



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

**City Delivery — Street Efficiency
Southern, Pacific, and Western Areas**

Audit Report

May 24, 2013

Report Number DR-AR-13-004



BACKGROUND:

U.S. Postal Service street operations comprise every duty a letter carrier performs. This includes loading the delivery vehicle, collecting mail along the route, and returning to the delivery unit to unload the delivery vehicle. In fiscal year (FY) 2012, city letter carriers delivered mail on 143,436 routes and city delivery street operations workhours totaled 268 million of the overall 347 million office and street workhours (77 percent). In addition, in FY 2012, actual street workhours exceeded projected street workhours by over 1.6 million.

Our objective was to assess the efficiency of street operations in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts.

WHAT THE OIG FOUND:

The Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts have opportunities for enhanced street delivery efficiency. We determined the districts could use about 7 fewer minutes of street time per day on each carrier route. This would allow for a reduction of 340,499 workhours. We found that management did not always reinforce policies and procedures for supervising city delivery street operations. In addition, street supervision was inconsistent at the delivery units, allowing for some inefficiency in operations and outdated, integrated operating plans. Officials

indicated that they are somewhat limited in providing oversight while letter carriers are performing street delivery due to office workload priorities.

Reducing 340,499 workhours and improving supervision would increase overall efficiency in these districts and provide a potential cost avoidance of about \$14 million annually. This audit also identified assets at risk totaling \$13,466 at four delivery units due to unsecured retail stamp inventory. Management immediately initiated corrective action on these security matters.

WHAT THE OIG RECOMMENDED:

We recommended the vice presidents, Southern, Pacific, and Western Area Operations, instruct managers in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts to reduce workhours by 340,499. We also recommended reinforcing policies and procedures for supervising city delivery street operations at these districts' delivery units to eliminate inefficient practices. Further, we recommended requiring managers to establish, review, and update integrated operating plans to ensure that mail arrives timely and in route order for easy retrieval by letter carriers.

[Link to review the entire report](#)

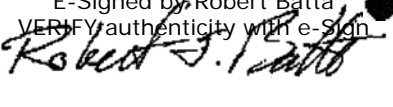


May 24, 2013

MEMORANDUM FOR: JO ANN FEINDT
VICE PRESIDENT, SOUTHERN AREA OPERATIONS

DEAN J. GRANHOLM
VICE PRESIDENT, PACIFIC AREA OPERATIONS

DREW T. ALIPERTO
VICE PRESIDENT, WESTERN AREA OPERATIONS

E-Signed by Robert Batta
VERIFY authenticity with e-Sign


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

SUBJECT: Audit Report – City Delivery — Street
Efficiency Southern, Pacific, and Western Areas
(Report Number DR-AR-13-004)

This report presents the results of our audit of City Delivery — Street Efficiency in the Southern, Pacific, and Western Areas (Project Number 13XG001DR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Rita F. Oliver, director, Delivery and Post Office Operations, or me at 703-248-2100.

Attachments

cc: Edward F. Phelan
Elizabeth A. Schaefer
Philip F. Knoll
Severo Garza
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of City Delivery — Street¹ Efficiency (Project Number 13XG001DR000) in the Southern, Pacific, and Western Areas. We discussed this topic with the vice president, Delivery and Post Office Operations, and agreed to a value proposition audit for fiscal year (FY) 2012.² Our objective was to assess the efficiency of street operations in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts. This audit addresses operational risk and is the final report in a series conducted by the U.S. Postal Service Office of Inspector General (OIG). See [Appendix A](#) for additional information about this audit.

In FY 2012, city letter carriers delivered mail on 143,436 routes. The city delivery street operations workhours totaled 268 million (77 percent) of the overall 347 million office and street workhours. In FY 2012, the U.S. Postal Service exceeded projected³ street workhours by over 1.6 million.⁴

Conclusion

The Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts have opportunities for enhanced street delivery efficiency. We determined the districts could use about 7 fewer minutes of street time per day on each carrier route.⁵ We found that management did not always reinforce policies and procedures for supervising city delivery street operations. In addition, street supervision was inconsistent at the delivery units, allowing for some inefficiency in operations. Officials indicated they are somewhat limited in providing oversight while carriers are performing street delivery due to office workload priorities. Reducing workhours by 340,499 and improving supervision would increase overall efficiency in these districts and provide potential cost avoidance of about \$14 million annually (see [Appendix B](#)).

This audit also identified assets at risk totaling about \$13,466 due to inadequate asset safeguards related to unsecured retail stamps inventory. Management immediately initiated corrective action on these security matters.

¹ Street delivery (or street time) is comprised of every duty a carrier performs from loading the vehicle to delivering and collecting mail along the route and returning to the delivery unit to unload the vehicle.

² An agreement between the director, Delivery and Post Office Operations, and vice president, Delivery and Post Office Operations, on work that will address issues of importance to the Postal Service.

³ When a route actually uses fewer street hours than projected, a negative street variance occurs. Conversely, when a route uses more street hours than projected, this is a positive street variance.

⁴ The 1.6 million workhours are based on actual street hours over the established route's base street hours for FY 2012.

⁵ Each route's street time (workhours required to complete street delivery) is established during the annual route review or inspection.

Street Delivery Efficiency

Our review of selected delivery units determined that management did not always reinforce Postal Service policies and procedures for street operations at delivery units and eliminate inefficient and inconsistent practices.

For example, management needs to ensure that:

- There is a consistent supervisory presence on the street.
- Carriers deliver mail using the most efficient habits to avoid unnecessarily incurring additional street time.
- Carriers load their delivery vehicles using more efficient ways to avoid increasing street time.
- Delivery point sequence (DPS)⁶ letters processed at the plant arrive at delivery units staged in route order for easy retrieval by carriers.
- Delivery unit and processing plant managers establish, coordinate, and update integrated operating plans (IOPs)⁷ for units to receive proper mail types at scheduled times so carriers do not have to wait on mail before departing for the street and potentially delay their return to the office.

Street Supervision

Supervisors did not always provide sufficient oversight of street operations. When asked, several carriers stated they occasionally observed supervisors on the street but not on a regular basis. Some supervisors stated that they would like to spend more time observing street operations and correcting inefficient carrier habits, but their duties in the office often prohibit them from performing these duties. One of the tools used to assist in street supervision is Postal Service (PS) Form 3999, Inspection of Letter Carrier Route,⁸ which documents a carrier's ability to perform their route on the street.⁹ However, our review indicated that unit management often did not have current PS Forms 3999.¹⁰ In fact, we identified about 32 percent of these forms that were more

⁶ DPS is a process to sort bar-coded letter mail at the processing plants and delivery units into the carrier's Line of Travel (LOT). Mail is then taken directly to the street, with no casing time in the office.

⁷ The IOP contract covers mail arriving from the plant and identifies the product of mail for each individual trip. The primary purpose is to stabilize mail flow.

⁸ A route examiner uses PS Form 3999 to record all pertinent information concerning a carrier's office and street performance. Handbook M-39, *Management of Delivery Services*, Section 211.1 states in order to achieve and maintain an appropriate daily workload for delivery units and routes, management will make at least annual route and unit reviews consisting of an analysis of workhours, volumes, and possible deliveries.

⁹ Handbook M-39, Section 134.11, dated March 1998 states that "all carriers are to be notified to expect daily supervision on the street" and ". . . accompanying carriers on the street is an essential responsibility of management."

¹⁰ A current PS Form 3999 also allows a supervisor to know how long a section of deliveries should take and helps monitor street performance.

than 1 year old. Having a current PS Form 3999 allows the supervisor to know the carrier's exact line-of-travel¹¹ and where a carrier should be and at what time.

More Efficient Carrier Practices

The OIG observed instances of carriers not using efficient practices while performing street duties at the delivery units. We identified carriers:

- Not using satchels to hold mail (see Figure 1).
- Making multiple trips to vehicles during delivery stops.
- Not using the proper LOT.

Figure 1. Carrier Not Using Satchel



Source: OIG: Picture taken by the OIG October 2012.

We observed multiple instances of carriers not using satchels to deliver mail, thereby making multiple trips to and from their vehicles for more mail and incurring additional street time. Inconsistent or improper use of satchels results in carriers having to make frequent trips to retrieve mail from their vehicles, thus incurring additional street time. Postal Service procedures require carriers delivering mail on park-and-loop routes¹² to use their vehicles as movable relay boxes¹³ from which the carrier withdraws a substantial amount of mail and places it into their satchel before beginning the route. Carriers are required to carry the appropriate amount of mail — up to the 35-pound limit — to complete each assigned relay without additional trips to the vehicle or relay box.¹⁴

We also observed some carriers not using the proper route LOT when delivering their route. For example, we followed some carriers on their daily route deliveries and

¹¹ A presort level for certain price categories in which mailpieces are arranged by ZIP+4 codes in the order in which the route is served by the carrier.

¹² A delivery method in which the carrier parks the vehicle and walks out and back over one or more streets, delivering mail away from and looping back to the vehicle. The vehicle serves as a movable container holding the mail.

¹³ Bundles or strapped mail the carrier prepares in sacks for delivery to boxes on the carrier's LOT. When the carrier completes delivery of carry-out mail, they may pick up additional mail from relay boxes and continue this process until the entire route is served.

¹⁴ Postal Service Handbook M-41, *City Delivery Carriers Duties and Responsibilities*, Section 273, March 1998.

observed them going to and scanning their delivery points¹⁵ out of sequence. Further review of the Managed Service Points¹⁶ reports for these carriers confirmed that they scanned delivery points out of LOT sequence.

More Efficient Loading Practices

The OIG observed instances of carriers not using efficient loading practices while on street duty at delivery units. Although we traced some of the inefficient loading habits to carriers waiting on mail or parcels, we observed opportunities for carriers to be more efficient and save street time while loading delivery vehicles. For example, we observed time-wasting practices, such as going to personal vehicles (see Figure 2) or carriers rehandling parcels by placing them on the ground before placing them in the vehicle (see Figure 3). In addition, carriers could become more efficient by not engaging in unnecessary conversations or using their cellular telephones.

Figure 2. Carrier Visiting Personal Vehicle During Loading



Source: Picture taken by the OIG November 2012.

Figure 3. Carrier Placing Parcels on the Ground



Source: Picture taken by the OIG-October 2012.

Delivery Point Sequencing Handling

At delivery units observed, DPS letters processed by the plant arrived at delivery units in mail transport containers stacked on top of each other and not staged for easy retrieval by the carriers. In most cases, a clerk or supervisor reorganized the DPS mail; however, carriers unloaded and sorted through the containers to identify their routes' DPS mail while on street time (see Figure 4).

¹⁵ A single mailbox or other place where mail is delivered. It differs from a street address in that each address may have several delivery points, such as an apartment flat, office, department, or other room.

¹⁶ Managed Service Points Overview, Route and Carrier reports provide information showing carrier delivery times and variances based on established route times.

Figure 4. DPS Mail Received in Un-Shelved Containers



Source: Picture taken by the OIG November 2012.

When carriers have to search for their DPS mail trays, it extends their street time because their loading and departure is delayed. Postal Service policy¹⁷ states that “. . . mail processing should stage DPS letters for transport in shelved or modified containers so individual trays do not have to be rehandled at the delivery unit.” In addition, policy¹⁸ states “DPS mail is not to be distributed to carriers, but staged near the exit for transport to vehicles so they can be taken directly to the street without further handling.”

Integrated Operating Plan

Mail did not always arrive in the proper mail mix. We observed several instances in which the majority of flat mail arrived with DPS mail on the last dispatch of the morning. Further, we observed parcels arriving with DPS mail or arriving later than expected. Contributing to this condition is the fact that employees at most of the units we visited did not adhere to the IOP or management needs to renegotiate it. The Postal Service designed the IOP to help stabilize mail flow and it is critical in establishing appropriate staffing and reporting times to eliminate carrier delays. Delays can prolong carriers' return time beyond 5 p.m.¹⁹ District officials have had meetings with plant officials to report these issues. Although mail arrival has improved, mail flow issues often remain unresolved.

¹⁷ *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook, Section 2-6, 2007.*

¹⁸ *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook, Section 4-5, 2007.*

¹⁹ The OIG previously reported on the effects of IOP issues on carrier office efficiency and workhours in the report titled *National Assessment of City Delivery Efficiency 2011 – Office Performance* (Report Number DR-MA-11-002, dated July 19, 2011).

Adjusting operations and improving supervision during carrier street delivery would increase overall efficiency in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts. We estimate this would result in the Postal Service potential cost avoidance of about 340,499 workhours or \$14 million annually (see [Appendix B](#)).

Assets at Risk

Safeguarding of assets requires management's attention at four of the delivery units visited. Stamp stock inventory was not properly secured and locked at all four locations. The value of these unsecured items totaled \$13,466. Physical access controls reduce the security risk to Postal Service employees while safeguarding controls reduce the potential for loss or misappropriation of assets. We brought these issues to the attention of station management who took immediate action to correct the situation. As a result, we are not making recommendations on these issues.

Recommendations

We recommend the vice presidents, Southern, Pacific, and Western Area Operations, instruct managers in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts to:

1. Reduce 340,499 workhours in the five districts cited.
2. Reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery street operations at delivery units and eliminate carrier inefficient practices during street time.
3. Increase street efficiency by preparing the integrated operating plans with facility processing managers and ensure delivery point sequence mail arrives timely and in route order for easy retrieval by carriers.

Management's Comments

The Southern and Western Areas agreed with the findings, recommendations, and monetary impact. The Pacific Area agreed to save street hours, but disagreed with the number of hours and the methodology used to project savings. In response to recommendation 1, Southern Area management agreed to reduce workhours by continually communicating the need for improving street time in their districts. Management plans to place additional emphasis on daily monitoring and continued implementation of proactive process to improve street times with a target completion date of September 30, 2013. Western Area management agreed to reduce workhours in their districts by focusing on the street management program by June 30, 2013. Pacific Area management agreed to reduce workhours in their districts by continuing focus on reduction of street time. Pacific Area management stated the target implementation date is June 30, 2013. Management disagreed with the methodology used to calculate the number of street hours saved for their locations. Management asserted that the

methodology incorporates mostly park-and-loop routes and does not align with the more diverse type of routes in the Bay-Valley District area.

In response to recommendation 2, all areas agreed to reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery street operations at delivery units and eliminating carrier inefficient practices during street time. Southern Area management has created reports designed to monitor adherence to policies and is tracking current PS Forms 3999 to ensure improved efficiencies. Western Area management agreed to improve compliance through training and other review processes and has set a target implementation date of June 30, 2013. Pacific Area management stated there is an opportunity to improve compliance with the standard operating procedures for street operations and specified a target implementation date of June 30, 2013.

In response to recommendation 3, Southern and Western Area management agreed they could increase street efficiency by preparing IOPs with facility processing managers and ensuring that DPS mail arrives timely and in route order for easy retrieval by carriers. Management indicated they would review IOPs annually in Quarter 1 of the fiscal year. Pacific Area management agreed to update IOP/MAPS on a regular basis. Pacific Area management stated they would address the IOP issue with units by June 30, 2013; however, they disagreed that an updated IOP has any impact on street workhours.

See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers Southern, Western, and Pacific Area management's comments and subsequent discussions responsive to the recommendations and corrective actions should resolve the issues identified in the report. In subsequent discussions, Pacific Area management agreed with the workhours identified and the dollar value of the potential cost avoidance. Further, management stated that IOPs might impact street workhours if office operations are not managed correctly.

The OIG considers recommendations 1 significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. This recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendix A: Additional Information

Background

Street operations is comprised of every duty a carrier performs from loading the vehicle to delivering and collecting mail along the route and returning to the delivery unit to unload the vehicle. Unlike the carrier office function, a supervisor is not always present to observe each carrier as they conduct deliveries along their route, leaving opportunities for inefficiency. To effectively manage this manual process and improve productivity, delivery supervisors strive to eliminate process inefficiencies and manage costs by accurately matching workload to workhours, adjusting or eliminating unnecessary routes, managing staff resources, and following a rigorous standardization of best practices.

In FY 2012 city delivery street operations workhours totaled 268 million (77 percent) of the overall 347 million office and street workhours.²⁰ City letter carriers delivered mail on 143,436 routes but exceeded FY 2012 projected street workhours by over 1.6 million.

Objective, Scope, and Methodology

Our objective was to assess the efficiency of street operations in the Bay-Valley, Dakotas, Houston, Oklahoma, and Portland districts. To accomplish our objective, we:

- Analyzed DOIS²¹ street variance data to assess performance and opportunities for street efficiency based on discussions with Postal Service officials and OIG experts. We also considered other factors that may impact street hours, such as growth, carrier pick-ups, accountable deliveries, and Every Door Direct Mail deliveries.
- Reviewed DOIS street variance hours from the EDW from October 1, 2011 through September 30, 2012.
- We analyzed 67 districts' projected and actual street hours. We eliminated 57²² of the total 67 districts previously reviewed to avoid double counts of cost savings. We excluded five districts based on logistics one district declared a disaster area due to damages by Hurricane Sandy, and prior audit work. We selected the remaining five districts and examined DOIS street variance hours. We also held discussions with Postal Service officials and OIG experts on data and analyses. We judgmentally selected 24 delivery units that used more street workhours than projected during FY 2012 to determine cost-saving opportunities for greater efficiency and reduced operating costs in the districts.

²⁰ Delivery Operations Information System (DOIS) workhours queried from the Enterprise Data Warehouse (EDW).

²¹ A national computer application that helps supervisors manage delivery unit office tasks such as preparing mail before delivery, planning street activities from the office, and handling route inspections and adjustments.

²² The OIG's carrier optimal routing phase II and excess routes reports, issued in FY 2012, reviewed 47 and 10 districts, respectively.

- Reviewed and discussed applicable policy and procedures for street operations with management in selected delivery units. We judgmentally selected individual city routes to review and observed office operations affecting street operations and carriers delivery mail on routes during street delivery.

We conducted this performance audit from October 2012 to May 2013, in accordance with generally accepted government auditing standards and included such tests of internal controls, as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on November 19 and December 20, 2012, and February 21 and May 10, 2013. We included their comments where appropriate.

We relied on data obtained from Postal Service database systems, such as DOIS and EDW. We did not directly audit the systems but performed limited data integrity review to support our data reliance. We assessed the reliability of delivery points' data by reviewing existing information about the data and the system that produced it, as well as interviewing agency officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in Millions)
<i>City Delivery – Street Efficiency Capital District</i>	DR-AR-12-003	8/16/2012	\$9,138,265
<p>Report Results: The report determined the Capital District has opportunities for enhanced street delivery efficiency. We determined the Capital District could use about 12 fewer minutes of street time per day on each carrier route (or 110,740 workhours) and save about \$4.5 million annually. Our review of selected delivery units determined that management did not always reinforce Postal Service policies and procedures for supervising city delivery street operations at delivery units, allowing for some inefficient delivery practices. Management agreed with our findings and recommendations.</p>			
<i>City Delivery – Street Efficiency Louisiana District</i>	DR-AR-12-004	8/16/2012	\$8,874,598
<p>Report Results: The report determined the Louisiana District has opportunities for enhanced street delivery efficiency. We determined the Louisiana District could use about 12 fewer minutes of street time per day on each carrier route (or 107,550 workhours) and save about \$4.4 million annually. Our review of selected delivery units determined that management did not always reinforce Postal Service policies and procedures for supervising city delivery street operations at delivery units, allowing for some inefficient delivery practices. Management agreed with our findings and recommendations.</p>			
<i>City Delivery – Street Efficiency San Diego District</i>	DR-AR-12-001	6/5/2012	\$6,840,240
<p>Report Results: The report determined the San Diego District has opportunities for enhanced street delivery efficiency. An increased focus on efficiency could allow management to reduce approximately 83,930 carrier street workhours. Our review of selected delivery units determined that management did not always reinforce Postal Service policies and procedures for supervising city delivery street operations at delivery units, allowing for some inefficient delivery practices. Management agreed with our findings and recommendations.</p>			

Appendix B: Monetary and Other Impacts

Monetary Impacts

Recommendation	Impact Category	Amount
1	Funds Put to Better Use ²³	\$28,080,953

We estimated the potential cost avoidance of \$28,080,953 in funds put to better use by reducing workhours at delivery units in the selected districts (see Table 1).

Table 1. Southern, Pacific, and Western Areas' Workhour Savings

Area	District	Routes	Estimated City Delivery Workhours Saved	Annual Estimated Potential Cost Avoidance from Overtime Workhours	2-Year Projection of Potential Cost Avoidance from Overtime Workhours
Southern	Houston	3,057	117,760	\$4,815,206	\$9,711,667
	Oklahoma	1,233	7,314	299,069	603,186
Pacific	Bay-Valley	3,130	145,621	5,954,443	12,009,364
Western	Portland	1,799	48,156	1,969,099	3,971,425
	Dakotas	860	21,648	885,187	1,785,311
Total		10,079	340,499	\$13,923,004	\$28,080,953

Source: OIG Analysis.

We calculated funds put to better use for reducing city carrier workhours using the nationwide city carrier overtime rate of \$40.89 for FY 2013, with an escalation factor of 1.7 percent for the 2-year projection.

The 340,499 annual workhour savings represent 20,426,940 minutes (340,499 hours multiplied by 60 minutes). Dividing the more than 20 million minutes by 10,079 routes in the selected districts and then dividing by 303 annual delivery days equals a savings of about 7 minutes per route per day.

Other Impacts

Recommendation	Impact Category	Amount
Safeguarding of Assets	Assets at Risk ²⁴	\$13,466

²³ Funds that could be used more efficiently by implementing recommended actions.

²⁴ Assets or accountable items (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

Appendix C: Management's Comments

MANAGER, OPERATIONS SUPPORT
SOUTHERN AREA



April 2, 2013

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: REVISED RESPONSE
Draft Audit Report – City Delivery – Street Efficiency
Southern, Pacific, and Western Areas
(Report Number DR-AR-13-DRAFT)

In review of the data contained in the Street Efficiency Audit the Southern Area does agree that street efficiencies must be improved. The report list several findings and recommendations along with monetary impacts. Each of those has been reviewed and responses have been outlined below.

The Street Efficiency Audit recommended that the Southern Area VP instruct the District Manager in Houston and Oklahoma to:

Recommendation [1]: Reduce the 340,499 work hours in the five districts cited. (117,760 for Houston, 7,314 for Oklahoma)

Management Response:

We agree with recommendation 1 along with the monetary benefit for the Southern Area and the target completion date is September 30, 2013. The Southern Area VP has communicated the need for improvements in street time to every district in the Southern Area. Street times are monitored daily and proactive processes have been put in place and will continue to be implemented on an ongoing basis in order to improve street times.

Responsible Official: District Manager, Houston; District Manager, Oklahoma

PO Box 225459
DALLAS TX 75222-5459
214-819-8600
FAX: 214-819-7220

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Recommendation [2]: Reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery street operations at delivery units and eliminate carrier inefficient practices during street time.

Management Response:

We agree with recommendation 2 along with the monetary benefit for the Southern Area and the target completion date is June 30, 2013. The Manager of Delivery Programs for the Southern Area has created and monitors reports designed for this purpose on a daily basis. There is tracking for current 3999's, daily performance to base street reports and various performance reports that are sent daily to ensure we improve our efficiencies.

Responsible Official: Manager of Delivery Programs

Recommendation [3]: Increase street efficiency by preparing the integrated operating plans with facility processing managers and ensure delivery point sequence mail arrives timely and in route order for easy retrieval by carriers.

Management Response/Action Plan:

We agree with recommendation 3 along with the monetary benefit for the Southern Area and the target completion date is June 30, 2013. The Southern Area will require the Districts to review and update their current IOP's.

Responsible Official: Manager of Delivery Programs

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


Eric D. Chavez
Manager, Operations Support
Southern Area

cc: Edward F. Phelan
Elizabeth A. Schaefer
Philip F. Knoll
Severo Garza
Manager, Corporate Audit Response Management
Jo Ann Feindt
Mike L. Barber

DREW T. ALIPERTO
VICE PRESIDENT, WESTERN AREA OPERATIONS



March 22, 2013

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Delivery Street Efficiency - National Capping Project Number 13XG001DR000

This memorandum serves as Western Area's response to the OIG audit of March 13, 2013 concerning the above referenced subject.

The Western Area agrees with the findings, recommendations and potential monetary impacts specified in the report except as follows:

The workhour savings projections were based on 7 minutes per route per day for all districts reviewed. Portland's workhour savings should be based on 5.3 minutes per route and Dakota's work hour savings should be calculated at 5.0 minutes per route. The utilization of a national average of 7 minutes per route per day disadvantages districts that are performing below this level currently.

Recommendation 1:

Reduce 340,499 workhours in the five districts cited.

Management Response/Action Plan:

As noted above savings attributed to Western Area Offices should be reallocated based on Portland 5.0 minutes per route and Dakotas 5.3 minutes per route.

Recommendation 2:

Reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery street operations at delivery units and eliminate carrier inefficient practices during street time.

Management Response/Action Plan:

Western Area agrees with the findings. The Western Area has a Street Management program in place and will continue to message effective street management to all districts. Current process / expectations are a yearly requirement to complete a 3999 on each route. Weekly tracking is posted on the Western Area website for District Review.

Western Area will incorporate training / additional tracking / review process that will be utilized to support an ongoing focus in overall street performance improvement. Both 3999 quality and frequency will be addressed as well as district / Senior Operating Manager involvement in reviewing 3999's and subsequent route performance via weekly tracking. Benchmarks will be defined to identify 3999 expectations by District.

- Weekly updates will be sent to the District Manager / Manager, Delivery Programs identifying progress.

1745 STOUT STREET, SUITE 1000
DENVER, CO 80299-5000
WWW.USPS.COM

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- 3999 quality will be a key emphasis.
- Subsequent to conducting the 3999, route performance trends will be present via the e3999 program, available for district as well as Senior Operating Manager review.

Target Implementation Date:

Training at a district level and subsequent roll out to the Senior Operating Manager level will be complete by the end of Postal Quarter 3, June 30, 2013.

Responsible Official:

Manager, Delivery Programs Support Western Area will be responsible for initial training and compliance tracking.

Manager, Operations Programs Support at each district will be responsible for subsequent training and follow-up.

Recommendation 3:

Increase street efficiency by preparing the integrated operating plans with facility processing managers and ensure delivery point sequence mail arrives timely and in route order for easy retrieval by carriers.

Management Response/Action Plan:

Integrated Operating Plans, (IOPs) are evaluated annually and input as an agreement between the host Plant and the Customer Service Delivery Offices to include mail arrival of working mail as early as possible and Delivery Point Sequence (DPS) mail on last arriving trips.

All Western Area offices and plants are required to input IOPs online, and save electronically in the Change Suspension Discontinuance Center (CSDC); as such signatures are not required on them. While electronic versions do not have signatures per se it is implied that when finalized the district manager and lead plant manager or their designee have reviewed and concurred with the IOP.

Western Area Delivery Programs has repeatedly identified issues with stacked or bricklaid DPS mail, however, due to space constraints in the plant DPS bullpen setup and available cube space on transportation this practice continues and requires extra handling / sort upon arrival at most delivery units.

Target Implementation Date:

IOPs are already in place, reviewed and validated annually in Quarter 1 of each Fiscal Year as required by Headquarters Post Office Operations.

Responsible Officials:

Manager, Delivery Programs Support, Western Area
Manager, In Plant Support, Western Area

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



Drew T. Aliperto
Vice President, Area Operations

- 3 -

cc: Edward F. Phelan, Vice President, Delivery & Post Office Operations
Elizabeth A. Schaefer, Manager, Delivery & Post Office Operations
Philip F. Knoll, Manager Delivery Programs Support
Severo Garza, Manager, Delivery
Manager, Corporate Audit Response Management
Shaun E. Mossman, Manager, Operations Support Western Area
Steve J. Juhl, Controller, Western Area
Alan B. Catlin, Manager Delivery Programs Support, Western Area
Julie H. Weiser, Manager In-plant Support, Western Area
Western Area District Managers
Western Area Senior Plant Managers

VICE PRESIDENT AREA OPERATIONS
PACIFIC AREA



March 27, 2013

LUCINE WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Delivery – Street Efficiency – Southern, Pacific and Western Areas
Report Number DR-AR-13 Draft

The Pacific Area agrees that there is opportunity to reduce street hours; however, disagrees with the amount of hours and methodology used to project savings.

Recommendation 1: Reduce 340,499 workhours in the five districts cited.

Management Response:

Management disagrees with the number of workhours to be saved.

Action Taken:

Management has been, is and will continue to focus operations on reducing street hours.

Recommendation 2: Reinforce and ensure adherence to Postal Service policies and procedures for supervising city delivery street operations at delivery units and eliminate carrier inefficient practices during street time.

The Pacific Area agrees there is opportunity to improve compliance to SOP's for street delivery operations.

Management Response/Action Taken:

Pacific Area Leadership Team has continually addressed the street hours and the need to reduce while capturing opportunity.

Recommendation 3: Increase street efficiency by preparing the integrated operating plans with facility processing managers, and ensure delivery point sequence mail arrives timely and in route order for easy retrieval by carriers.

Management Response/Action Taken:


Pacific Area Leadership agrees that IOP/MAPS should be updated on a regular basis.

11255 RANCHO CARMEL DR
SAN DIEGO CA 92197-1000
858-674-3110
FAX: 858-674-3101
www.usps.com

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The Leadership Team does not agree that an up to date IOP has any impact on street workhours.

The Pacific Area has no issues with FOIA release once the potential savings have been addressed. If you have any questions, please contact Cynthia Larson at (858) 674-3110.



Dean J. Grannholm
Vice President Operations, Pacific Area