results of our sample to determine the estimated number of workhours that could be reduced nationwide and calculated projected cost savings. See [Appendix C](#) for a full listing of the sample and universe sites and related workhours.

We conducted visits to the Norfolk and Orlando P&DCs as well as 24 associate offices, 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. We also reviewed the Postal Service's existing CBA with the APWU.

⁸ We excluded drivers from the Atlanta, Connecticut Valley, and Western Pennsylvania districts because of our previous PVS scheduling and staffing audits in those districts.

⁹ In facilities with fewer than 26 drivers, a different type of analysis than the one employed in this audit would be needed to substantiate savings. In the facility with more than 192 drivers, we felt that, because of its size, it would be an outlier and could not be used in a nationwide projection.

¹⁰ The Oakland P&DC was one of the original nine sites to review; however, at the time of our audit, its PVS schedules were in the process of changing and could not be analyzed. We coordinated with our statistician and removed the facility from the sample and the universe and added the Mid-Island P&DC to our sample.

PVS cargo vans parked at the Orlando P&DC on October 18, 2011.



Source: OIG

We conducted this performance audit from August 2011 through April 2012 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 nationwide findings and conclusions based on our audit objectives. We discussed our observations and conclusions with management on March 5, 2012, and included their comments where appropriate.

We assessed the reliability of computer-generated data by review of data compared to observations, physical inspections, and discussions with appropriate headquarters officials. We noted several weaknesses in the computer-generated data that limited our work. For example, some computer records were 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

In 14 prior audits, the OIG worked with the Postal Service to reduce PVS costs at P&DCs. As indicated in the following chart, since March 2007, we identified labor and other potential savings of \$156.4 million¹¹ that included recommendations to reduce 247,675 unnecessary workhours and make some employee schedule conversions. All reported savings below occurred over a 10-year period. 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	3/30/2007	\$7.3
<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 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
<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
<i>Postal Vehicle Services - Scheduling and Staffing – Connecticut Valley District</i>	NL-AR-11-002	3/18/2011	\$19.9
<i>Postal Vehicle Service Transportation Routes – Baltimore Processing and Distribution Center</i>	NL-AR-11-004	7/25/2011	\$8.2
<i>Postal Vehicle Services - Scheduling and Staffing – Western Pennsylvania District</i>	NL-AR-11-005	8/12/2011	\$10.0
<i>Postal Vehicle Service Transportation Routes – Margaret L. Sellers Processing and Distribution Center</i>	NL-AR-12-001	2/2/2012	\$4.4

¹¹ In addition to PVS savings, the total includes \$4.2 million in highway contract route (HCR) savings. We excluded these recommendations from this report, because the HCR analysis was not conducted at all reviewed facilities and the recommendations in this report do not apply to HCRs.

Appendix B: Monetary Impact

Workhour and Cost Reductions¹²

Finding	Impact Category	Amount
The Postal Service can more efficiently and effectively manage PVS transportation processes and schedules, thereby reducing driver workhours.	Funds Put to Better Use ¹³	\$53,731,992
The Postal Service could use alternate schedules to include split days off. This would allow managers to more efficiently staff operations and match workhours to workload.	Funds Put to Better Use	40,536,794
Total		\$94,268,786

Projected Savings by Cost Category				
Cost Category	Description	FY 2012 Total (Phased In)	FY 2013 (Annual) Total	2-Year Total FYs 2012 through 2013
Excess Workhours	Eliminating 1,240,488 workhours	\$13,512,016	\$40,210,976	\$53,731,992
Split Days Off Conversion	Eliminating 536 positions	10,193,811	30,342,983	40,536,794
Total		\$23,705,827	\$70,562,959	\$94,268,786

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. To be conservative in our cost savings estimation, we have projected savings over 2 years, because of the Postal Services current financial condition and its plans to restructure operations.

Rates by Type	Factor	Published
Discount Rate/Cost of Borrowing	2.6 %	11/23/2011
Labor Escalation Rate	1.8 %	11/23/2011

¹² Totals slightly different due to rounding.

¹³ Funds that could be used more efficiently by implementing recommended actions.

Appendix C: Sample Sites, Sample Sites, and Workhours

Sample Sites

Processing and Distribution Center	Total Workhours in FY 2011	Identified Annual Workhours for Elimination ¹⁴
Baltimore P&DC	171,141	43,046
Chicago P&DC	382,878	69,247
Honolulu P&DC	45,736	7,085
Mid-Island P&DC	368,518	77,778
Norfolk P&DC	151,361	22,940
Orlando P&DC	84,178	7,899
San Francisco P&DC	265,256	35,381
Syracuse P&DC	43,515	7,806
Tampa P&DC	102,102	8,952
Total	1,614,685	280,134¹⁵

¹⁴ The annual hours eliminated in this chart were used in the statistical projection, with a 90 percent confidence level. This resulted in a projection of 1,240,488 annual workhours that can be eliminated in the PVS sample sites.

¹⁵ Total slightly different due to rounding.

Universe Sites¹⁶

Processing and Distribution Center	Total Workhours in FY 2011
Baltimore P&DC	171,141
Birmingham P&DC	75,315
Boston P&DC	262,507
Bronx P&DC	106,425
Brooklyn P&DC	263,293
Buffalo P&DC	59,756
Carol Stream P&DC	124,761
Charlotte P&DC	107,731
Chicago P&DC	382,878
Cincinnati P&DC	140,060
Cleveland P&DC	142,954
Curseen-Morris P&DC	113,303
Dallas P&DC	261,166
Denver P&DC	166,007
Detroit P&DC	218,720
Dominick V. Daniels P&DC	250,587
Fort Lauderdale P&DC	68,647
Fort Worth P&DC	124,821
Harrisburg P&DC	55,612
Honolulu P&DC	45,736
Houston P&DC	289,208
Indianapolis P&DC	161,958
Irving Park Rd P&DC	150,329
Jacksonville P&DC	139,280
Kansas City, Missouri P&DC	151,162
Las Vegas P&DC	78,528
Long Beach P&DC	43,041
Los Angeles P&DC	301,303
Louisville P&DC	76,585
Margaret L. Sellers P&DC	183,964
Memphis P&DC	131,046
Miami P&DC	165,564
Mid-Island P&DC	368,518
Milwaukee P&DC	103,198

¹⁶ These PVS facilities and their annual hours represent the sites that we projected our savings to that accounted for the statistical projection of 1,240,488 hours that can be eliminated.

Processing and Distribution Center	Total Workhours in FY 2011
Minneapolis P&DC	138,042
Nashville P&DC	84,638
New Orleans P&DC	80,331
New York Morgan P&DC	515,275
Norfolk P&DC	151,361
Northern VA P&DC	175,392
Northern NJ Metro P&DC	51,918
Oakland P&DC	227,138
Omaha P&DC	75,183
Orlando P&DC	84,178
Philadelphia P&DC-1	327,772
Phoenix P&DC	337,771
Portland P&DC	109,701
Providence P&DC	68,971
Queens P&DC	234,154
Raleigh P&DC	65,773
Richmond P&DC	97,415
Sacramento P&DC	177,064
San Antonio P&DC	163,823
San Francisco P&DC	265,256
San Jose P&DC	75,617
Santa Ana P&DC	68,728
Seattle P&DC	199,119
South Maryland P&DC	96,481
South Suburban P&DC	83,513
St. Louis MO P&DC	219,279
St. Paul P&DC	92,779
St. Petersburg P&DC	48,988
Suburban MD P&DC	125,752
Syracuse P&DC	43,515
Tampa P&DC	102,102
West Nassau P&DC	107,888
Total	10,180,021

Appendix D: Consecutive and Nonconsecutive Days Off Analysis

Fewer Drivers are Needed with Nonconsecutive 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 stand-by time. With nonconsecutive days off, most drivers would have lower volume Sundays off and another day off during the week. With consecutive days off, two replacement drivers are needed for every five schedules. With nonconsecutive days off, only 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

Nonconsecutive Days Off Schedule – One Replacement Driver Needed for Every Five Daily Schedules								
Route	Nonconsecutive 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

DAVID E. WILLIAMS
VICE PRESIDENT, NETWORK OPERATIONS



April 6, 2012

Shirian Holland
Acting Director, Audit Operations
1735 N. Lynn Street
Arlington, VA 22209-2020

SUBJECT: Draft Audit Report – Postal Vehicle Service – Nationwide Analysis
(Report Number NL-AR-12-Draft)

Thank you for the opportunity to respond to the recommendations contained in the Discussion Draft Audit Report – Postal Vehicle Service – Nationwide Analysis (Report Number NL-AR-12-Draft). Management agrees with the recommendations and will address each separately below.

Recommendation 1:

Instruct Area Postal Service officials to follow prescribed fleet management procedures for conducting PVS schedule and vehicle utilization reviews and make necessary changes to the schedules in a more timely fashion (or at least annually) to match the fluid operational changes.

Management Response/Action Plan:

Handbook PO-701, Fleet Management, Chapter 23, (March 1991) requires all PVS operations to perform annual vehicle utilization reviews in order to maintain effectiveness and efficiency. We will continue to track and monitor compliance with this requirement.

Target Completion Date:

Quarterly monitoring

Responsible Official:

Jennifer Stevenson, a/Manager, Surface Operations

Recommendation 2:

Ensure that Postal Service officials change schedules when feasible to reduce overall scheduled work hours and staffing by increasing the use of Non-Traditional Full Time employees where fewer than eight hours of work exists.

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Management Response/Action Plan:

We will continue to pursue and monitor the maximization of PSE and NTFT assignments to control costs and work hours.

Target Completion Date:

Monthly tracking and discussions with Areas.

Responsible Official:

Jennifer Stevenson, a/Manager, Surface Operations

Recommendation 3:

Encourage Area Postal Service officials to negotiate the use of split days off with local union officials where possible to reduce operating costs through staff reductions.

Management Response/Action Plan:

After reviewing the language contained in the APWU Collective Bargaining agreement, it is our opinion that this recommendation is not an actionable item for field PVS units at this time. We are coordinating with area PVS staff to hire Postal Support Employee (PSE) drivers up to the local district complement level. Management has the authority to change work schedules including split days for this employee classification. PSEs earn approximately 50% (salary & Benefits) of regular career employees; therefore, utilizing PSEs is an effective means for reducing labor cost. The negotiation of split non-scheduled days off for Non-Traditional Full Time drivers will require management to seek adoption of a Memorandum of Understanding at the national level with agreement obtained from APWU, which could be similar to the tactical approach executed in 2009.

Target Completion Date:

N/A

Recommendation 4:

Instruct Processing and Distribution Center management to issue memorandums to drivers reinforcing use of seat belts, chock blocks and load restraints; and periodically monitor compliance.

Management Response/Action Plan:

The November 2007 Vehicle Receiving and Dispatching SOP will be reissued to Field Management staff for adherence and follow up.

Target Completion Date:

April 30, 2012

Responsible Official:

Jennifer Stevenson, a/Manager, Surface Operations

We have reviewed the projected annual savings of \$50.6M and the estimates referenced in Appendix B. Given that the current APWU Collective Bargaining Agreement does not allow for split days off we cannot concur with the associated savings.

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Additionally, we question the projected savings associated with the use of NTFT positions. The ability to optimize the flexibility around NTFT positions is conditional on vacant positions, volunteer FTR employees and conversion of PSEs after their initial one year term as a PSE.

This report and management's response do not contain information that may be exempt from disclosure under the FOIA.

A handwritten signature in black ink, appearing to read 'David E. Williams', with a long horizontal stroke extending to the right.

David E. Williams

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cc: Ms. Brennan
Ms. Mallonee
Ms. Martin
Ms. Stevenson
Mr. Fields
Mr. Small
Ms. Feindt
Mr. Uluski
Mr. Aliperto
Ms. Krage
Mr. Black