

September 23, 1999

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**SUBJECT: Final Audit Report of Opportunities for Savings in Rail Detention Costs
(Audit Report Number TR-AR-99-001)**

The attached report presents the results of our audit of Opportunities for Savings in Rail Detention Costs. This audit identified opportunities to reduce or possibly eliminate detention costs by improving the reliability of trailer activity data, properly using trailers and better tracking their movement, and consistently seeking reimbursement from mailers. We recommended corrective actions that management had initiated during the audit to better manage rail trailers.

Management agreed with our findings, recommendations, and potential cost savings presented in this report. Management's comments and our evaluation of these comments are included in this report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Debra Ritt, Director, Transportation, at (703) 248-2198 or me at (703) 248-2300.

Richard F. Chambers
Assistant Inspector General
for Performance

Attachment

cc: Clarence E. Lewis, Jr.
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EXECUTIVE SUMMARY

Introduction

The Office of Inspector General (OIG) conducted an audit of the United States Postal Service's (USPS) rail detention and misuse costs because these costs increased from approximately \$5 million in FY 1995 to over \$11 million in FY 1998. Our overall objective was to identify opportunities for cost savings by determining how rail trailer inventories are managed and why trailers are retained significantly beyond the contractual grace periods.

Results In Brief

We could not accurately determine USPS liability for rail detention because Rail Management Information System data on trailer activity is unreliable. At 13 of 14 facilities in the five Postal Areas we visited, the Rail Management Information System contained inaccurate information on trailer location and dates the trailers were returned to carriers. Data inaccuracies were due to:

- • untimely data entry or system updates;
- • restricted access to the Rail Management Information System by some facilities; and
- • poor data verification practices.

Without reliable information on rail trailer activity, USPS cannot accurately assess its liability and take appropriate action to control detention costs.

We identified several practices that contributed to the more than doubling of detention and misuse costs since FY 1995. These included the:

- • inappropriate use of rail trailers to augment highway trailer fleets and to store mail transport equipment;
- • inadequate tracking of trailer location;
- • unavailability of information on trailer detention status for dispatch decisions; and
- • inconsistency in seeking reimbursement for detention caused by mailers.

USPS can substantially reduce or eliminate detention and misuse costs, which were over \$11 million in FY 1998, by addressing these practices.

USPS Corrective Actions

The Vice President, Network Operations Management issued a

memorandum to Vice Presidents, Area Operations, on March 25, 1999, outlining several actions to be taken in response to issues identified by our audit. If complied with, these actions should address many of the issues identified in this report.

Recommendations

As a result of the audit, we recommend that the Chief Operating Officer work with the Vice President, Networks Operations Management and the Vice Presidents, Area Operations to:

1. Establish milestones and action plans for achieving on-time targets for entry of Rail Management Information System data.
2. Monitor and provide feedback to facilities that do not consistently meet Headquarters' expectations for on-time entry of Rail Management Information System data.
3. Establish confirmation procedures for facilities that do not have full access to the Rail Management Information System to ensure that data on trailer activity is received and input by the Bulk Mail Centers.
4. Implement standard data verification practices as close as possible to the time of data entry into the Rail Management Information System.
5. Verify FY 1998 and 1999 detention charges and submit the appropriate adjustments to the St. Louis Accounting Service Center for payment corrections.
6. Monitor steps taken by area managers in response to the March 25, 1999, directive issued by the Vice President, Network Operations Management.
7. Investigate the unloading of excess mail transport equipment shipped to the Chicago Bulk Mail Center.
8. Emphasize with all field managers their role in ensuring the proper use of mail transport equipment.
9. Obtain location codes in the Rail Management Information System for all mailer facilities to facilitate the tracking of trailers.

10. Identify, to the extent practical, mailer-caused detention, seek reimbursement for such detention, and report amounts recovered.

**Summary of
Management's
Comments**

Management agreed with our findings, recommendations, and potential cost savings presented in this report. Management indicated that they have planned or taken steps to implement our recommendations. They further agreed with the potential cost savings discussed in the report. We have summarized management's comments in the report and included the full text of the comments in Appendix B.

**Evaluation of
Management's
Comments**

Management's comments were responsive to our findings and recommendations, and the corrective actions implemented or planned should improve the reliability of trailer activity data, ensure the proper use and tracking of trailers, and reduce or eliminate detention costs.

INTRODUCTION

Background

USPS contracts with eight rail carriers to move mail and mail transport equipment between USPS facilities. Most mail transported by rail is tendered on trailers provided by the rail carriers to Bulk Mail Centers, Processing and Distribution Centers, or customer facilities. USPS incurs detention costs when trailers are kept beyond the time periods contractually established for their return to the rail carriers. Detention charges range from \$25 to \$200 per day depending on the rail carrier, length of time the trailer is detained, and the time of year.

USPS records and monitors detention charges through the Rail Management Information System. Detention charges are computed based on the dates a trailer is received and returned to the rail carrier, the carrier's rate schedule, and the load status of the trailer. This information is entered through computer terminals at designated sites, which are primarily Bulk Mail Centers. Facilities without access to the Rail Management Information System either fax or phone trailer movements to the Bulk Mail Center for data entry.

Objectives, Scope, and Methodology

Our audit objectives were to (1) determine USPS liability for rail detention, and (2) identify significant factors contributing to rail detention. We limited our audit to rail detention, which represents approximately 97 percent of USPS expenditures for rail detention and misuse.

In completing our audit objectives, we visited Bulk Mail Centers in five postal areas and nine Processing and Distribution Centers served by the Bulk Mail Centers, that were judgmentally selected as shown below:

Bulk Mail Centers **Processing and Distribution Centers**

Allegheny Area

Philadelphia

Delaware
Philadelphia
South Jersey

Great Lakes Area

Chicago

New York Metro Area

New Jersey

Brooklyn
Dominic V. Daniels
Mid-Island
Westchester
Western Nassau

Northeast Area

Springfield

Pacific Area

San Francisco

Oakland

The sites selected represent 65 percent of the total detention and misuse charges for a one-year period^{1[1]} and the majority of trailers detained longer than 30 days, according to the Rail Management Information System.

We observed operations and interviewed area Distribution Networks Office managers, facility transportation managers, and employees at the sites we visited. We also reviewed Rail Management Information System reports, local databases, policies and procedures for inventory management, and other relevant documents. To test the reliability of the Rail Management Information System, we compared system reports to trailer inventories and randomly inspected trailers to determine content. In addition, we also reviewed adjustments to FYs 1998 and 1999 rail detention payments.

To validate assertions made by facility managers about

^{1[1]} The one-year period comprises accounting period 3, FY 1998, through accounting period 2, FY 1999.

highway trailer shortages in the Pacific and New York Metro areas, we verified trailer movements over the seven-week period, March 10 to April 29, 1999, using information from the Transportation Information Management Evaluation System.

We conducted our audit between January 1999 and July 1999 in accordance with generally accepted government auditing standards and included tests of internal controls as were considered necessary under the circumstances.

AUDIT RESULTS

USPS Liability For Rail Detention

We could not accurately determine USPS liability for rail detention because Rail Management Information System data on trailer activity is unreliable. At all 14 sites visited, we noted inaccuracies in system data relating to either the location of trailers or the dates trailers were returned to carriers. Data inaccuracies are attributable to untimely data entry or system updates, restricted access by some facilities to the Rail Management Information System, and poor data verification practices. Without reliable information on rail trailer activity, USPS cannot accurately assess its liability and take appropriate action to control detention costs.

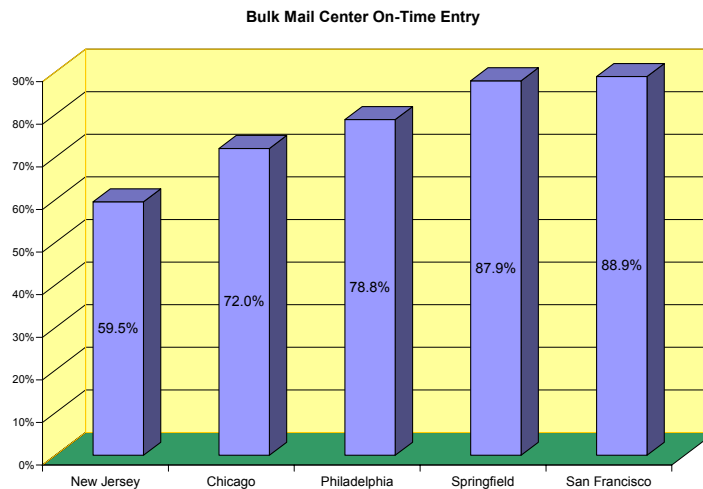
At all facilities in the five postal areas we visited, the Rail Management Information System contained inaccurate information on trailer location and the dates trailers were returned to carriers. For example, during January and February 1999, 205 rail trailers in the New York Metro Area were reported as being in USPS custody for more than 30 days. However, we could only locate six of these trailers because the other 199 had been returned to rail carriers. In four postal areas,^{2[2]} we also observed trailers in facility lots that were either not recorded in the Rail Management Information System or whose location was incorrectly reported.

Timeliness Of Data Entry And System Updates

Rail Management Information System data entry and system updates were not being performed timely to maintain accurate and complete data for use as a management tool. According to a USPS Headquarters memorandum, facilities are expected to enter at least 90 percent of rail activity data within four hours of the activity. While two of the Bulk Mail Center service areas measured^{3[3]} came close to this target, none of the five we visited achieved this in the first quarter of FY 1999, as indicated below.

^{2[2]} Allegheny, Great Lakes, New York Metro, and Pacific Areas.

^{3[3]} Headquarters measures on-time input by Bulk Mail Center service area and not by individual facility.



First Three Quarters of Fiscal Year 1999 Average On-Time Input At Bulk Mail Center Service Areas We Visited

The two Bulk Mail Center service areas with the highest scores (Springfield and San Francisco) each had a person dedicated to monitor the system, obtain needed data, and make appropriate updates. The other three service areas (New Jersey, Chicago, and Philadelphia) did not provide the same dedicated oversight of system data entry. Although Headquarters sends weekly performance reports of on-time input to all the service centers, the inaccessibility of the Rail Management Information System to some facilities continues to delay data entry.

For USPS to control its detention costs, it must have reliable information upon which to manage its trailer inventory. That is, trailer activity must be promptly and accurately recorded in the Rail Management Information System if the system is to maintain its value for controlling operations and making decisions.

Rail Management Information System Access

Interviews with facility transportation officials disclosed that not all facilities have access to the Rail Management Information System. Of the 14 facilities we visited, 2 had no access,^{4[4]} 3 had inquiry capability only,^{5[5]} while 9 had full access for system input.^{6[6]} The facilities with no access or only inquiry capability, telephone or fax rail information to the servicing Bulk Mail Center for data entry. However, we noted that no confirmation was made to ensure the Bulk Mail Center received the data and updated the system. Although officials could query

^{4[4]} The two facilities with no system access, the Westchester and Western Nassau Processing and Distribution Centers, do not routinely receive rail trailers.

^{5[5]} Brooklyn, Mid-Island, and Philadelphia Processing and Distribution Centers.

^{6[6]} Chicago, New Jersey, Philadelphia, San Francisco, and Springfield Bulk Mail Centers; Dominic V. Daniels, Oakland, South Jersey, and Wilmington Processing and Distribution Centers.

the system and confirm information had been received, our audit confirmed that such queries were not being made. Without confirmation of data receipt and entry, it is likely that Bulk Mail Centers are not receiving all information on rail activity or quickly entering data into the Rail Management Information System.

Transportation officials who dispatch trailers need data as close to real time as possible. The absence of direct access to the Rail Management Information System has diminished the integrity and usefulness of the system in evaluating rail detention liability and managing trailer inventory.

Data Verification Practices

Our review also disclosed that the lack of standard data verification practices at facilities visited provides no assurance that Rail Management Information System data is accurate. Bulk Mail Center staff receive weekly detention cost reports for all facilities in their area, and are expected to verify the accuracy of these reports by comparing them to local records of trailer dispatches. Any adjustments to these costs should be quickly reported to the St. Louis Accounting Service Center so that USPS pays the carriers only for detention owed.

Our audit revealed that if Rail Management Information System data is verified, it is done at time of payment instead of at data entry. For example, three^{7[7]} of the five Bulk Mail Centers we visited review Rail Management Information System data after the trailers are returned to carriers. Of the remaining two Bulk Mail Centers, one^{8[8]} had not verified data for over a year, and the other^{9[9]} only verifies detention costs over \$10,000 per trailer.

While this process verifies data related to contract payments, it does nothing to ensure data on existing trailer inventory is accurate. Moreover, it does not provide the kind of information needed by facilities to manage their trailer inventories in a dynamic operating environment.

Because standard data verification practices do not exist, USPS is likely being overcharged for rail detention. While we did not determine the amount of these overcharges, our audit disclosed that facilities that routinely verify the accuracy of Rail Management Information System data avoid a significant amount of overcharges. For example, during the first quarter of FY 1999, these facilities identified overcharges of \$855,695, a savings of 28

^{7[7]} Chicago, Philadelphia, and Springfield Bulk Mail Centers.

^{8[8]} San Francisco Bulk Mail Center.

^{9[9]} New Jersey International and Bulk Mail Center.

percent of total detention and misuse charges during that period.

Recommendations

The Chief Operating Officer should work with the Vice President, Network Operations Management and the Vice Presidents, Area Operations to:

1. 1. Establish milestones and action plans for achieving on-time targets for entry to the Rail Management Information System data.
2. 2. Monitor and provide feedback to facilities that do not consistently meet Headquarters' expectations for on-time entry of Rail Management Information System data.
3. 3. Establish confirmation procedures for facilities that do not have full access to the Rail Management Information System to ensure that data on trailer activity is received and entered by the Bulk Mail Centers.
4. 4. Implement standard data verification practices as close as possible to the time of entry of Rail Management Information System data.
5. 5. Verify FYs 1998 and 1999 detention charges and submit the appropriate adjustments to the St. Louis Accounting Service Center for payment corrections.

**Management's
Comments**

Management concurred with our findings and recommendations, and indicated they would:

- • Establish milestones and action plans for monitoring progress toward achieving on-time targets for entry of Rail Management Information System data;
- • Work with the Distribution Networks Offices to monitor compliance and provide feedback to facilities on the timeliness of data entry;
- • Reissue and monitor confirmation procedures to ensure Rail Management Information System data has been entered for those facilities who do not have data entry capability;
- • Pursue a software package to improve the quality of Rail Management Information System data and direct employees to

- verify manual data entry against source documents; and
- Review detention charges for FYs 1998 and 1999, submit appropriate adjustments, and establish a standardized approach for verifying detention charges.

**Evaluation of
Management's
Comments**

The corrective actions management has identified are responsive to our recommendations and should provide the quality of data USPS needs to more effectively manage rail detention costs.

Significant Factors Contributing To Rail Detention

We identified several facility practices that contributed to more than doubling of detention and misuse costs since 1995. These practices included the:

- • Inappropriate use of rail trailers to augment highway trailer fleets and to store mail transport equipment,
- • Inadequate tracking of trailer location,
- • Unavailability of information on trailer detention status for dispatch decisions, and
- • Failure to consistently seek reimbursement for detention caused by mailers.

Use of Rail Trailers

In two areas^{10[10]} we visited, facilities inappropriately used rail trailers to augment their fleets of USPS trailers. Instead of returning rail trailers to carriers, facilities used them to transport mail between USPS facilities. Our audit further disclosed that Bulk Mail Centers were primarily responsible for this practice and had dispatched trailers to facilities that were already in detention status. This practice resulted in the detention of trailers significantly beyond the contractual grace periods.

Transportation managers at the Bulk Mail Centers indicated they use rail trailers to move mail among nearby facilities because they lack a sufficient supply of USPS-owned or leased highway trailers to move the mail. While we could not determine whether there was a shortage of trailer fleet in the two areas, we noted that 11 percent^{11[11]} of the trailers in one area^{12[12]} had not been used for a seven-week period, indicating that the current fleet was possibly underutilized. However, we also could not readily determine the reasons for the inactivity and whether 11 percent was a significant volume of trailers to have out of service.

We also observed that rail trailers were being used to store mail transport equipment at facilities in four^{13[13]} of five areas visited. When asked why trailers were being used for storage, facility managers indicated their facilities lacked storage space and/or that Mail Transport Equipment Service Centers were unable to accommodate excess equipment. Additionally, the Chicago Bulk Mail Center in the Great Lakes area had been receiving large volumes of excess

^{10[10]} New York Metro Area and the San Francisco Bulk Mail Center service area of Pacific Area.

^{11[11]} Eleven percent represents 51 of 464 trailers we sampled.

^{12[12]} New York Metro Area.

^{13[13]} We observed mail transport equipment being stored on rail trailers in the Allegheny, Great Lakes, New York Metro, and Pacific areas.

mail transport equipment mixed with mail shipments from east coast facilities, creating storage issues for the area. Although the Distribution Networks Office Manager for the Great Lakes Area discussed this issue with the responsible facilities, he was not successful in stopping shipments of excess equipment to the Chicago Bulk Mail Center.

Tracking of Trailer Location	Another factor contributing to detention in four ^{14[14]} of the five areas was the improper tracking of trailers. Changes in trailer location were not always recorded in the Rail Management Information System. Also, trailers were dispatched to mailer facilities that were not assigned system location codes. While facility managers told us location codes had not been established for all mailers, we learned that they could be established upon request by the facility.
Availability of Information for Dispatch Decisions	Dispatch discipline at facilities in the five areas was not adequate to ensure that the trailers were returned expeditiously. Specifically, individuals making dispatch decisions often did not have information on the detention status of trailers to determine the order in which trailers needed to be dispatched to avoid detention. Detention status information resides in the Rail Management Information System, which is not accessible to all facilities that receive rail trailers. For example, in making dispatch decisions, dock personnel at the Philadelphia Processing and Distribution Center only had access to manual log books and to yard inventory reports, which do not indicate the detention status of trailers. Our audit also revealed that facilities that had access to detention status information from the Rail Management Information System or other data systems did not always share this information with dock personnel who dispatched the trailers. Without information on the detention status of trailers, it is difficult to manage trailer inventory in a way that will minimize detention costs.
Reimbursement for Mailer-Caused Detention	USPS is not consistently seeking reimbursement from mailers who detain rail trailers, causing USPS to incur detention. According to the Domestic Mail Manual, customers must reimburse the USPS for detention charges when the customer detains trailers furnished by the USPS. Transportation managers interviewed explained that reimbursement is not pursued for fear of losing customers. Also, the absence of location codes in the Rail Management Information System for many mailer facilities makes it

^{14[14]} Allegheny, Great Lakes, New York Metro, and Pacific Areas.

difficult to assess the amount of mailer detention.

Although the lack of location codes makes it difficult to accurately determine the amount of mailer-caused detention, we believe pursuing reimbursement for such costs could considerably reduce overall expenditures. For example, one mailer in the Allegheny area incurs approximately \$300,000 per year in detention that is not paid back to USPS. The facility transportation manager told us that when he attempted to bill the customer, his action was intercepted by an area official who believed that seeking reimbursement would negatively impact customer relations.

If facilities properly use rail trailers, track their movement, and consistently seek reimbursement from mailers, USPS can substantially reduce or possibly eliminate detention and misuse costs, which were over \$11 million in FY 1998.

**USPS Corrective
Actions**

On March 25, 1999, the Vice President, Network Operations Management issued a directive in response to a briefing that we gave on issues identified in this report. This directive instructed Vice Presidents, Area Operations to:

- • Enter data in the Rail Management Information System.
- • Take daily inventory and identify oldest rail equipment.
- • Return excess mail transport equipment held for contingencies or emergencies to the mail transport equipment warehouse for storage.
- • Lease trailers or identify trailers needed to supplement plant storage capacity.
- • Never use rail equipment to supplement fleet shortages.

Recommendations

The Chief Operating Officer, in coordination with the Vice President, Network Operations Management, should:

6. 6. Require Vice Presidents, Area Operations to report steps taken in response to the March 25, 1999, directive issued by the Vice President, Network Operations Management, and provide interim progress reports.
7. 7. Instruct the Executive Director of the Mail Transport Equipment Service Center Program to investigate the unloading of excess mail transport equipment on the Chicago

Bulk Mail Center and recommend corrective actions, as needed.

8. 8. Emphasize with all field managers their role in ensuring the proper use of mail transport equipment.
9. 9. Instruct Vice Presidents, Area Operations to require that facilities obtain location codes in the Rail Management Information System for all mailer facilities to facilitate tracking and movement of trailers.
10. 10. Instruct Vice Presidents, Area Operations, to identify, to the extent practical, mailer-caused detention, seek reimbursement for such detention, and report amounts recovered.

**Management's
Comments**

Management agreed with our findings and recommendations. They indicated they would:

- • Ensure all area offices develop standard operating procedures in accordance with the Vice President's March 25, 1999 directive, and report progress until all required actions have been implemented;
- • Reinforce with managers their responsibility to effectively manage mail transport equipment;
- • Ensure all facilities, including appropriate mailer facilities, have assigned location codes; and
- • Direct Area Vice Presidents to seek reimbursement of detention costs from customers, as appropriate.

In responding to recommendation 7, management indicated it followed up with the Great Lakes area and that the Chicago Bulk Mail Center is no longer receiving excess mail transport equipment. Further, the national implementation of the Mail Transport Equipment Service Center program should resolve equipment problems at all Bulk Mail Centers. Also, prior to the release of this audit report, USPS eliminated all funding for rail detention for FY 2000, effectively making the goal for that year zero.

**Evaluation of
Management's
Comments**

The corrective actions implemented or planned by management address the recommendations made in this report and should substantially reduce or possibly eliminate rail detention costs.

SAMPLING PLAN AND PROJECTED RESULTS

Purpose of the Sampling

The sampling objective was to determine if the New York Metro Area and the San Francisco Bulk Mail Center/Oakland Processing and Distribution Center facilities are utilizing their current stock of trailers effectively.

Definition of the Audit Universe and Samples Drawn

At the time of the audit, the New York Metro Area population of trailers was determined to be 3,041 from which a sample of 464 was chosen at random. In the San Francisco/Oakland area, the population of trailers was determined to be 571 from which a sample of 279 was chosen at random.

Sample Design

Both samples were drawn using a simple random sampling methodology. In the New York Metro Area and in the San Francisco Oakland Area, auditors expected a non-usage rate of about 35 percent and desired to estimate the true result within ± 4 percent and with 95 percent confidence.

Projected Results

1. 1. From sample #1, New York Metro Area:
 - • Proportion of trailers with no activity: 10.99 percent
 - • Bound on estimate using 95 percent confidence: ± 2.36 percent

Therefore, with 95 percent confidence we project that

- • between 8.36 percent and 13.62 percent of the trailers, or
- • between 254 and 414 trailers

had no activity during the period audited.

2. 2. From sample #2, San Francisco/Oakland Area:
 - • Proportion of trailers with no activity: 63.08 percent
 - • Bound on estimate using 95 percent confidence: ± 4.05 percent

However, the Transportation Manager of the Oakland Processing and Distribution Center advised that trailer movement is often not recorded. Therefore, we do not consider the results for the San Francisco Bulk Mail Center/Oakland Processing and Distribution Center reliable and make no conclusions from our sample results.

SYLVESTER BLACK
VICE PRESIDENT, NETWORK OPERATIONS MANAGEMENT



RICHARD F. CHAMBERS

SUBJECT: Response to Draft Audit Report (TR-AR-99-Draft)

Please find attached a response to the subject audit report. I appreciate the opportunity to work with you and your staff to develop a meaningful report. I would like to commend your staff on the professional manner in which this audit was conducted and the manner in which the issues have been worked out.

We concur with the findings and recommendations enumerated in the report. We further agree that the U.S. Postal Service can reduce or potentially eliminate \$11 million in misuse and rail detention charges. Prior to the release of this audit, the U. S. Postal Service eliminated all funding for rail detention for FY 2000, effectively making our goal for next year zero.

Should you require additional information, please contact Tony Pajunas, manager, Logistics, at (202) 268-4948.


Sylvester Black

Attachment

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1. Recommendation:

Establish milestones and action plans for achieving on-time targets for entry of Rail Management Information System data.

1. We agree with the finding and the recommendation.

The headquarters rail operations program manager will establish action plans with milestones to achieve on-time targets for entry of Rail Management Information System (RMIS) data. At the semi-annual rail specialist meeting, September 7-9, 1999, the rail operations program manager will get the consensus of the area representatives on how to best improve RMIS data collection. The group will establish an action plan, milestones and set completion dates. The team will determine how to best measure progress. Metrics assessment will continue until all areas are reporting and collecting data on time. The responsible person in the field is the Distribution Networks Manager. In each of the areas, the transportation manager (TAN) is the front line person responsible for data collection and input. At headquarters, the responsible person is the rail operations program manager.

2. Recommendation:

Monitor and provide feedback to facilities that do not consistently meet headquarters' expectations for on-time entry of Rail Management Information System data.

2. We agree with the finding and recommendation.

We believe that the requirement to monitor compliance and provide feedback to facilities that do not consistently meet Postal Service objectives relative to RIMS data entry is that of the area Distribution Networks (DN) organization, as well as Logistics. We will monitor data input compliance by field facilities in conjunction with the DN office and identify facilities that fall short of expectations. Corrective action at the facility office will be coordinated through the DN office.

The responsible person at headquarters is the rail operations program manager, and the person responsible in the area office is the area rail representative.

3. Recommendation:

Establish confirmation procedures for facilities that do not have full access to the Rail Management Information System to ensure that data on trailer activity is received and input by the bulk mail centers.

3. We agree with the finding and recommendation.

We agree that there needs to be confirmation procedures to ensure RMIS data has been entered for those facilities that do not have direct access to RMIS. Previously issued confirmation procedures will be reissued to all RMIS reporting offices. Areas will be asked to monitor confirmation procedures and compliance through spot checks and quarterly reports. Some of the audited areas believe they have adequate confirmation processes for offices that do not have direct RMIS access. We will insure that confirmation procedures are part of the standard operating procedures (SOP) addressing RMIS input. The person responsible for reviewing all SOP at headquarters is the rail operations program manager. Each area will be instructed to adjust their SOP to ensure that it includes appropriate confirmation procedures. Responsible person at the area, manager, Distribution Networks.

4. Recommendation:

Implement standard data verification practices as close as possible to the time of entry of Rail Management Information System data.

4. We agree with the finding and recommendation.

The headquarters rail program manager will take the lead to identify an edit software requirement package. A business need statement will be issued to information systems so that appropriate

software programs are developed to insure quality control of some data elements. However, until a software fix can be implemented, employees inputting RMIS data will be directed to crosscheck machine data with hard copy source documents. Elements of the corrective action necessary to implement the recommendation were a part of the system requirements for Railnet. Railnet was the next generation of RMIS. This new, advanced rail management system was placed on hold due to the Management Challenge. It is expected that this new system or even minor software modification to RMIS will experience significant delay due to the Management Challenge, Y2K compliance and concerns about inter-connectivity with other logistics metric systems. Headquarters rail operations program manager will take the lead and consolidate all field and area requirements, while the DN managers will take the lead in ensuring adequate quality control of manual data entry.

5. Recommendation:

Verify Fiscal Year 1998 and 1999 detention charges and submit the appropriate adjustments to the St. Louis Accounting Service Center for payment corrections.

5. We agree with the finding and recommendation.

While there are processes in place to verify charges and some of the areas follow those procedures meticulously, uniform compliance is not the norm. Procedures will be reviewed with the intent of establishing a standardized approach to detention charge verification. The DN's office will coordinate the implementation in their respective areas. The chief operating officer will ask the areas to review detention charges for fiscal years 1998 and 1999. The areas will be directed to send any appropriate adjustments to the St. Louis Accounting Service Center. The area DN managers and headquarters rail operations program manager will coordinate this activity. The Network Operations Management Finance Manager will track and report adjustments submitted by the field.

6. Recommendations:

Require Vice Presidents, Area Operations to report steps taken in response to the March 25, 1999 directive issued by the Vice President, Network Operations Management and provide interim progress reports.

6. We agree with the finding and recommendation.

The area offices were instructed to develop standard operating procedures (SOP) in a letter issued by the vice president network operations management dated March 25, 1999. The Inspector General acknowledged this letter in the section titled "USPS CORRECTIVE ACTIONS." All area SOPs will be reviewed for adequacy, applicability and standardization, by the headquarters rail program manager. We will require the areas to report their interim status until all required actions have been implemented.

7. Recommendation:

Instruct the executive director, Mail Transport Equipment Service Centers (MTEC) program to investigate the unloading of excess mail transport equipment on the Chicago bulk mail center (BMC) and recommend corrective actions, as needed.

7. We agree with the finding and believe that the problem has been addressed by the implementation of the MTEC program.

We have followed up on this issue, the Great Lakes Area Manager, Distribution Networks reports that the Chicago BMC is no longer receiving excess mail transport equipment (MTE). Facilities have begun sending their MTE to the Chicago MTEC for repair and redistribution. The MTEC program will be fully implemented nationally in December 1999. The national implementation of

the MTE program should resolve this problem at all BMC sites. We consider this recommendation resolved.

8. Recommendation:

Should emphasize with field managers their role in ensuring the proper use of MTE.

8. We agree with the finding and the recommendation.

We agree that it should be every manager's responsibility to identify equipment excess to the needs of local facilities. As such, various levels of management take it upon themselves to organize equipment round-ups, request Inspection Service reviews, and take other actions that they deem necessary to locate and redistribute equipment to ensure its optimum use. As an example, attached you will find a Special Observation of Mail Conditions Report initiated by the vice president, Field Operations Support and conducted by the United States Postal Inspection Service that highlights excess MTE found at various sites in the country. Additionally, the chief operating officer also has initiated a MTE round-up (attached) with the intention of identifying MTE excess to an area's needs that can be re-deployed to other parts of the country. Finally, the vice president, Network Operations Management, has included an MTE reminder (attached) in the senior vice president, Operations, "Operations 2000" e-mail based calendar. The area DNs also have a role in the management of MTE and through the area mail transport equipment specialist (AMTES) will continue to work to ensure optimum utilization of MTE.

9. Recommendation:

Instruct vice presidents, Area Operations, to require that facilities obtain location codes in the Rail Management Information System for all mailer facilities to facilitate tracking and movement of trailers.

9. We agree with the finding and recommendation.

All of the audited areas are in agreement that RMIS reporting facilities have location codes to aid in the location of trailers provided to our customers. Nearly all areas are certain that customer facility codes are now and always have been available. We believe, however, that some data input facilities fail to use the codes. We will have area rail operations representatives check the NASS database to insure all facilities in the service area have location codes, including appropriate mailer facilities. The area manager, Distribution Networks, and the area rail representative will ensure the existence and use of location codes. The manager, Modal Operations, will reissue instructions on the use and control of the codes.

10. Recommendation:

Instruct vice presidents, Area Operations, to identify, to the extent practical, mailer caused detention, seek reimbursement for such detention, and report amounts recovered.

10. We agree with the finding and the recommendation.

Vice Presidents, Area Operations, will be directed to issue instructions to district managers to seek reimbursement of detention costs from customers as appropriate. This requirement will also be reflected in the area SOP concerning rail detention. Reimbursements will be tracked for one year to evaluate the level of compliance by districts and to see how much of the detention problem can be attributed to our customers. The manager, Finance, Network Operations Management, will track these reimbursements. The vice residents, Area Operations, will be responsible for ensuring the collection of this money in their respective area.



Operations2000

Top of the News: MTE, A Vast Resource Helping Customers and Postal Managers Deliver

In 1999, at the MTEs . . .

→ 103 million sacks and more than 200 million trays were processed and put in circulation.

→ Repairs made to 662,448 containers and rolling stock.

→ Four of the new MTE Service Centers are beginning to function at full speed. The other 18 are expected to come fully on-line by year's end.

→ If you are in a geographic area served by one of the MTEs and need equipment, please continue to work through the Area Mail Transport Equipment Specialists (AMTES) who are located at the area offices.

→ Headquarters will continue to assist areas in identifying excess equipment and getting it shipped inter-Area. Call Regina Wesson or Gary Booth at (202) 268-4376.

→ For your customers, National Postal Forum Chicago will offer an update on MTE and MTEs for delegates in attendance. For customers who want to know more about national plans for FY 2000, NPF is a great opportunity.

→ Although it's tried and true advice, it bears repeating: When ordering MTE, order conservatively. And, please keep MTE moving. Don't store it!



Operations2000

From VP Sylvester Black

Let's Break the MTE Cycle By Keeping It Circulating

This is the most critical time of year for Mail Transport Equipment (MTE). Since all mail moves in sacks, trays, pouches and rolling stock, it is only logical that MTE supplies are in great demand during the peak volume period from September through December. It is at this time of year that we need everyone to become aware of MTE.

This year the task of keeping the mail system supplied with MTE is facing a unique challenge -- the activation of the Mail Transport Equipment Service Center (MTEESC) Network. As with all change, start up of MTEESCs requires careful coordination between these centers, mailers, and USPS processing plants. Constant communication with mailers and within Postal Operations is the key to successful implementation. Thank you for your support to date and for your future support as we activate the MTEESCs.

I would also like to thank you for your efforts during our August MTE roundup. Please continue to do your part by keeping MTE in circulation. Don't hoard equipment -- it creates unnecessary problems. Be sure to communicate to plants, associate offices, and stations that MTE is to be recycled daily.

Working together we will make it happen.

Sylvester

CLARENCE E. LEWIS, JR.
CHIEF OPERATING OFFICER
EXECUTIVE VICE PRESIDENT



August 4, 1999

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO OPERATIONS

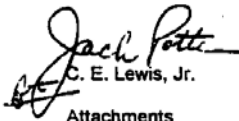
SUBJECT: Mail Transport Equipment Round Up

We are currently experiencing shortages of all types of sacks and rolling stock. Fiscal year 2000 purchases will help alleviate a part of these shortages; however, I need your assistance to ensure that we meet our customers needs, and make this fall mailing season successful.

Therefore, I am asking you to conduct a Mail Transport Equipment (MTE) round up beginning August 9 and concluding no later than August 25. The round up is designed to locate unprocessed, forgotten, and misused MTE, and to return it to circulation. The Northeast Area has been successful in using this process for several years and has been kind enough to share their format with us. You are requested to designate personnel to conduct the MTE round up in both Postal and mailer facilities using the attached forms. During the course of the round up, all excess and unprocessed equipment identified should be reported to the Area Mail Transport Equipment Specialist (AMTES) in your area. For your convenience, I have attached the list of AMTES.

Mailers should maintain no more than a seven-day supply of MTE. If their supply exceeds that level, the AMTES will need to be contacted to arrange for redeployment of the excess.

The round up findings should be consolidated by the review team and forwarded to the AMTES for action no later than August 31. The AMTES will forward this information to Headquarters, who will make arrangements to redistribute this equipment to meet the customers needs.


C. E. Lewis, Jr.
Attachments

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-0050
202-268-4842
FAX: 202-268-4843

AREA MAIL TRANSPORT EQUIPMENT ROUND-UP

1. Effective August 9, we will begin the mail transport equipment round-up with the 11 areas.
2. Facility heads will conduct a review of the facility to ensure the proper utilization of mail transport equipment.
3. District managers and postmasters will ensure that mailer facilities are reviewed to ensure that mail transport equipment is being properly used as intended. They will also ensure that excess quantities are identified and arrange for pick up and dispatch to the nearest processing facility or mail transport equipment service center.
4. Facility heads, plant managers, district managers, postmasters, and area office managers will submit their findings to their appropriate coordinator for consolidation on a daily basis.

ATTACHMENT 1

Mail Transport Equipment Checklist

Facility: _____ Date: _____

Reviewer: _____ Phone No: _____

Facility Manager: _____

Facility condition: _____

Was MTE being used properly:

	Circle	
Over the Road Containers (BMC OTRs)	Yes	No
General Purpose Mail Containers (GPMC, ERMC)	Yes	No
Hampers (1046) Large Canvas	Yes	No
Hampers (1046P) Large Plastic	Yes	No
Flat Tubs	Yes	No
Pallets	Yes	No

If no, describe how being used improperly; place a check mark beside place found

		Quantity
Desk or Workstation	_____	_____
Maintenance Parts storage	_____	_____
Files storage	_____	_____
Solvents	_____	_____
Accountable Paper	_____	_____
MTE storage	_____	_____
Label storage	_____	_____
Placard rack	_____	_____
Trash containers	_____	_____
Other	_____	_____

Location of GPMC/ERMCs, OTRs, Hampers: place a check mark where found

		Quantity
Dead Storage	_____	_____
Support automation	_____	_____
Support DPS	_____	_____
Support manual process	_____	_____
Other	_____	_____

Explain: _____

OBSERVATIONS:

- | | | |
|---|-----|----|
| 1. Were sacks in hampers unworked, covered with dust, debris etc.? | Yes | No |
| 2. Defective sacks on hand? | Yes | No |
| 3. Ready to dispatch to MTEESC or designated repair center? | Yes | No |
| 4. Empty mixed sacks and trays stored in other MTE? | Yes | No |
| 5. Are visual aids for processing empty MTE provided if site is not rolled into MTEESC network? | Yes | No |
| 6. Does the balance of MTE on hand reflect an accurate picture of the facilities needs? | Yes | No |
| 7. Are trailers inside or outside the facility currently storing MTE? | Yes | No |
| 8. If yes, are the trailers storing bundled, unworked, or defective MTE? | Yes | No |
| 9. Are the trailers storing rolling stock (GPMC/ERMCs, hampers, OTRs)? | Yes | No |
| 10. Is there additional warehouse space on the property storing MTE? | Yes | No |
| 11. Is there a backlog of unrepaired containers? | Yes | No |
| 12. Is the facility using MTE for trash, storage, or mail? | Yes | No |
| 13. Is MTE on loan to mailers reviewed periodically for proper care and use? | Yes | No |

Reviewers: Physically inspect the facility's trash collection sites to verify proper disposal of MTE (i.e. trays, sleeves, pallets, flat trays, lids, etc.). Also verify recycling bins for usable MTE being improperly destroyed. List MTE that is reusable and have removed from the trash and recycling units.

Reviewer signature _____ Date _____

cc: Facility head

**AREA MAIL TRANSPORT EQUIPMENT
CONTACTS**

AREA & MAILING ADDRESS	MTE TEAM	COMMERCIAL PHONE NUMBER	AREAS OF RESPONSIBILITY
NORTHEAST Distribution Networks Office 6 Griffin Road, North Windsor, CT 06006-7070	AMTES Diane Croce AMTES Linda Marker	(860) 285-7163 FAX (860) 285-1205 (860) 285-7130	Maine, New Hampshire, Mass., Rhode Island, Connecticut, Vermont, Western NY (120-149)
NEW YORK METRO James A. Farley Bldg., Rm. 459 33rd Street & 8th Avenue New York, NY 10199-9792	AMTES Hank Borchers AMTES Ben Ascone	(212) 330-3728 FAX (212) 330-2672 (212) 330-3729	New York, New Jersey, (except South Jersey), Puerto Rico
ALLEGHENY One Marquis Plaza 5315 Campbells Run Road Pittsburgh, PA 15277-7071	AMTES Freemont Rigel AMTES Betsy Mahofski	(412) 494-2641 FAX (412) 494-2676 (412) 494-2871	Pennsylvania, Delaware, Ohio, South Jersey (080- 084) CS - Wheeling, WV (260)
MID-ATLANTIC Mail Transport Equipment Ctr. 1601-D McCormick Drive Landover, MD 20785-5302	AMTES Delmas Luther Network Spec. John Doles	(301) 925-1730 FAX (301) 925-1750 (301) 925-1729	Maryland, Virginia, West Virginia, Kentucky, North Carolina, South Carolina
CAPITAL METRO Distribution Networks Office 3636 Pennsy Drive Landover, MD 20785-1611	John Balasonne AMTES	(301) 618-4402 FAX (301) 618-4444	Washington, DC, Northern VA, Dulles, Baltimore, Eastern Shore, Frederick Southern, MD, Suburban.
SOUTHEAST Distribution Networks Office 400 Embassy Row, Suite 600 Atlanta, GA 30328-7075	AMTES Jim Stephens AMTES Cathy Mahoney	(770) 390-5935 FAX (770) 390-5994 (770) 390-5965	Georgia, Alabama, Florida Tennessee, Mississippi
SOUTHWEST Distribution Networks Office P. O. Box 225428 Dallas, TX 75222-5428	AMTES Earl Coffey AMTES Dave K. Mack	(214) 819-8825 FAX (214) 819-8850 (214) 819-8843	Texas, Oklahoma, Arkansas, Louisiana
GREAT LAKES Distribution Networks Office 244 Knollwood Drive Bloomington, IL 60117-2208	Gerry Donovan Bob Cebulski AMTES Shirley Dean	(630) 539-4791 (630) 539-4739 FAX (630) 539-7328 (630) 539-4449	Illinois, Indiana, Michigan
MIDWEST Distribution Networks Office P. O. Box 66620 St. Louis, MO 63166-6620	AMTES Paul Bailey AMTES Brenda Elfrink	(314) 692-5345 FAX (314) 692-5399 (314) 692-5387	Missouri, Nebraska, Iowa MN, WI, ND, SD, KS, Roc Island, IL 527, 528, 612, CS - IL 623, 624, 628, 62
WESTERN Rio Salado Station 1441 E. Buckeye Rd., Rm. 241 Phoenix, AZ 85034-4128	Donna Lawrence AMTES	(602) 223-3534 FAX (602) 223-3552	Colorado, New Mexico, Arizona, Nevada, Utah, Wyoming, Montana, Idaho, Oregon, Washington, Ala
WESTERN Western Area DNO 1745 Stout Street, Suite 800 Denver, CO 80299-6000	Ferris "Buddy" Allen AMTES	(303) 313-5241 FAX (303) 313-5177	Colorado, New Mexico, Arizona, Nevada, Utah, Wyoming, Montana, Idaho, Oregon, Washington, Ala
PACIFIC Distribution Networks Office 395 Oyster Point Blvd, Suite 130 S. San Fran., CA 94099-1200	Hector Lee Kim Adams AMTES J. C. Jackson	(650) 615-7158 (650) 615-7156 FAX (650) 615-7186 (650) 615-7168	California, Hawaii, Guam



UNITED STATES POSTAL INSPECTION SERVICE

DEPUTY CHIEF INSPECTOR-BUSINESS INVESTIGATIONS

August 31, 1999

MR. RAPP

SUBJECT: Special Observation of Mail Conditions (OMC)

In response to your letter of request for follow-up attention to the May 1999 OMC, you and members of my staff agreed upon the scope, objectives and site selection for a two week period of observations at seven Processing and Distribution Centers (P&DCs). The OMC fieldwork was conducted during the weeks of August 9 and August 16, 1999.

The attached report contains a summary of our observations by site. At each site attention was given to the Mail Condition Report (MCR), the status of Mail Transport Equipment (MTE) and the Inspection Service's Management Operating Data System (MODS) exception report. Attention was also provided to at least two delivery units serviced by each of the selected P&DCs.

As previously agreed for past OMC Reviews, we will coordinate any follow-up work with your staff. Please contact Pat Carbone, Acting Inspector in Charge, Business Investigations - Performance, at (202) 268-4370 with any questions or concerns.

CC vs IK
Alan B. Kiel

Attachment

cc: Mr. Hunter
Mr. Lewis
Mr. Barranca
Mr. Black
Mr. Crawford
Mr. Dupilk
INCs, Headquarters, Florida, Mid-Atlantic, Midwest, Northern CA, St.Paul

475 L'ENFANT PLAZA WEST SW
WASHINGTON DC 20260-2190
TELEPHONE: 202-268-4428
FAX: 202-268-4583

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

As a result of a request from the Chief Operating Officer (COO), the Postal Inspection Service conducted Observations of Mail Conditions (OMC) at eleven Processing and Distribution Centers (P&DCs) during May 1999. Monitoring of mail conditions during the months of June and July indicated that eight of the eleven P&DCs had improved their performance. The Office of Business Investigations – Performance and Postal Service Headquarters Management identified three of the original sites for follow-up attention, along with OMC attention at four additional sites.

Attention was focused on the accuracy of the Mail Condition Report (MCR) for First Class, Priority, Periodicals, and Standard A Mail. Observations included a review of Mail Transport Equipment (MTE) and utilization of the Inspection Service's Management Operating Data System (MODS) exception report. Attention was also provided to at least two delivery units serviced by each of the selected P&DCs.

Observations were conducted at the sites listed below. For this report, observations were summarized by site.

Miami, FL P&DC
Milwaukee, WI P&DC:
Oakland, CA P&DC
Richmond, VA P&DC
St. Paul, MN P&DC
San Francisco, CA P&DC
Tampa, FL P&DC

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

MIAMI P&DC

Mail Condition Reporting

The plant had delayed volume in incoming Periodicals and incoming primary/secondary Standard A letters and flats. The plant also had delayed foreign mail in the facility.

The Plant Manager advised that manual operations were less than properly staffed. He also stated the opening of the International Service Center (ISC) and the related operational moves impacted the overall productivity at the plant. In addition, the facility was impacted by construction and floor space reassignments for various mail processing operations during the past several weeks in preparation for the installation of the Tray Management System (TMS). He stated he would use overtime, new hires, and utility assistance (a method of satisfying overtime needs that is handled by the union and provided to management) to move the delayed volume. He also stated there were currently eight or nine PTFs training on secondary schemes that were short of personnel.

As observed during the previous OMC, the Miami P&DC continued to report Woodwork (Line 9) only as on-hand, not as a plan failure or delayed. There seemed to be confusion about what constituted Woodwork. On August 12 and 17, 1999, after the dispatch of value (DOV), First-Class Mail was observed staged at a Delivery Barcode Sorter (DBCS) in equipment labeled "Unassigned," that contained return to sender (RTS) mail, Computerized Forwarding System (CFS) mail, States, local destinating, missent, etc., all jackpotted together. Management stated it was States Mail and was to be processed and dispatched by 9:00 AM, therefore this mail was not reported on the MCR. Regarding the mail in the jackpotted condition, it was not determined how much of each type of mail was present. Management assured that attention will be given to correctly identifying and reporting this mail.

Raw collection mail was misdirected by delivery units to the Priority Mail Processing Center (PMPC) and was observed at the P&DC after 6:00 AM weighed into Operation 030. As a result, mail was redirected from the PMPC to the P&DC on various trips throughout the night. Management indicated they considered this mail Woodwork and assured it would be dispatched by 9:00 a.m. After 9:30 AM, this mail was observed staged at Operation 040. Management stated this misdirected raw collection mail was an ongoing problem; however, no management instruction or other control had been implemented to address and eliminate this condition.

On August 11, 1999, approximately 9,000 letters and 3,000 flats (Lines 11-14/First Class) did not meet the DOV at 6:30 AM. The mail was still being worked at 7:15 AM and Inspectors were told it would be delivered to the respective stations.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

The Miami P&DC processed foreign mail originating in the United States. On August 12, 1999, 214 feet of letter mail was observed in the manual operation. The oldest date was August 5. This mail was reported on the International Mail Condition Report as on-hand only. Subsequent to our observations, the foreign manual operation was transferred to the newly established ISC.

For Line 19 (Periodicals) on August 10-11, 1999, the MCR did not correctly reflect the date of the oldest mail. The Plant Manager and supervisors stated the zones were short of scheme-qualified clerks. The operations were affected by sick leave calls, vacations and bids to other jobs. Management planned to correct/improve mail conditions through overtime and utility assistance.

The MCR listed no vans on-hand and no plan failure. Management at the 2C Annex advised a van was received that was still at the dock. It should have been reported on Line 40. Management indicated the report would be corrected.

Management at the P&DC stated only vans on-hand at the 2C Annex were recorded, not those at the P&DC that were loaded with mail coming from the 2C Annex. Worksheets used by counters at the P&DC did not contain a Line 40 for recording vans on-hand. The MDO stated any vans not yet unloaded were counted as whatever type of mail was contained within, rather than as a van. In regard to delayed Standard A Mail found August 10-11, 1999, the supervisor of FSM operations stated mail was received delayed from the 2C Annex.

Mail Transport Equipment

The Miami P&DC was not serviced by an MTE SC. Management stated they were improving their management of MTE by requiring delivery units to send to the plant only full general purpose containers (GPCs) with only one type of item and holding drivers responsible for making sure the GPCs were correctly filled prior to loading the equipment.

According to management, damaged MTE was repaired locally by the Maintenance Department with the exception of bulk mail center containers which were sent to the Jacksonville BMC for repair. The individual responsible for managing MTE stated ½ trailer of each type of equipment was kept available for use by the South Florida District facilities, as well as by mailers. The only MTE considered to be in excess were sacks (1 to 4 pallets each, depending on type of sack) and cardboard trays/sleeves. One or two loads of MTE were sent weekly to facilities that made requests. Flat tubs were not shipped out of the District area, but rather were transported between facilities that were in need of them.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

MODS Exception Report

Inquiry into several operations on the FOCUS exception report disclosed numerous misconceptions and inconsistencies regarding the weighing of mail. The Miami P&DC re-instituted mail weighing at the beginning of FY 1999. There appeared to be confusion on the part of supervisors and mail handlers regarding what mail was to be weighed and what mail automatically flowed to downstream operations. One manual operation supervisor indicated he had a mail handler weigh in to his operation a U-cart full of mail. This was done each night to offset mail received from automation that the supervisor believed had not been properly credited to his operation. This was brought to management's attention. The following operations appearing on the exception report were specifically addressed:

<u>LDC</u>		
<u>OPERATION</u>	<u>FHP CHANGE</u>	<u>TPH CHANGE</u>
12 / 145	-50.7	
11 / 875		758.3
11 / 975		-540.1

In regard to Operation 145, management stated employees weighing mail were erroneously withdrawing as first handling pieces (FHP) mail that had not previously been weighed in as FHP.

For Operations 875 and 975, during weeks 46 & 47, there was a large increase in throughput/hour in OPN 875 and a large decrease in OPN 975. Discussion with management disclosed that on July 30, the last day of Week 46, a new sort plan was implemented for 9-digit BCS mail. Previously, this 9-digit BCS mail was erroneously run on a 975 sort plan, therefore inflating the throughput for OPN 975. Further discussion revealed there was additional 9-digit BCS mail still included in the 975 operation. Management had taken measures to correct the situation.

Customer Service

A daily determination was made regarding sending raw mail to delivery units. Phone calls were made to the stations to determine how much they could handle. If a station could not handle all of the volume, it was kept at the P&DC and worked. A supervisor would take to the station any mail worked after the DOV.

On August 11, 1999 the Gratigny Station Manager stated each zone could receive up to 2 feet of raw mail. It did not happen every day; however, the raw mail had arrived on the last dispatch rather than the earlier dispatches. Mail was not color-coded during the initial walk-through. It was color-coded during the station visit.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

Priority Mail was distributed and carried to the street for delivery by the carriers. If any mail arrived after a carrier's departure, delivery was made by special delivery carrier or other available employee.

At the Sunset Branch on August 12, 1999, Inspectors found Standard A Mail that had been reported as curtailed, but it should have been reported as delayed. Corrective action was taken and a revised CSDRS report was issued.

According to personnel at the Sunset Branch, an agreement existed for handling raw mail. The plant was to obtain approval from the area manager prior to sending raw mail to the stations. Recently, the plant sent 27 feet of Standard A mail to Sunset Branch without obtaining approval from the Branch or the area manager. On August 12, 1999, Standard A Mail was found without a color-code. Immediate action was taken by management to color-code this mail.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

MILWAUKEE P&DC AND ANNEX

Mail Condition Reporting

Management stated that Milwaukee did not have a BMC and the P&DC and Annex had to open all mail, with no local outlet to relieve heavy volumes. The Priority Annex only had four small parcel bundle sorters (SPBSs) and due to maintenance schedules, only three were available to operate at one time except on Tour 3.

Management also stated that due to the recent budget considerations and the National hiring freeze, many casual mail-handlers were dropped on June 30, 1999 and were not immediately re-hired (due to contract considerations). Numerous management changes have been made in the last two years.

Plant Management stated corrective plans had been formulated on August 10, 1999 to relieve the Priority Annex's delayed Standard A mail. The Plan was for the P&DC to take and work some the Line 7, 19, and 33 (Outgoing 2C, Incoming 2C, and Standard A Flats, respectively) from the Annex. On August 12, Inspectors observed a lack of communication among all parties concerned because 40 skids of Line 33 mail that had been sent to the P&DC the previous evening to be processed had been returned unworked to the Annex. Management stated the P&DC was not able to process this mail as planned. This plan contained no specific timeline for when this mail was to be processed at the P&DC except at various times on Tours 2 and 3.

Mail Transport Equipment

The Manager of Transportation stated that the Milwaukee P&DC has a significant shortage of sacks and rolling stock (mainly APCs). He also indicated that large mailer requests for sacks to containerize future mailings could not be met.

Milwaukee has been receiving needed sacks and rolling stock from the two equipment warehouses located in Milwaukee, which are controlled by the Midwest Area. Recently, the two warehouses have not been able to furnish Milwaukee with needed sack and rolling stock requirements. Midwest Area Operations indicated the demand for sacks and rolling stock exceeded the current supply.

Customer Service

At the West Milwaukee and Greenfield Stations, First Class hot case mail was delivered to the carriers on the street for working into future deliveries. However, if the address had already been served, the mail was to be delivered by the employee transporting the hot case mail.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

OAKLAND P&DC

Mail Condition Reporting

On August 10, 1999, there were 11,000 pieces of delayed First Class Mail. Management said the reason for the delayed mail was that volume exceeded processing capacity to meet clearance time.

The P&DC Manager stated there was a problem with Priority Mail and as such they were relocating Priority Mail from the Priority Mail Annex (PMA) back to the Oakland P&DC effective Friday, August 13, 1999.

There appeared to be logistics problems associated with working Priority Mail. There were six different areas where Priority mail was being processed. It also appeared that more communication was needed between Tour 3 and Tour 1 in processing Priority Mail. For example, there was priority mail in vans in the yard that was not found until the next day.

Volume of Periodicals exceeded work hours available to process within the operating window. Approximately 11,000 pieces delayed and 29,000 pieces as plan failure. According to the supervisor, Periodicals were about ten days behind as of 8/10/99. Inspectors observed *Vanity Fair*, dated 8/4/99, being processed

On August 10 and 11, 1999, Inspectors observed mail (Periodicals dated August 4, 1999 to Hawaii) with no color code or date tags. The dock was overcrowded and unsafe due to pallets of mail being stored on top of each other. Employees were unable to reach pallets for processing of mail dated August 6, 1999. Two hampers of priority mail and several OTR's had no color code or date tags.

Two days of observations disclosed three and one-half pallets of Periodicals still in the same location without having received processing attention. The pallets contained the following: a pallet of *Glamour Magazine* dated July 27, 1999, a pallet of *Better Homes* dated August 1, 1999, a pallet of *Men's Fitness* without a date, a pallet of *Decorative Woodcrafts* dated August 3, 1999, and a half-pallet of Home Depot circulars without a date. Additional observations disclosed one OTR with SCF mail dated July 29, 1999.

The Plant Manager said she would have the Periodicals dated July 29, 1999 processed. The Plant Manager advised she would have her Supervisor's look into the OTR's without color codes or date tags.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

On August 10, 1999, Inspectors spot checked vans in the yard and observed the following:

<u>Van Number</u>	<u>Load Capacity</u>	<u>Date of Mail</u>
8745729	Full (There for three days)	8/2/99
8745648	Full-Pallets (There for three days)	8/4/99
948024 XTRA Lease	Full-Flats	8/9/99
SKRZ 732151	Sealed/Not Opened	8/8/99
1738285	OTRs	8/6/99
4738533	OTRs	Unknown
1738590	OTRs	Unknown

In addition, on August 10, 1999, Inspectors found two vans with yellow tags titled, "RELOADS" (Unloaded vans that have been reloaded with mail and stored in the yard until it can be processed at some future date). Four of the vans were there for two consecutive days. Two of the vans were spot checked for three consecutive days and had not moved their location.

The Plant Manager stated she would have her Supervisors look into the vans in the yard and the "RELOAD" matter. On August 17, 1999, Inspectors again found the van containing 14 pallets of *PC World* Periodicals. The Dock Supervisor advised the van containing the *PC World* Periodicals arrived on August 9, 1999. Although this van had been in the yard for eight days, the dock supervisor advised that the mail should have been processed within 24 hours. He instructed one of his employees to bring the pallets of *PC World* into the facility for processing.

On August 18, 1999, Inspectors telephoned the Tour 2 MDO and advised him that there was delayed mail stored in vans with dates of July 29, August 2, 3, 4, 8, 9, 11, and 13. Inspectors also advised him that International Mail in vans was not being reported as delayed on the Mail Condition Report. The International Mail Manager advised that International Mail was not reported on the Mail Condition Report.

The Tour 2 MDO stated he reports International Mail to Headquarters, and that for August 17, 1999, he reported 69 shipping containers On hand and 57 Plan Failure. There were also 23 Customs Containers On hand and 19 reported as Plan Failure. He said they had 48 hours to work the mail, starting at 6:00AM. The Critical Entry Time (CET) was 8:00AM and the cut-off time was 10:00AM. The International Mail Manager reported the oldest date of mail as July 28, 1999. Inspectors also discovered at the P&DC in one of the Postal vans in the yard delayed SCF mail dated August 4, 1999, one box of perishable peaches with a postmark date on the parcel of August 2, 1999.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

The P&DC Manager stated that delayed Standard A Mail for the Oakland P&DC was currently 2% of the National total, an improvement over past performance. She said Standard A Mail was typically delayed by about 150,000 to 200,000 pieces per day.

Mail Transport Equipment

There was no excess MTE per Networks Specialists as there was no report that states what standard number pieces of equipment they should have on hand. He advised they once reported on the EARS report, but that report is no longer generated. At Building 12, at the Port, there are 2,000 OTR's with trays and 2,000 GPC's inside the building. Outside, there are 13 Vans with OTR's with trays and GPC's. There are 4 Vans with GPC's.

At the Oakland P&DC, there are 70 Vans with MTE in the yard. The Vans in the yard have been there from 8/4 to 8/10/99.

On August 10 and 11, 1999, an Inspector observed rolling stock on each floor being used to store trays, empty boxes, trash, computer parts, and a mixture of items not related to mail processing. One month ago Postal Inspectors conducting an area audit on MTE advised management of the MTE being used for storage of items not related to mail processing. The Oakland P&DC needed to give attention to removing MTE from the workroom floor that was being used for storage and not for mail processing. Processing this MTE would free up considerable space that could be used for mail processing related operations.

The Plant Manager said she would address both the OTR usage for non-mail processing purposes and the dock congestion. The Plant Manager stated the Oakland P&DC is the MTE hub for Northern California. She acknowledged there was a problem with MTE due to the manner in which it arrives from the Associate Offices. She advised they process from 60-70 trailers of MTE per day. The Plant Manager advised they will be part of the MTE SC system on August 30, 1999.

Transportation/Networks is scheduled to meet with MTE SC on Monday, 8/16/99 to get an idea what types of equipment they will take from the Oakland P&DC. He has a concern that they may not take certain equipment.

Management expressed several MTE SC concerns:

- Whether they can get equipment when it is needed.
- The timeliness of the turn-around time for MTE.
- How is the P&DC going to be notified that the MTE SC does not have the equipment requested, especially when it is needed on the weekends. (Major Mailer requests)
- There is already a shortage of 775 trays and lids.
- The Plant Manager thinks that the MTE SC will cannibalize parts of MTE for repairs, thereby lowering the total amount of MTE available for use.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

Customer Service

At the Martinez Post Office, carriers pull hot case mail as they leave the building. Any hot case mail arriving after the carriers departure is taken out on the street to them. Late arriving priority mail was also taken to the carriers on the street. On Saturday, they received approximately 562 pieces of priority parcels, which could not be delivered that day.

At the Benicia Post Office at 8:30 AM, they finalize the mail. At 9:30 AM, they call the carriers to pick up their hot case mail. Carriers pull hot case mail as they leave the building. Any hot case mail coming in to them after their departure is placed on the Supervisor's desk and taken out to them on the street.

This unit received 51 priority parcels at 11:20 AM from the P&DC. They cannot work this mail for today's delivery (8/12/99). This occurred about 4-5 days a week. Also, they received some priority letter mail at least one day a week at about 11:30 AM.

At The Antioch Post Office, hot case mail was worked continuously. At 10:00 AM, they called the carriers to pick up their hot case mail. Carriers pulled hot case mail as they left the building. Any hot case mail coming in to them after their departure was taken out to the carriers on the street.

This unit received two CSBCS machines to process mail. They have not used them yet and are told that they will not use them. Now, they need to have them taken out as they reorganized the office to accommodate the two machines and can use the space.

At the Clayton Post Office, carriers pull hot case mail as they leave the building. Any hot case mail coming in to them after their departure is taken out to them on the street.

This unit received ½ 1046-hamper priority First Class parcels at 1400 on 8/12/99 from the Concord Post Office. The unit was unable to work this mail for that day's delivery. This same situation occurred about 2-3 days a week. Also, they received a full GPC of priority letter mail at 1400 two Saturday's ago.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

RICHMOND P&DC AND RDA ANNEX

Mail Condition Reporting

The plant manager stated steps have been taken to reduce delayed MMP, First Class, Standard and Periodical volumes. These steps include the placement of new MDO's on all tours, realignment of supervisors, additional staffing of the 115 operation, and realignment of the 113 operation to process MMP.

Discussions with the Plant Manager disclosed she was currently preparing a letter report for the Mid-Atlantic Area Vice President relative to the MMP delays experienced at the facility, specifically with the Capital One Return-To-Sender (RTS) mail. This RTS mail is commingled with the regular MMP volumes received from postal facilities nationwide. Multiple handlings are necessary and numerous workhours expended to properly separate the mail through automation. Additional quality control checks and related workhours are being expended to ensure 100 percent accuracy of the bank's mail and to assure separation of the customers mail. The Plant Manager's letter to the VP was in draft form. The letter requested revisions to the National Distribution Networks Labeling list. The Plant Manager reported that the cost to process Capital One RTS volumes was approximately \$500 million dollars through week 3, AP 12, FY 99. Management's responses to the delayed MMP volumes were similar to those reported during the May 25-27, 1999, OMC.

On August 13, 1999, at the Distribution Annex, one APC of Standard A was delayed due to being mixed with other APC's of mixed states in error. Management indicated that the corrective action would be to work this mail first.

Based on observations at the RDA from August 11-13, 1999, mail that was finalized and containerized at the SPBS was not included in the daily mail count. Plant Management agreed and stated that in the future this mail will be included in the daily mail count

Mail Transport Equipment

MTE was maintained in an adjacent building to the P&DC. Richmond is not serviced by an MTE SC. Red-tagged MTE is fixed either at the plant or sent to the BMC. The manager had no concerns with the availability of MTE and no excess MTE was found at any of the facilities.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

ST. PAUL P&DC

Mail Condition Reporting

On August 17, 1999 an exit conference was held with the plant manager. The Mail Condition Report was verified and found to be reasonable and accurate for First Class, Periodicals, Standard A, and Priority mail. Delayed mail was found in First Class, Periodicals and Standard A mail. According to management the underlying causes for this delayed mail were: heavy cancellation volume, staffing, late arriving mail, priority given to First Class volumes and flat sorter utilization.

The following reasons were noted for delayed First Class Mail:

Line 3	Opn 010 & 030	31,000 pcs	High Volume
Line 6	Opn 120	12,000 pcs	Preference to SCF/Zones
Line 14	Opn 426	1,000 pcs	Lack of scheme qualified clerks
Line 15	Opn 044	1,000 pcs	Late arriving Mpls trip
Line 16	Opn 444	2,000 pcs	Preference given to First Class
Line 17	Opn 883	3,000 pcs	Late arriving managed mail
Line 18	Opn 423	2,000 pcs	Preference given to Opn 421

Management's planned corrective actions were to:

- Assign a task force to realign mail handler staffing for 010 Unit.
- Work late arriving mail from Minneapolis at 0310 to improve delivery of delayed volumes.
- Process SCF letters that arrive on the 0405 and 0540 runs on a DBCS sort plan and ensure dispatch on the Express mail transportation at 0700 to SCF 550/540 offices.

The following reasons were noted for delayed Periodicals at the P&DC:

Line 07 – Opn 441 & 442 – 4,000 pcs – Preference given to First Class
Line 19 – Opn 074, 170, 175, 424, 426, 443, 444 & 445 – 41,000 pcs – Preference given to First Class

Management's planned corrective actions were:

- Sortplans are being reviewed and modified to reduce rework volumes.
- To improve throughput and service standards, manual operations are being reintroduced to extract least favorable mail types from the FSM operations.
- Close daily monitoring of volumes and productivity will be maintained.
- To open operational windows for various other sortplans, consideration is being given to decentralizing city secondary flat operations to the respective stations and branches.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

Mail Transport Equipment

The St. Paul P&DC was serviced by an MTEC and each day received a trailer load of various equipment for the plant needs. All equipment (except small & large hampers and utility carts) in need of repair was sent to the MTEC for repair and subsequently returned to the plant. These hampers and utility carts were repaired locally by maintenance personnel because damaged hampers and utility carts were discarded by the MTEC. The manager stated that normally one trailer full of equipment was maintained in the plant trailer parking area as a reserve supply.

Discussions with management disclosed 600-800 BMC containers were being stored at the Fillmore Avenue Annex for Twin Cities BMC Fall mailing customers. This is a normal practice at this time of year to ensure customers have equipment during this heavy mailing period. No vans had stored equipment other than the one-day supply of equipment sent to St. Paul P&DC by the MTEC.

MODS Exception Report

A review of letter mail labeling machine (LMLM) volume work credit disclosed the failure of PSDS to input over 30,000 pieces into MODS. Discussions with management also disclosed that a possible reason for this discrepancy might be the diversion of this mail to manual operations. To insure correct work hours and volume are recorded in Operation 776, management will review and monitor this operation for compliance. If any discrepancy is found in the recording and reporting of hours or volume, corrective action will be taken.

Customer Service

Inquiry of management determined that local agreements exist with Delivery units. The agreements allow the plant to ship all daily news to the delivery unit for sortation to the carriers. All other raw volumes are coordinated with the delivery management prior to sending.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

SAN FRANCISCO P&DC

Mail Condition Reporting

The delayed mail reported on MCR Lines 38 and 39 for 8/9, 8/10 and 8/11 resulted from Management's decision to process FCM over Standard Mail.

Mail Transport Equipment

The P&DC continued to receive its MTE from the MTEC. However, this facility was expected to be serviced by an MTEC in either November or December 1999. All damaged MTE was transferred to the Container Repair Center (CRC) in Oakland, CA.

MODS Exception Report

At the San Francisco P&DC, the basis for comparison was week 1 of AP 11 and week 2 of AP 11. The changes disclosed are indicated in the chart below:

<u>LDC</u>	<u>FHP CHANGE</u>	<u>TPH CHANGE</u>	<u>HRS CHANGE</u>
14	+2.28	+1.24	+937

The concern was the increase in hours for LDC 14 given the slight TPH change. It was determined that one FSM (#10) was inoperative during the selected time period. This decrease in machine utilization was the direct cause of the increased hours for LDC 14.

Customer Service

The CSDRS was reviewed for accuracy at Parkside Station, Golden Gate Station, Napoleon Street Complex, and the Pacific Carrier Annex. No discrepancies were noted.

The P&DC made dispatches to the Napoleon Street Complex virtually all mail ready for carrier sortation. However, there was a manual operation for some residual First-Class Mail and Standard A Mail. This operation will be discontinued as of August 28, 1999. At this unit, each carrier was expected to check the hot case prior to departing for street deliveries. However, if a sufficient quantity of mail was found in the hot case after the carriers' departure, an assigned light duty employee would bring it to the carriers on their routes.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

TAMPA P&DC

Mail Condition Reporting

Management explained the Tampa P&DC was undergoing major changes in staffing and mail processing operations. The major changes and impacts discussed at the entrance conference were:

In FY 1998, the P&DC moved the secondary manual flat operations out of the plant and into the stations and branches of Tampa. Workhours and complement were then moved from the plant to the stations. Approximately three part-time regular (PTR) clerks per station were hired and given scheme training. These PTRs were assigned a work schedule of six hours a day, six days a week.

In FY 1999, the P&DC moved the secondary manual flat operations back into the plant. The process is about two-thirds completed with about seven stations remaining to be transferred. This change, however, was not as smooth as the previous move to the stations, and the plant is experiencing shortages of scheme qualified clerks in several of the zones both at the P&DC and some of the remaining seven stations. When the announcement was made to move the positions back to the plant, the PTR clerks at the stations were given an opportunity to bid positions at the P&DC. Not all of the clerks bid on the same scheme they were previously qualified for which has resulted in extensive scheme training for the new positions. The current bidding process will probably take most of the remainder of this calendar year to resolve. As a result, there are not enough qualified clerks to work the manual mail to the carriers and that results in large volumes of delayed mail on a daily basis.

In the previous two years, the P&DC borrowed approximately 50 clerks from the REC. The union grieved the duration of the details and the clerks were returned to the REC.

During FY 1999, Standard A letters that previously received primary processing in Manasota were moved to the Tampa P&DC. The volume was about 300,000 pieces per day.

The P&DC is closing DDC operations and moving the mail back to the P&DC. Four CSBCS sites, Ruskin, Riverview, Oldsmar and Val Rico have already been closed and the DPS operations brought back to the P&DC. The largest operations, Tarpon Springs, which used several DBCSs, was also brought back to the plant. The four CSBCSs from Oldsmar and Riverview have already been re-deployed and the others are awaiting redeployment.

In April 1999, the COO issued instructions to the Districts that all hiring that exceeded the AP 13, FY 1998 complement cap had to be personally approved by Mr. Lewis. The actual career complement for AP 13, 1998 was 1,840 and the

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

casuals were 42 for a total of 1,882. The AP 12, 1999 complement was 1,903 career and 99 casuals. The P&DC has asked for an increase in complement based on the movement of manual flat operations, the Manasota primary operation, and DPS operations back to the plant, and the elimination of REC details. The P&DC estimates these operations were equivalent to about 140 positions and they are currently over the 1998 cap by 63 positions.

The current rate of overtime for APs 09-11, FY 1999, is the lowest in three years. When the managers were asked why the overtime rate was not increased if they were under complement, they responded they had a budget they had to maintain.

The barcode readers (BCRs) were removed from all 881 FSMs and replaced with the OCR MOD. The FSM 1000s all have BCRs. The reject rate on the 881 FSM OCR is about 20 percent, which is much greater than the previous BCR reject rate. This means that more run time is needed to finalize the same volume of mail. All of these rejects are sent to the FSM 1000s for processing before they are given to the manual clerks.

A problem was identified during the observations and reported to management. Annex 2 performs several operations including opening sacks of periodicals and managed mail. The opening unit sorts and stages the mail by First Class, Newspapers, and periodicals in separate GPMCs in flat tubs. The operation ensures the classes of mail are kept separate and distinct. All of this mail, however, was primaryed on the same FSM 1000, at the same time, at Annex 2. The reason for mixing the three types of preferential mail was related to when the secondary flat operations were sorted at the Tampa stations. The stations requested the flats be primaryed by two classes, Standard in one mail stream and Preferential in another, combining both First Class and Periodicals.

The Tampa P&DC, however, staged flats in three areas, Standard, First Class, and Periodicals. Since there were large flat operation plan failures, the supervisors attempted to sort the secondary flats prepared by the Annex into First Class and Periodicals. The result was that if the mixed containers were staged in the First Class area, (where they should have been staged even though only about 10 percent of the mail was First Class and the remainder was Periodicals), then more of the delayed mail would have been reported as FCM delayed on Line 14, FCM SEC FLTS. The supervisor looked at the containers and instructed the mailhandler to sort them in the Periodical area and reported the delayed volume on Line 19, INC (PER) SURF PREF. The supervisor then complained that the annex was mixing First Class mail in with the Periodicals.

On the morning of August 12 at about 5:00 AM, there were two GPMCs of flat tubs of the mixed preferential mail from the annex with a label of Tour 3, August 10, ten GPMCs dated August 11 and three GPMCs dated August 12. These GPMCs had to be unloaded in a breakdown area for the individual zones. The

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

supervisor was more concerned about the mixed classes of preferential mail than sorting the mail so that it could be available for the secondary clerks to work. Most of the GPMCs in the secondary First Class staging area were empty and that is why the supervisor reported no FCM secondary flat plan failure.

The above was discussed with the acting SMDO and the annex manager. They stated that this was something that had slipped through the cracks during their recent transition of moving the flat operations back into the plant. They planned to resolve the problem within the week.

Observations disclosed that staged secondary Standard flats were color coded both orange and green. The mailhandler began loading a GPMC with Tuesday, Orange, mail and then began loading Wednesday, Green mail on top of the Orange. The supervisor counting the two different days volumes, looked through the containers as best he could and gave a best estimate of how many feet were Orange and the remainder was Green. The containers should have remained color coded Orange as long as any Orange mail was staged inside.

During the review, some of the marked flat trays had white labels listing the zone for secondary sortation instead of using a color coded label. This was determined to be originating at the Annex 2 and the FSM 1000. This was going to be corrected as soon as labels could be supplied to the annex. This was done, again, when the flats were sent to the stations. They were not color coded because no matter how late or delayed the flats were, the stations received two more days to process the mail.

Mail Transport Equipment

The P&DC is not serviced by an MTE SC. The Plant had received criticism from local customers for not having enough equipment on hand and available when needed. The P&DC was preparing a larger facility to house approximately a five-day supply of equipment. During the interim, full trailers of empty equipment were dispatched directly to customers from the Jacksonville BMC. A local MTE warehouse had been temporarily set-up consisting of about 3,000 square feet of space.

<u>TYPE OF</u> <u>MTE</u>	<u>REQUIRED #</u>	<u>CURRENT #</u>	<u>EXCESS#</u>	<u>LOCATION</u>
1046 Hampers:				
Canvas			300	Annex 1
Plastic (New)			200	Annex 1
Cardboard			1,800	Annex 1

The 1046 hampers were previously used for working Priority Mail at the annex. There was no current need for them, but they will be needed for the start of the

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

fall mailing season. In addition, St. Petersburg may have a use for them. The cardboard was used and will be used eventually on the SPBS, especially during the holidays. Some of the cardboard, approximately 500 pieces, was purchased in error during the 1998 holiday season and was too large for the SPBSs. These oversized pieces of cardboard containers may never have a use at the annex.

At the entrance conference, the Plant Manager stated there had been a customer that complained to Mr. Henderson that the P&DC could not supply them with necessary empty equipment. As a result, the plant has expanded its previous storage facility to a 3,000 square foot area, and is in the process of leasing a 16,000 square foot area to be able to go from a three-day on-hand inventory to a five-day inventory.

Every unsealed van at the P&DC, a total of approximately 60, were opened by the inspectors. Sealed vans were recorded and the date sealed and contents are listed below:

DATE SEALED	CONTENTS
July 14	Cardboard boxes
August 3	DBCS racks
August 3	Stored GPMCs
August 9	BMCs and GPMCs
August 11	Hampers for St. Petersburg
August 11	Stored GPMCs
August 11	MM sleeves for Val-Pak

MODS Exception Report

The following was a comparison of week 46, FY 1999, and SPLY:

<u>LDC</u>	<u>FHP CHANGE</u>	<u>TPH CHANGE</u>	<u>HRS CHANGE</u>
<u>OPERATION</u>			
11			
874	N/A in Tampa	2,170.2	114
918, 919	N/A in Tampa	5,513.4	509
12			
141, 143, 144	N/A in Tampa	-695.7	-2,803
421, 423, 424	N/A in Tampa	952.9	1,493
961, 964, 966	N/A in Tampa	-733.1	-689

The 874 increase reflects the 300,000-piece increase related to the Standard mail previously processed in Manasota, currently sorted in Tampa.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

The 918 and 919 increases are related to the CSBCS and DBCS DPS mail brought in from the five AOs, CSBCSs from Ruskin, Riverview, Oldsmar and Val Rico, and the DBCSs from Tarpon Springs. The operation numbers are combined because along with not weighing the FHP mail, Tampa combined like operations for reporting hours.

The changes in volumes and hours for Operations 140, 420 and 960 related to the change from keyers on the FSMs to OCRs. Operations in the 140 range were keying operations on the FSM 881s. The 420 operations are the OCR modified FSM 881s. The 960 operations were the previously modified BCR FSM 881s. The changes in volumes and hours reflect the changes in equipment modifications and the elimination of FSM level 5 and 6 clerks.

Customer Service

The Tampa Carrier Annex had all of their mail secondaried by the P&DC. The reports accurately reflected the delayed and curtailed mail volume. The station supervisor complained that now that the plant was once again sorting the flats to the carriers, the annex was getting a lot of flats on Mondays, Tuesdays, and Wednesdays, but very little the rest of the week. She said this made it much more difficult to manage the workload than when the annex sorted the flats.

According to the supervisors, they brought First Class Mail to the carriers on the street at least three times per week. The carriers were instructed to backtrack if necessary to deliver. A system with cards was used to notify the clerk that the carrier has made his last retrieval. Any quantity of First Class Mail left in the hot case was usually taken to the carriers after all of the hot case mail is sorted.

Ybor Station was one of seven Tampa stations that still sorted flats to the carriers. Because of the transition, however, two of the three clerks assigned to work the secondary mail were allowed to bid on new positions at the P&DC. After the mail is moved back to the P&DC, the three positions will be removed from the station and the current vacancies will never be filled.

A review of customer service operations disclosed three partially filled GPMCs of Standard flats, about 30 feet with various color codes and dates as to when the containers were sent from the annex. The date of our visit was Thursday, August 12. The dates on the containers were August 8, 10, and 11. The colors included yellow, green, and orange. The supervisors, Station Manager, the distribution clerk did not know when this mail arrived. The best guess was that two of the containers arrived on August 12 and the container dated August 8 was used to transfer some of the volume from one container to another and the tag was not removed. As far as the color codes were concerned, the station had two additional days to process the mail, regardless of what color code was placed on the mail at the annex. Total volume was closer to 3,000 pieces rather than the 1,350 pieces of curtailed BBM flats reported.

SPECIAL OBSERVATIONS OF MAIL CONDITIONS (OMC)

According to the supervisors, they take the First Class mail from the hot case to the carriers. The carriers are instructed to backtrack if necessary to deliver. A system with cards was used to notify the clerk that the carrier has made his last retrieval. Any quantity of First Class Mail left in the hot case was usually taken to the carriers after all of the hot case mail is sorted.

The station did not apply it's own two day color codes. The mail was color coded by the annex for dispatch to the station, but was not color-coded by the station for delivery. Proper identification of the mail was discussed with the supervisors and the manager. This will become more important, especially since there is a shortage of clerks and not all of the mail was worked on a daily basis. As more mail is delayed, it will become more difficult to determine what mail should be worked first if it is not properly color coded or identified.

On August 11, the Hilldale Carrier Annex had 38 feet of time dated material for delivery on July 27. The mailing was from Direct WEBINC, Clearwater, FL 33762. The mailing was from the University of South Florida. The annex notified the CSR and was waiting for feedback.

A hubbing operation was in place to deliver any FCM left in the hot case after the carriers departed. First Class mail was taken to the carriers on the street and they were instructed to deliver even if necessary to backtrack.

According to the Town & Country Station supervisors, First Class Mail was taken out to the carriers who were instructed to backtrack if necessary to deliver. The supervisors did not change their operation, and all hours were charged to the station.

The station supervisor complained that as the volume of DPS mail became available, the error rate seemed to increase disproportionately. The supervisor claimed the error rate was excessive. On August 11, carriers returned about 1,000 pieces of DPS errors and on August 12, they returned 250 pieces of DPS errors.

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