



Office of Inspector General | United States Postal Service

Audit Report

Postal Vehicle Service Tire Usage and Failures

Report Number NL-AR-19-003 | February 4, 2019



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Highlights

Objective

Our objective was to assess the U.S. Postal Service's Postal Vehicle Service (PVS) tire usage and failures for 7-to 11-ton PVS vehicles.

The Postal Service maintains two tire contracts for all PVS fleet vehicles: the [REDACTED] contract to purchase new tires and the [REDACTED] Company contract to purchase [REDACTED] retreaded tires. These contracts were valued at over [REDACTED] million and over [REDACTED] million, respectively, for fiscal years (FY) 2017 through Quarter 2, FY 2018. Federal regulations require new tires to be installed on the front wheels of vehicles and Postal Service policy recommends retreaded tires to be installed on the rear wheels of all PVS vehicles. The Postal Service purchased 8,981 new tires totaling over [REDACTED] million and 22,127 retreaded tires totaling over [REDACTED] million in FY 2017 through Quarter 2, FY 2018.

The Postal Service Fleet Maintenance Program requires technicians to examine PVS vehicle tires for damage, tread wear, and proper inflation every 13 weeks. Tires should be inflated to a specified pound per square inch (psi) air pressure depending on the type of vehicle. Tires are required to be inflated to between 90 and 105 psi for cargo vans as well as single- and double-axle tractors. Tire failures occur due to under-inflation, premature replacement, irregular tread wear, and road hazards.

The Postal Service uses the Solution for Enterprise Asset Management (SEAM) system to record tire maintenance and repairs at vehicle maintenance facilities (VMF). SEAM is a web-based application designed to improve inventory tracking and visibility; implement forecasting and automatic replenishment capabilities; and standardize asset tracking, maintenance, and repair functions.

We selected and visited seven VMFs nationwide based on the quantity of 7- to 11-ton PVS vehicles in the seven Postal Service areas. We conducted observations at the Carol Stream, IL, Louisville, KY, New Orleans, LA, Portland, OR, Santa Ana, CA, Suburban, MD, and Western Nassau, NY, VMFs.

What the OIG Found

We found the Postal Service does not have certain information necessary to effectively assess tire usage and failures and personnel were not always complying with Postal Service policies. Specifically, we observed the following during our site visits:

- VMF technicians could not input tire tread wear for all tires or input the reasons for tire replacements because SEAM only has data fields to enter up to four tire measurements per vehicle. However, 7- to 11-ton PVS vehicles have six to 10 tires per vehicle. Additionally, SEAM does not have a field to enter why (failure, low tread, or other reason) the tire was replaced. While technicians have the ability to input this information on hard copy forms, this does not allow for a systemic analysis of tire usage and failures. As a result, it is difficult to track tire wear and the reasons for tire replacements.
- The Santa Ana VMF had not used retreaded tires on the rear wheels of vehicles since 2014, as recommended by Postal Service policy. Instead, the VMF installed 115 new tires to the rear of PVS vehicles during FY 2017 through Quarter 2, FY 2018. The VMF manager said retreaded tires would not fit on the rims properly and were difficult to install. As a result, the Santa Ana VMF incurred about [REDACTED] in additional costs for purchasing new tires instead of retreaded tires in FY 2017 through Quarter 2, FY 2018. Additionally, the VMF paid [REDACTED] Company over [REDACTED] per tire to recycle the worn tires removed from the vehicles instead of sending them to be retreaded which cost the Postal Service an additional [REDACTED].
- The Postal Service had outdated and inconsistent guidance regarding tire pressure requirements for 7- to 11-ton PVS vehicles. For example, the Postal Service had outdated tire pressure charts that did not reflect the required air pressure for tires in the PVS fleet. In addition, discussion with Postal Service management revealed that VMF technicians are to follow tire pressure requirements posted on vehicle drivers side doors or on tire wheel wells. During our site visits, three of the seven sites we visited had the tire pressure chart posted. However, the remaining four sites did not. This occurred because the tire pressure chart has not been updated since

September 1993 and does not contain the information for new vehicles and current guidance regarding tire pressure is not clear. Therefore, VMF technicians at four of the locations we visited did not have the current tire pressure information readily available to ensure the proper tire inflation for vehicles currently in the PVS fleet.

When VMF personnel do not have all the information regarding the reasons for tire replacement, install tires in a manner that is not in accordance with Postal Service policy, or do not have access to accurate tire pressure requirements, there is increased risk of management making uninformed decisions about tire usage and failures.

What the OIG Recommended

We recommended management:

- Review the feasibility of updating the SEAM system or develop other alternatives to allow tire maintenance personnel to include additional data entry fields needed to ensure that employees can record proper tire tread depth for all vehicle tires and reasons for tire replacements into the system.
- Instruct VMF personnel to follow Postal Service policies on the use of retreaded tires.
- Update and clarify guidance on tire pressure requirements to include information for current vehicles in the PVS fleet.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

February 4, 2019

MEMORANDUM FOR: KEVIN MCADAMS
VICE PRESIDENT, DELIVERY OPERATIONS

SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT

E-Signed by Inspector General
VERIFY authenticity with eSign Desktop
Darrell E. Benjamin, Jr.

FROM: Darrell E. Benjamin, Jr.
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Postal Vehicle Service Tire Usage and
Failures (Report Number NL-AR-19-003)

This report presents the results of our audit of the Postal Vehicle Service Tire Usage and Failures (Project Number 18XG012NL000).

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

Attachment

cc: Postmaster General
Vice President, Network Operations
Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of U.S. Postal Vehicle Service (PVS) Tire Usage and Failures of 7- to 11-ton PVS vehicles (Project Number 18XG012NL000). Our objective was to assess PVS tire usage and failures. See [Appendix A](#) for additional information about this audit.

Background

The U.S. Postal Service's Fleet Maintenance Program requires vehicles to be maintained in a mechanically reliable, safe, clean, and neat condition. In addition, the Postal Service's Vehicle Maintenance Program's (VMP)¹ primary emphasis is preventing major repairs by performing scheduled and unscheduled maintenance. For all maintenance repairs, Postal Service (PS) Form 4543, Vehicle Maintenance Work Order,² must be prepared.

As part of Preventive Maintenance Inspection (PMI),³ the Postal Service performs scheduled maintenance to reduce interruptions in regular mail transportation services. PMIs are performed on vehicles heavier than one ton about every 13 weeks. Scheduled maintenance periods vary based on the type of vehicle and number of miles driven. During scheduled maintenance, other services are performed, including tire maintenance. Specifically, PVS vehicle tires are examined for compliance with tire size, damage, tread wear, and proper inflation. Tires must be inflated to a specified pressure. The per square inch (psi) air pressure for Postal Service cargo vans and single- and double-axle tractor rear tires is 90 to 105 psi depending on the type of vehicle. PVS 7- to 11-ton vehicles can have from six (two front and four rear) to ten (two front and eight rear) tires that require preventive maintenance.

The Postal Service maintains two tire contracts for all fleet vehicles, using the [REDACTED] to purchase new tires.⁴ The

[REDACTED] contract is a fixed-price contract with a three-year base period, not to exceed seven years. The Postal Service has a minimum purchase quantity of [REDACTED] and maximum purchase quantity of [REDACTED] million tires in total over the life of the contract. The [REDACTED] contract was valued at over [REDACTED] million for FY 2017 through Quarter (Q) 2, FY 2018. The Postal Service purchased 5,957 new tires, at an average cost of [REDACTED] totaling over [REDACTED] million in FY 2017. The Postal Service purchased 3,024 new tires, at an average cost of [REDACTED], totaling over [REDACTED] million in FY 2018, through Q2. See Table 1 for new tires purchased from [REDACTED] during the scope period.

Table 1. Tires Purchased from [REDACTED] Tires FY 2017 through Q2, FY 2018

[REDACTED] Item Number	Description	FY 2017 New Tires	FY 2017 Cost	FY 2018 New Tires	FY 2018, Qs 1-2, Cost
[REDACTED]	7- to 11-Ton Box Truck	90	[REDACTED]	983	[REDACTED]
[REDACTED]	7- to 11-Ton Freightliner Mack Tractor	3,849	[REDACTED]	2,036	[REDACTED]
[REDACTED]	11-Ton Freightliner Tractor	2,018	[REDACTED]	5	[REDACTED]
Total		5,957	[REDACTED]	3,024	[REDACTED]

Source: Postal Service eBuy2.

The Postal Service uses the [REDACTED] Company [REDACTED] contract to purchase retreaded tires.⁵ Federal regulations state that retreaded tires cannot be installed on front wheels.⁶ Furthermore, Postal Service policy recommends

¹ Handbook PO-701, *Fleet Management, Maintenance and Control*, October 23, 2008.

² Handbook PO-701, Section 344.

³ *Vehicle Maintenance Bulletin*, V-07-98, Preventive Maintenance Inspection Program, June 1, 1998.

⁴ [REDACTED]

⁵ [REDACTED]

⁶ Code of Federal Regulations Title 49: Transportation, Section 393.75, Tires.

that retreaded tires are installed on the rear wheels of vehicles.⁷ The [REDACTED] contract is a performance-based contract for a three-year base period not to exceed seven years. The Postal Service has a minimum purchase quantity of [REDACTED] and maximum purchase quantity of [REDACTED] for retreaded tires over the life of the contract. The [REDACTED] contract was valued at over [REDACTED] million for FY 2017 through Q2, FY 2018. The Postal Service purchased 14,947 retreaded tires, at an average cost of [REDACTED] totaling over [REDACTED] million in FY 2017. The Postal Service purchased 7,180 retreaded tires, at an average cost of [REDACTED], totaling over [REDACTED] in FY 2018, through Q2. See Table 2 for retreaded tires purchased from [REDACTED] during the scope period.

Table 2. Tires Purchased from [REDACTED] Company, FY 2017 Through Q2, FY 2018

MSPN Number ⁸	FY 2017 Retreaded Tires	FY 2017 Cost	FY 2018 Retreaded Tires	FY 2018, Qs 1-2 Cost
[REDACTED]	66	[REDACTED]	45	[REDACTED]
[REDACTED]	6,377	[REDACTED]	3,352	[REDACTED]
[REDACTED]	1,704	[REDACTED]	590	[REDACTED]
[REDACTED]	2,102	[REDACTED]	923	[REDACTED]
[REDACTED]	568	[REDACTED]	500	[REDACTED]
[REDACTED]	4,130	[REDACTED]	1,770	[REDACTED]
Total	14,947	[REDACTED]	7,180	[REDACTED]

Source: Postal Service eBay2.

In the trucking industry,⁹ under inflated rear tires is a known problem and billions of dollars are lost each year due to increased fuel consumption, tread wear, tire blowouts, and other operational issues.

⁷ Handbook AS-552, *Pollution Prevention Guide*, dated August 1996, Appendix D, Section 4, Used Tires.

⁸ The Manufacturer Supply Part Number (MSPN) identifies retreaded tires used on Postal Service 7- to 11-ton vehicles.

⁹ *Commercial Medium Study Final Report*, National Highway Traffic Safety Administration, Report Number DOT HS 811 060, December 2008.

¹⁰ A web-based application designed to improve inventory tracking and visibility, implement forecasting and automatic replenishment capabilities, and standardize asset tracking and maintenance and repair functions.

The Postal Service uses the Solution for Enterprise Asset Management (SEAM)¹⁰ system to record tire maintenance and repairs at vehicle maintenance facilities (VMF). During FY 2017 through Q2, FY 2018, the Postal Service spent about [REDACTED] million on over 25,000 tires and tire repair services for over 3,700, 7- to 11- ton PVS vehicles. The [REDACTED] million in tire maintenance costs includes over [REDACTED] million in scheduled maintenance on over 19,000 tires and over [REDACTED] in unscheduled repairs on over 5,000 tires. In addition, about [REDACTED] was spent on road calls to replace 200 tires due to tire blowouts or tread wear. We determined the average maintenance cost was over [REDACTED] per tire (see Table 3).

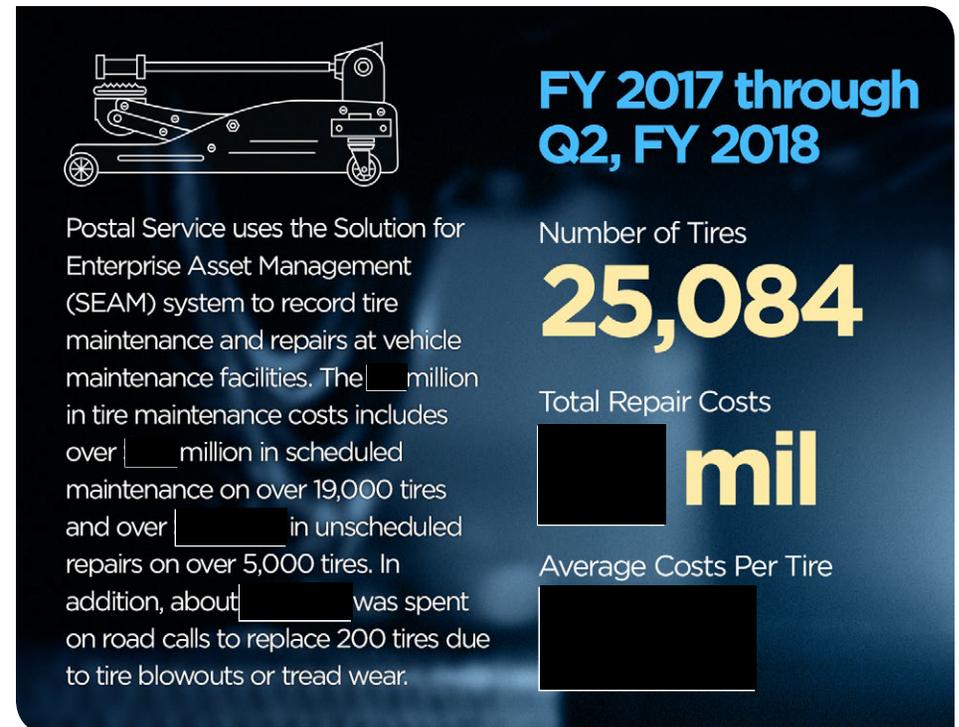


Table 3. Scheduled and Unscheduled Maintenance and Road Calls FY 2017 through Q2, FY 2018

Repair Type	Number of Tires	Total Repair Costs	Average Cost Per Tire
Scheduled Maintenance	19,761	██████████	██████
Unscheduled Repairs	5,120	██████	██████
Road Calls	203	██████	██████
Total	25,084	██████████	██████

Source: Postal Service SEAM data.

We conducted observations at seven VMFs, representing each area: Carol Stream, IL, Louisville, KY, New Orleans, LA, Portland, OR, Santa Ana, CA, Suburban, MD, and Western Nassau, NY. We found the Postal Service does not have certain information necessary to effectively assess tire usage and failures and personnel were not always complying with Postal Service policies. Specifically, we observed the following during our site visits.

Finding #1: Lack of Data Entry Fields in Solution for Enterprise Asset Management

Vehicle maintenance technicians at all seven VMFs visited could not input tire tread depth for each tire or input the reasons for tire replacements. This occurred because SEAM only has four data fields to record tire depth for two front and two rear tires and does not contain a field to enter why the tire was replaced. However, 7- to 11-ton PVS vehicles have between six and ten tires depending on the vehicle size. Additionally, SEAM does not have a field to enter why (failure, low tread, or other reason) the tire was replaced. While technicians have the ability to input this

“Managers cannot identify which tire may wear out prematurely.”

information on hard copy forms, this does not allow for a systemic analysis of tire usage and failures.

Postal Service policy requires vehicle maintenance technicians to record all tire tread depths into the SEAM system when a scheduled or unscheduled preventive maintenance inspection is performed.¹¹ Consequently, managers cannot identify which tire may wear out prematurely because they do not have a record of the tread depth for all tires on a vehicle or have a record to know why tires are being replaced.

Recommendation #1

We recommend the **Vice President, Delivery Operations**, in coordination with the **Vice President, Supply Management**, review the feasibility of updating the Solution for Enterprise Asset Management system or develop other alternatives to allow tire maintenance personnel to include additional data entry fields needed to ensure that employees can record proper tire tread depth for all vehicle tires and reasons for tire replacements into the system.

Finding #2: Retread Tires Were Not Used at the Santa Ana, CA, VMF

The Santa Ana VMF had not used retreaded tires on the rear wheels of 7- to 11- ton PVS vehicles since 2014. The VMF technicians stated they rotated tires from the front wheels to the rear wheels when the tread depth wear was 4/32 of an inch. Then when the tread depth on the rear wheels wore down to 2/32 of an inch, the technicians replaced the rear tires with new tires.

Postal Service policy recommends retreaded tires to be installed on the rear wheels.¹² The VMF manager stated they previously used retreaded tires but stopped because the retreaded tires were difficult to install and did not fit on the rims properly. However, the other VMFs we visited could properly install the retread tires. Additionally, when the tread depth on the tires reached the minimum allowable tolerance of 2/32 of an inch, the Santa Ana VMF sent the tire to the

¹¹ Vehicle Maintenance Bulletin 7-98, PMI Guidelines for Cargo Vans, Sections 26 through 28 – Circle Inspection.

¹² Handbook AS-552, Appendix D, Used Tires, Section 4.

contractor to be recycled at a cost of over [REDACTED] per tire rather than have the tires retreaded.

As a result, the Santa Ana VMF purchased and installed 115 new tires rather than purchasing retreaded tires and incurred [REDACTED] in supported questioned costs in FY 2017 through Q2, FY 2018. Additionally, the VMF was paying [REDACTED] over [REDACTED] per tire to recycle the worn tires removed from the vehicles instead of sending them to be retreaded for use which cost the Postal Service an additional [REDACTED] in supported questioned costs.

Recommendation #2

We recommend the **Vice President, Delivery Operations**, instruct vehicle maintenance facility personnel to follow Postal Service policies on the use of retreaded tires.

Finding #3: Outdated and Inconsistent Tire Pressure Guidance

The Postal Service had outdated and inconsistent guidance regarding tire pressure requirements for 7- to 11-ton PVS vehicles. During our site visits, three of the seven sites (Carol Stream, Western Nassau, and New Orleans) had Poster 49, Tire Pressure Chart, posted. However, the remaining four sites (Louisville, Portland, Santa Ana, and Suburban) did not have the tire pressure chart posted. The supervisors at these sites stated they did not post the tire pressure chart because it was outdated and did not have the psi for current PVS vehicles. In addition, discussion with Postal Service management revealed that VMF technicians are to follow tire pressure requirements posted on vehicle drivers side doors or on tire wheel wells.

Postal Service policy states that tires should be inflated to a specified psi air pressure depending on the type of vehicle, and they are required to be inflated to

“The tire pressure chart has not been updated since September 1993.”

¹³ Fleet Maintenance Bulletin, V-17-93, Vehicle Tire Policy dated September 3, 1993.

¹⁴ Handbook PO-701, dated March 1991, updated through October 23, 2008.

between 90 and 105 psi to meet vehicles manufacturers specifications for cargo vans and single and double-axle tractors.¹³ In addition, current charts must be available in the service area;¹⁴ therefore, technicians did not have current tire pressure information to ensure proper tire inflation for vehicles currently in the PVS fleet. This occurred because the tire pressure chart has not been updated since September 1993 and does not contain the information for new vehicles and current guidance regarding tire pressure is not clear.

When technicians do not have the proper information to inflate tires to the correct pressure, tires may be under-inflated and more likely to wear prematurely and reduce the fuel efficiency of the vehicle as well. Tire failures occur due to under-inflation, premature replacement, irregular tread wear, and road hazards.

Recommendation #3

We recommend the **Vice President, Delivery Operations**, direct the **Acting Fleet Manager** to update and clarify guidance on tire pressure requirements to include information for current vehicles in the Postal Vehicle Service Fleet.

Management's Comments

Management generally agreed with the findings, recommendations 1 and 3, and the monetary impact; however, they disagreed with recommendation 2.

Management stated the initial objective of this audit was unsuccessful in determining if excessive tire wear exists or if there is a fuel economy impact due to improper tire inflation. They also stated the audit focus was altered to recommend better data tracking measures at a national level and reinforce tire maintenance practices. Further, management stated that our statement about the [REDACTED] contract to purchase [REDACTED] retreaded tires is inaccurate and the contract does not limit purchases to [REDACTED] retreaded tires. See [Appendix B](#) for management's comments in their entirety.

Regarding recommendation 1, management stated they agreed with the recommendation and will research the cost and feasibility of adding a feature to

SEAM to allow for adding of all tire readings and/or will review other alternatives for capturing tire wear. The target implementation date is March 31, 2019.

Regarding recommendation 2, management stated they disagreed with the recommendation because the report misinterpreted Postal Service policies and its current activities are not in conflict with the policies. Management stated that Postal Service policies do not recommend or require installation of retread tires on the rear wheels of all PVS vehicles. Management also stated the report incorrectly stated that the Postal Service was disposing of tires; however, tires were being recycled and the Santa Ana VMF was not purchasing tires after retreading. Management acknowledged that, as a result of our audit, the Santa Ana VMF now uses retread tires on the rear axles of cargo vans.

Regarding recommendation 3, management stated they agreed with the recommendation and will remove outdated posters from all VMFs and issue new guidance notifying VMF management to utilize vehicle manufacturer's specifications to determine the proper tire inflation. The target implementation date is March 31, 2019.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendations 1 and 3 and corrective actions should resolve the issues identified in the report.

The OIG considers management's comments unresponsive to recommendation 2.

Regarding the audit objective, it did not change. We identified during the audit that the necessary information needed to properly assess tire usage and failures is not captured in SEAM. Therefore, we recommended management modify SEAM or develop other alternatives to capture the necessary information.

Regarding the OIG's statement about retreaded tires, the [REDACTED] contract states that the Postal Service intends to retread previously purchased tires to the extent possible. Because the Postal Service currently purchases new tires from [REDACTED] the OIG concluded that retreaded tires received from [REDACTED] would be [REDACTED] tires.

Regarding recommendation 2, as management stated, Handbook AS-552, Appendix D, Section 4 states that the normal accepted practice is mounting new tires on the steering axle and, after retreading, mounting them on the drive axle or trailers. As we noted in the report, the Santa Ana VMF was not following this normal accepted practice. During the exit conference on November 27, 2018, the OIG discussed management's concern about our statement that retread tires were being disposed of rather than recycled and we modified the official draft report accordingly prior to issuance.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. All recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

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Appendix A: Additional Information

Scope and Methodology

The scope of our audit was tire maintenance for 7- to 11-ton PVS vehicles for the period FY 2017 through Q2, FY 2018, at a VMF in each of the seven Postal Service areas.

To accomplish our objective, we:

- Reviewed Postal Service policies, procedures, and guidelines related to processes for scheduled and unscheduled vehicle and tire maintenance.
- Interviewed Postal Service Headquarters, area, district, and VMF officials to discuss the processes for recording and reporting PVS tire maintenance and road calls.
- Extracted and analyzed PVS tire data for new and retread tires for FY 2017 through Q2, FY 2018, from SEAM to determine the cost of tires and tire repairs for 7- to 11-ton PVS vehicles.
- Analyzed PVS tire purchase data for new and retread tires for FY 2017 through Q2, FY 2018, from eBuy2 to determine the cost of new and retread tires purchased for 7- to 11-ton PVS vehicles.
- Extracted and analyzed PVS vehicle data for FY 2017 through Q2, FY 2018, from EDW to determine the number of 7- to 11-ton PVS vehicles assigned to the VMFs within our scope.
- Determined an area-wide average number of 7- to 11-ton PVS vehicles assigned to each VMF. With the assistance of the Operations research experts, we selected seven sites based on the average number of PVS vehicles assigned to each VMF in each Postal Service area. The sites we visited included two small (less than the area average), two medium (at the area average), and three large (above the area average) VMFs.
- Conducted site visits and interviews with Postal Service officials at the Carol Stream, Louisville, New Orleans, Portland, Santa Ana, Suburban, and

Western Nassau VMFs to obtain information regarding tire maintenance and reporting processes.

- Analyzed how many tires were purchased, installed, inventoried, and scrapped; and observed tire maintenance procedures at each of the seven sites visited to determine why tires were replaced.
- Briefed the results of our preliminary observations at each site and followed up with local personnel as necessary.
- Consulted with the Operations research experts to determine the potential monetary impact for FY 2017 through Q2, FY 2018, related to issues identified during the audit.

We conducted this performance audit from May 2018 through February 2019, 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 November 27, 2018, and included their comments where appropriate.

We assessed the reliability of FY 2017 through Q2, FY 2018, tire data by reviewing and analyzing eBuy2 purchase data, EDW PVS vehicle data, and SEAM vehicle repair work order data; and interviewing Postal Service officials knowledgeable of the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit within the last five years.

Appendix B: Management's Comments



December 21, 2018

RICK POLAND
ACTING DIRECTOR, AUDIT OPERATIONS

SUBJECT: Audit Report – Postal Vehicle Service Tire Usage and Failures
(Report Number NL-AR-19-DRAFT)

Thank you for providing the Postal Service (USPS) with the opportunity to review and comment on this report to assess the USPS Postal Vehicle Service (PVS) tire usage and failures for 7 to 11-ton vehicles. This report seeks to determine if tire wear or failures for this class of vehicle is excessive or contributes to a higher operating cost than necessary. Management agrees with Recommendation 1, Recommendation 3, disagrees with recommendation 2 as discussed below, generally agrees with the audit report's findings, and agrees with the monetary impact.

It appears the initial objective of this audit was unsuccessful in determining if excessive tire wear exists or if there is a fuel economy impact due to improper tire inflation and the focus was altered to recommend better data tracking measures at a national level and reinforce tire maintenance practices.

It is noted that the OIG's statement in the Objective section of the draft audit report that the contract with [REDACTED] Company "to purchase [REDACTED] retreaded tires" is inaccurate—the contract's statement of work does not limit purchases to [REDACTED]

As previously discussed, management agrees with the monetary impact of [REDACTED] for new tire purchases that could have been made for retread tires and [REDACTED] for disposal costs.

Management's response to the recommendations included in the draft report may be found below.

Recommendation 1:

Vice President, Delivery Operations in coordination with the Vice President, Supply Management, review the feasibility of updating the Solution for Enterprise Asset Management system or develop other alternatives to allow tire maintenance personnel to include additional data entry fields needed to ensure that employees can record proper tire tread depth for all vehicle tires and reasons for tire replacements into the system.

Management's Response: Agree

As part of the Preventive Maintenance Inspection, all tire tread depths are recorded on a PS Form 4546 that is unique to the vehicle type being inspected. This form allows tread depth to be measured and recorded for future reference. Record retention rules require these forms to be retained in the vehicle jacket for the current and two prior years. In addition to recording tread depth readings, the Solution for Enterprise Asset Management (SEAM) system allows for comments to be entered for the reason for replacement.

As indicated in this report, SEAM does not include a designated location to record tread depth reading for all tires when more than four tires exist. However, in response to this audit, Fleet Management with Supply Management will research the cost and feasibility of adding a feature to SEAM that will allow for the addition of all tire readings, and/or will review other alternatives for capturing tire wear.

Target Implementation Date: March 31, 2019

Responsible Official: Manager, Fleet Management, and Manager, Asset Management

Recommendation 2:

Vice President, Delivery Operations, instruct vehicle maintenance facility personnel to follow Postal Service policies on the use of retreaded tires.

Management's Response: Disagree

The USPS disagrees with this recommendation on the basis that the policies are misinterpreted in the report and current activities are not in conflict with these policies. USPS policy does not recommend or require retread tires be installed on the rear wheels of vehicles. *USPS Handbook AS-552, Appendix D, Section 3* states that "Postal Service policy urges postal manager to pursue local tire recycling options. Acceptable option may include: retreading or recapping decent quality tires for reuse; or recycling tire rubber for reuse in other rubber products or in rubberized asphalt paving materials." Section 4 further states that "it should be noted that normal accepted practice is that new tires usually are mounted on the steering axle and, after retreading, are then mounted on the drive axle or trailers."

While there is a preference to use retread tires and the best use of retread tires is on the rear of vehicles, this policy clearly does not require the use of retread tires on all PVS vehicles. This report also states incorrectly that the tires are being disposed of, while in fact they are being recycled, the VMF simply wasn't buying the tires after they were retreaded. In response to this audit, the Santa Ana VMF has discontinued purchasing new tires and now utilizes retread tires on the rear axles of cargo vans.

Recommendation 3:

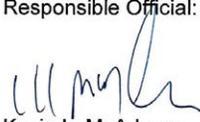
Vice President, Delivery Operations, direct the Acting Fleet Manager to update and clarify guidance on tire pressure requirements to include information for current vehicles in the Postal Vehicle Service Fleet.

Management's Response: Agree

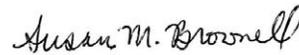
While USPS guidelines may include aged information, no conflicting or inconsistent guidance could be identified from this report. *VMF V-17-93, Vehicle Tire Policy* states that "tires must be inflated to the specified pressures listed. Those tires not listed, must be inflated to the vehicle manufacturers specifications." This poster will be removed from all VMF locations and a new guidance memo will be released notifying VMF management to utilize vehicle manufacturer's specifications to determine the proper tire inflation.

Target Implementation Date: March 31, 2019

Responsible Official: Manager, Fleet Management



Kevin L. McAdams
Vice President
Delivery Operations



Susan M. Brownell
Vice President
Supply Management

cc: Manager, Corporate Audit & Response Management



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