



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

City Delivery – Excess Routes

Audit Report

June 19, 2012

Report Number DR-AR-12-002



HIGHLIGHTS

June 19, 2012

City Delivery — Excess Routes

Report Number DR-AR-12-002

IMPACT ON:

City delivery operations.

WHY THE OIG DID THE AUDIT:

To assess districts using fewer carrier street hours than projected. Carrier street time (or street hours) is time a carrier spends delivering mail and not in the office. Routes have a base or projected street time that is, on average, 5 to 6 hours. When a route's actual hours are under its base street time, the time is referred to as 'less than projected.

WHAT THE OIG FOUND:

Opportunities exist to improve street efficiency in districts using fewer than the projected carrier street hours. In the 10 districts reviewed, we found more than 500,000 street hours were projected than needed during fiscal year 2011. This created an excess capacity of 33 city routes and vehicles. Excess city routes exist because some managers are not concerned with locations using fewer than the projected hours and routes are not always eliminated or consolidated. By eliminating the 33 city routes and transferring vehicles to rural delivery operations, the U.S. Postal Service could reduce rural delivery costs by \$250,110 a year, or \$500,220 over

2 years. This audit also identified assets at risk totaling \$45,912 in two delivery units due to inadequate asset safeguards. Management immediately initiated corrective action on these security matters.

WHAT THE OIG RECOMMENDED:

We recommended that managers in the 10 districts eliminate 33 excess city delivery routes and reallocate the assigned delivery vehicles to rural routes. We also recommended that the 10 district managers continue to review those delivery units consistently using fewer than the projected street hours and make appropriate route adjustments, eliminations, and consolidations.

WHAT MANAGEMENT SAID:

Management in all 10 districts agreed with the recommendations, findings, and monetary impact. Management plan to take corrective action by June 2013.

AUDITORS' COMMENTS:

We consider management's comments to be responsive to our recommendations.

[Link to review the entire report](#)



June 19, 2012

MEMORANDUM FOR: TIMOTHY R. COSTELLO
DISTRICT MANAGER, ALABAMA DISTRICT

DARRYL K. MYERS
DISTRICT MANAGER, APPALACHIAN DISTRICT

KEVIN MCADAMS
DISTRICT MANAGER, BALTIMORE DISTRICT

TIM VIERLING
DISTRICT MANAGER, FORT WORTH DISTRICT

CHARLES K. LYNCH
DISTRICT MANAGER, GREATER BOSTON DISTRICT

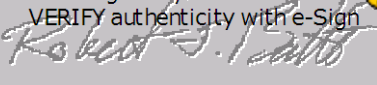
MARK MARTINEZ
DISTRICT MANAGER, NEVADA-SIERRA DISTRICT

TODD HAWKINS
DISTRICT MANAGER, NORTHERN OHIO DISTRICT

GERARD AHERN
DISTRICT MANAGER, SANTA ANA DISTRICT

DAVID J. DILLMAN
ACTING DISTRICT MANAGER, TENNESSEE DISTRICT

FRANK J. CALABRESE
DISTRICT MANAGER, TRIBORO DISTRICT

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 – Excess Routes
(Report Number DR-AR-12-002)

This report presents the results of our audit of city delivery excess routes in 10 districts (Project Number 11XG047DR000).

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, or me at 703-248-2100.

Attachments

cc: Dean J. Granholm
Elizabeth A. Schaefer
Philip F. Knoll
Vice Presidents, Area Operations
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of city letter carrier street management focusing on excess routes (Project Number 11XG047DR000). Our objective was to assess districts using fewer street hours than projected.¹ See [Appendix A](#) for additional information about this audit.

The U.S. Postal Service faces the most difficult operating period in its 235-year history. Mail volume in fiscal year (FY) 2011 declined by 3 billion pieces to 168 billion, dropping total mail volume to levels not seen since 1992. Since 2007, mail volume has dropped by about 44 billion pieces. In contrast, delivery points have increased by 2,390,741 since 2008.² The Postal Service must improve street management to effectively reduce costs while facing financial loss from declining mail volume. Carrier street time is when a carrier is delivering mail and not in the office. Routes have a base street time that is also called their projected time. When a route's actual street time is less than its base street time, the time is referred to as less than projected. When a route actually uses fewer street hours than the projected, a negative street variance occurs.³

Conclusion

Opportunities exist in districts using fewer than the projected street hours.

- In the 10 districts reviewed, we found 500,000 more street hours were projected than used or needed during FY 2011. These hours were identified as future opportunities to reduce the route structure in the reviewed districts, although the districts have reduced many routes over the last several years.
- Despite the aggressive efforts of some districts to reduce excess capacity,⁴ these 10 districts had significant negative variances over the last 3 years (FYs 2009 through 2011), creating an excess capacity of 33 city routes⁵ and vehicles⁶ at the time of this review.⁷

¹ When a route actually uses fewer street hours than projected, a negative street variance occurs. While this variance can fluctuate daily based on several factors, an overall negative street variance over the course of a year indicates that excess capacity exists.

² City delivery is responsible for 1,097,020 of the 2,390,741 increase in possible deliveries from FYs 2007 through 2011.

³ For example, if a route is projected to have 6 hours of street time, but the route is completed in 5 hours and 30 minutes the route would have a negative variance of 30 minutes.

⁴ Santa Ana District reduced more than 600 routes in the last 3.5 years.

⁵ The Postal Service business strategy, Delivery Results, Innovation, Value and Efficiency (DRIVE), has an initiative titled Delivery Optimization. The strategy is to optimize carrier routes by reducing and eliminating office time and adjusting (reducing) the number of routes.

⁶ Though there were more than 500,000 unused hours, we only identified routes from delivery units with enough excess capacity over the course of FY 2011 to account for a full excess route (see [Appendix C](#)).

⁷ We calculated the 33 routes for FY 2011. The Joint Alternative Route Adjustment Process (JARAP) process did not end until February 2012.

Excess city routes exist because of the rapid decline in workload along with changes in the workload due to implementation of automated systems. Eliminating the 33 excess city routes and transferring the associated vehicles to rural delivery routes could reduce rural delivery equipment maintenance allowance (EMA) costs by a \$250,110 annual discounted savings or \$500,220 over 2 years.

We also identified assets at risk totaling \$45,912 at two delivery units due to inadequate asset safeguards. Management immediately initiated corrective actions on these security matters.

Excess Routes

Our analysis indicated that excess capacity existed in the 10 districts. For example, FY 2011 data indicated that 10 districts had a negative street variance, using 530,703 fewer hours than projected. Regular city routes are established at 8 hours per day, with about 2 hours in the office and 6 hours for street delivery. We analyzed FY 2011 route data and determined that, of the 10 districts reviewed, 82 percent were projected at using fewer than the established 8 hours per day. In fact, these routes had actual route times averaging 7 hours and 44 minutes per day.

As a result, we identified delivery units in these districts with excess capacity. In fact, they had excess capacity over the course of FY 2011 equivalent to at least a full route.⁸ In these districts, we found 33 excess city routes that management could eliminate (see Table 1).

Table 1. U.S. Postal Service Office of Inspector General Analysis of Negative Street Variance and Routes in FY 2011

District	Projected Street Hours	Actual Street Hours	Street Variance	Average Actual Total Time Per Route in Hours	Excess Routes & Delivery Vehicles
Santa Ana	7,716,590	7,614,281	(102,308)	7.45	9 ⁹
Triboro	4,777,330	4,699,682	(77,648)	7.76	2
Greater Boston	7,203,144	7,135,617	(67,527)	7.74	5
Tennessee	3,187,389	3,132,731	(54,659)	7.56	2
Nevada-Sierra	2,524,057	2,477,263	(46,794)	7.73	4
Baltimore	2,994,891	2,948,931	(45,960)	7.71	6
Northern Ohio	7,146,734	7,104,906	(41,828)	7.39	1
Alabama	2,512,329	2,472,641	(39,688)	7.12	1
Fort Worth	2,927,708	2,895,445	(32,263)	6.97	2
Appalachian	1,564,797	1,542,768	(22,029)	6.94	1
Total	42,554,969	42,024,265	(530,703)	7.44	33

Source: Enterprise Data Warehouse (EDW) and U.S. Postal Service Office of Inspector General (OIG) Analysis.

⁸ Each excess route represents 2,424 hours, which is the time needed for one route over 1 year -- 303 delivery days multiplied by 8 hours for FY 2011.

⁹ Although our review identified opportunity to reduce an additional nine routes in the Santa Ana District, this district has been very aggressive in reducing route structure and workhours resulting in the reduction of more than 600 routes in the last 3.5 years.

Furthermore, over the course of 1 year, workloads vary based on mail volume and workhours are expected to mirror the workloads.¹⁰ Ideally, the workload fluctuations over the course of 1 year will balance close to the planned workhours. However, continual use of fewer than projected hours indicates excess capacity and an opportunity to reduce costs. We analyzed the projected versus the actual street hours for the last 3 fiscal years in these 10 districts and determined these districts have consistently used fewer hours than projected, creating a negative street variance (see Table 2).

Table 2. Negative Street Variance for FYs 2009 – 2011

District	FY 2009	FY 2010	FY 2011
Greater Boston	(108,594)	(149,773)	(67,527)
Triboro	(36,234)	(28,561)	(77,648)
Baltimore	(85,453)	(55,358)	(45,960)
Appalachian	(21,358)	(15,394)	(22,029)
Alabama	(33,267)	(18,535)	(39,688)
Tennessee	(29,873)	(43,995)	(54,659)
Northern Ohio	(90,012)	(39,175)	(41,828)
Fort Worth	(71,922)	(42,209)	(32,263)
Nevada-Sierra	(46,237)	(23,677)	(46,794)
Santa Ana	(39,923)	(81,810)	(102,308)
Total	(562,873)	(498,486)	(530,703)

Source: EDW and OIG Analysis.

Excess capacity or routes existed in these districts for the following reasons:

- Headquarters, area, and district management stated they were not concerned with districts using fewer than projected street hours. Further, some officials initially stated that using fewer street hours than projected was an indication these districts were efficient. In most cases, using fewer actual hours than projected is considered positive and an efficient street performance.
- Excess capacity in the 10 districts also existed because district management was not always able to eliminate or consolidate routes. Specifically, the adjustment process required district management to negotiate with the union to adjust or eliminate routes.¹¹ Management indicated these negotiations did not always result in adjusting, consolidating, or eliminating routes, therefore, making the projected hours more than needed for street delivery.
- Managers also informed the OIG they had little to no say in what happened with route adjustments. For example, one manager indicated they could eliminate 10 routes or more in one location because the manager was consistently using fewer hours than projected for street delivery. However, negotiations with the union

¹⁰ To offset periods of increased workload, the periods of decreased workload combined with the effective use of management tools, such as pivoting, can result in a negative street variance, or undertime.

¹¹ Memorandum of Understanding (MOU) between the U.S. Postal Service and the National Association of Letter Carriers; Joint Alternate Route Adjustment Process (JARAP), March 22, 2011.

only allowed the station to remove one route. Also, in another case, a district official indicated the union did not agree to any of the route adjustments the district submitted.¹² Headquarters management informed us they are continually monitoring the route adjustment process and making changes where necessary.

In our discussions with district officials, they agreed with the OIG's conclusion that their districts have excess capacity and routes that should be eliminated. Management further stated this was an area for improvement by reviewing route and unit performance to eliminate routes consistently using less than the projected hours. Several districts also informed the OIG they had begun to eliminate routes at the units we reviewed in this audit.

City and rural delivery could both benefit by reducing these excess city routes. In city delivery, most routes are assigned a postal-owned delivery vehicle. In the national labor agreement between the Postal Service and the National Rural Letter Carriers' Association, the Postal Service agreed to provide 15,000 vehicles for rural routes during the period January 1, 2009, through December 31, 2013. As of pay period 2, FY 2012, the Postal Service was obligated to transfer 5,804 additional vehicles to rural delivery. As stated earlier in our report, the 10 districts have 33 excess city routes with assigned vehicles. Therefore, 33 vehicles can be transferred from the eliminated city routes to rural delivery in these districts.

An increased focus on improving the route and street management process by eliminating excess city routes and transferring the associated vehicles could reduce rural delivery EMA operating costs by \$250,110 annual discounted savings or \$500,220 over 2 years.

Other Issues

Physical access control and safeguarding of assets required additional management attention. Specifically, at two¹³ of the units visited, stamp stock inventory or cash was not properly safeguarded and, at one of the locations, the rear entry access door to the facility was not locked. Additionally, safes were not locked properly at either location.¹⁴ Two of the safes contained stamp stock inventory valued of \$45,912.11. Physical access controls reduce the security risk to Postal Service employees while safeguarding controls reduces the potential for loss or misappropriation of assets.¹⁵ We brought these control issues to the attention of station managers, supervisors, or other personnel who took immediate action to correct the situation. As a result, we are making no recommendations on these issues.

¹² Many route adjustments were made using carrier demonstrated ability (how the carrier had been performing on a daily basis without supervision) instead of the more accurate observation on the route.

¹³ We judgmentally selected six sites to evaluate the physical security and safeguarding of assets.

¹⁴ Safes are required to be locked except when authorized personnel are getting safe contents for use.

¹⁵ Assets or accountable items at risk - assets or accountable items (for example, cash, stamps, and money orders) that are at risk of loss because of inadequate internal controls.

Recommendations

We recommend the district managers:

1. Eliminate 33 excess city delivery routes in their respective districts.
2. Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.
3. Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted savings or \$500,220 over 2 years.

Management's Comments

All of the districts agreed with the findings, recommendations, and monetary impact.

In response to recommendation 1, management agreed to reduce excess city delivery routes and make applicable changes by May 31, 2013. Management stated they conducted or planned to conduct formal route inspections to eliminate the routes indicated in the finding.

In response to recommendation 2, management in all the districts agreed it is important to monitor all units and review delivery units using fewer than projected street hours and make appropriate adjustments. Management stated they are conducting trend analysis, weekly teleconferences, and route inspections to close the gap on route variances. They plan to complete these actions by May 31, 2013.

In response to recommendation 3, management in the 10 districts stated by eliminating city delivery routes, delivery vehicles would be relocated within their districts for rural use or transferred to another district within their area for rural use by June 30, 2013. See [Appendix D](#) for management's comments, in their entirety.

Evaluation of Management's Comments

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

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

Appendix A: Additional Information

Background

The Postal Service faces the most difficult operating period in its 235-year history. Mail volume in FY 2011 declined by 3 billion pieces to 168 billion, dropping total mail volume to levels not seen since 1992. Since 2007, mail volume has dropped by about 44 billion pieces. The Postal Service must improve operational efficiency to reduce costs while facing financial losses from declining mail volumes.

Delivery operations are the highest fixed cost in the system, making up more than 30 percent of the Postal Service's operating expenses. Within the delivery carrier's function, street operations make up 264,989,254 workhours, which is more than 76 percent of the overall 349,564,154 total office and street workhours¹⁶ city carriers used in FY 2011.

The Postal Service has 204,560¹⁷ full-time carriers who are guaranteed 8 hours a day — about 2 hours in the office and 6 hours on the street. Because of the significant decline in mail volume over the last 4 years, many carriers do not have a full 8-hour work day. A carrier's base street time is determined by street observation or by the average street time a carrier puts in over 7 weeks.¹⁸ This information is put into the DOIS as the projected¹⁹ street time for the route. When a carrier performs better or worse than the established street time, a variance occurs. If a carrier finishes a route earlier than expected, a negative variance occurs. Managers can manage the variances by adjusting the routes.

Management adjusts routes using the JARAP and, as part of this process, use the Carrier Optimal Routing (COR) System. The JARAP is based on an agreement between the Postal Service and the National Association of Letter Carriers to evaluate and adjust city delivery routes through a joint expedited evaluation and adjustment process. The agreement intends that both parties evaluate routes and agree on how and where routes will be adjusted. COR is a computer modeling program that uses data to objectively configure compact, contiguous routes and determine safe, efficient travel patterns while reducing workhours.

¹⁶ Delivery Operations Information System (DOIS) workhours queried from the EDW.

¹⁷ This number was obtained from the EDW.

¹⁸ Postal Service Handbook M-39, *Management of Delivery Services*.

¹⁹ Projected street hours are hours the put in DOIS based on street reviews.

Objective, Scope, and Methodology

Our objective was to assess districts²⁰ using fewer street hours than projected. To accomplish our objective, we:

- Reviewed documentation and applicable policies and procedures guiding city delivery, Handbook M-39, and Handbook M-41.²¹ We also reviewed the labor agreements, the MOU between the Postal Service and the National Association of Letter Carriers, JARAP 2011, and MOU between the U.S. Postal Service and the National Rural Letter Carriers' Association: *Right-Hand Drive Vehicles*.
- Obtained and reviewed data from EDW and DOIS to analyze 10 districts to determine the negative variance and develop trends. We documented planned and actual street hours. We also judgmentally selected two of the 10 districts with negative street variances in excess of 30,000 hours and judgmentally selected units within these two districts to observe operations and analyze route management.
- Reviewed procedures for route and street operations, discussed operations with management, and reviewed documentation related to identifying potential opportunities for eliminating or consolidating routes.
- Identified the number of postal-owned vehicles that might be transferred to rural routes, if excess city routes are eliminated.
- Calculated projected cost savings for postal-owned vehicles that could be transferred to rural routes based on EMA paid to rural carriers for the use of privately owned vehicles. We computed overall savings based on FY 2011 data (see [Appendix B](#) for Monetary Impact).

We conducted this performance audit from November 2011 through June 2012 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit 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 March 19, 2012, and 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 a limited data integrity review to support our data reliance. We determined that the data were sufficiently reliable for the purposes of this report.

²⁰ We reviewed all districts with a cumulative negative street variance. We removed those being reviewed in other OIG audits to prevent duplication or if they had less than 30,000 hours of total negative variance.

²¹ Handbook M-41, *City Letter Carrier Duties and Responsibilities*.

Prior Audit Coverage

We did not identify any prior audits related to our objective.

Appendix B: Monetary Impact

We estimated the monetary impact of \$500,220 in funds put to better use by eliminating 33 routes and transferring the associated vehicles to rural routes.

Finding	Impact Category	Amount
Operating Efficiency	Funds Put to Better Use ²²	\$500,220

Source: OIG.

This amount is based on the reduction of vehicles for each of the associated 33 routes, at a cost of \$250,110 annual discounted savings over for 2 years using cash flow methodology (see Table 3). The transfer of vehicles from city delivery can reduce rural delivery costs of EMA paid to rural carriers that are currently using personal vehicles. In addition to the savings, this action will assist in meeting labor agreement obligations to provide vehicles to the National Rural Letter Carriers Association by 2013.

Table 3: Estimated Savings from Vehicles Transferred to Rural Routes

District	City Delivery Vehicles for Transfer to Rural Routes	Annual EMA Savings ²³
Alabama	1	\$8,484
Appalachian	1	8,484
Baltimore	6	50,904
Fort Worth	2	16,968
Greater Boston	5	42,420
Nevada-Sierra	4	33,936
Northern Ohio	1	8,484
Santa Ana	9	76,356
Tennessee	2	16,968
Triboro	2	16,968
Total	33	\$279,972²⁴

Source: EDW and OIG Analysis.

²² Funds that could be used more efficiently by implementing recommended actions.

²³ We calculated the cost savings for each route by multiplying \$28 for the EMA with 303 delivery days in a year.

²⁴ This number is reduced to \$250,110 annually, using the cash flow reduction methodology.

Appendix C: Excess Routes and Vehicles

District	Delivery Unit	Excess Routes and Vehicles
Alabama	Florence Main Post Office	1
Appalachian	Martinsville Main Post Office	1
Baltimore	Annapolis Destination Delivery Unit	2
Baltimore	Dundalk Sparrows Point	1
Baltimore	Frederick	1
Baltimore	Pasadena	1
Baltimore	Westminster	1
Fort Worth	Fort Worth North Carrier Annex	1
Fort Worth	Lubbock Downtown Station	1
Greater Boston	Framingham	1
Greater Boston	Marlborough	1
Greater Boston	Porter Square	1
Greater Boston	Woburn	2
Nevada-Sierra	Las Vegas Sunrise Station	1
Nevada-Sierra	North Las Vegas Main Post Office	1
Nevada-Sierra	North Las Vegas Meadow Mesa Station	1
Nevada-Sierra	Sparks, Main Post Office	1
Northern Ohio	Lyndhurst/Mayfield	1
Santa Ana	Chino Main Post Office	1
Santa Ana	Diamond Bar Station	1
Santa Ana	Irvine Main Post Office	1
Santa Ana	Long Beach Downtown Station	2
Santa Ana	Long Beach Loma Station	1
Santa Ana	Paramount Main Post Office	1
Santa Ana	Pomona Main Post Office	1
Santa Ana	Santa Ana Diamond Station	1
Tennessee	Memphis: Desoto/Front	2
Triboro	Jamaica Main Post Office	1
Triboro	Long Island City Main Post Office	1
Total		33

Source: OIG Analysis.

Appendix D: Management's Comments

OPERATIONS PROGRAMS SUPPORT



APRIL 18, 2012

MEMORANDUM FOR LUCINE M. WILLIS
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Project 11XG047DR000 Greater Boston Response

Please find below the Greater Boston District response to the City Delivery – Excess Routes OIG Audit dated April 17, 2012.

1. Eliminate 5 city delivery routes.

Management Response: We agree with the findings and recommendations and will continue our efforts to reduce routes.

This fiscal year 117 routes have been reduced. Please find attached a report from the Northeast Area that depicts route reduction achieved from October 1, 2011 – April 13, 2012. (Attachment A). Eighty-one percent of route reductions in the NEA are the results of Greater Boston efforts. Since April 13th we have reduced an additional 5 routes (Attachment B) and anticipate 10 more reductions by July of this year.

2. Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations and consolidations.

Management Response: We agree with the findings and recommendations. The Greater Boston District has special route inspections planned from the current date through May of 2012. (Attachment C). We anticipate the reduction of 10 routes through this initiative. Routes are identified for inspection through the use of management tools such as DOIS, MSP and GPS. Strong street management continues to control street hours and produce route reduction opportunities.


25 Dorchester Avenue Rm. 4026
Boston MA 02205-9331

3. Reallocate the 5 assigned Postal owned vehicles to rural routes to achieve an associated economic impact of \$42,420.00.

Management Response: We agree with the findings and recommendations. All qualifying rural routes in Greater Boston have Postal owned vehicles assigned. However, twenty-five vehicles were transported to the Northern New England District in April of 2012 for placement on rural routes. (Attachment D and E).

Freedom of Information Act (FOIA)

The district has reviewed the report and has not identified any portions that need to be exempt under FOIA.


Charles K. Lynch
District Manager
Greater Boston District

Attachment

Cc: Sally K. Haring,
Manager, Corporate Audit and Response Management

From: Branning, Bruce - Northeast Area, NY

Sent: Friday, April 13, 2012 3:43 PM

To: Amendola, Thomas F - Newark, NJ; Cantwell, John R - Manchester, NH; Crocilla, Kevin J - New York, NY; Ewen, David R - Brooklyn, NY; Jost, Paula F - Boston, MA; Loehner, Dennis J - Albany, NY; Mirro, Ronald J - Islandia, NY; Radakovits, Stephen M - White Plains, NY; Strait, Rob - Albany, NY; Sullivan, Thomas H - Hartford, CT; Zeisky, Andrew J - San Juan, PR

Cc: #DIST MGRS-NE; Doran, William - Windsor, CT

Subject: NATRAS Snapshot

Attachment A

Good afternoon,

Below is a snapshot from NATRAS for all City Route Adjustment activity for FY 12 YTD. The data below reflects JARAP review adjustments, FSS, FSS 60 day follow up reviews and Special Route Inspection from a period of October 1st, 2011 through April 13, 2012.

As per previous email messaging, NATRAS will be reset this afternoon. Please ensure no additional NATRAS entries are made today. Once HQ reset NATRAS, I'll send out messaging to let Districts know they can start entering their plan data for the remainder of FY 12.

ALL NE AREA CITY RT ADJUSTMENTS Oct 1st Though April 13th FY 12

PFC	Plan		COR (All)	Zones			All Adjustments Reductions				
	All Adjustments			Finalized			Rts Reduc	Base Hour Change	FTE Employ	Capture Rate	Veh Reduc
	Sites	Rts		Sites	Rts	% of Rts					
006	3	24	0	3	24	100.00%	0	-0.52	-0.07		0
020	84	1,409	65	84	1,317	93.47%	-117	-1,050.84	-131.36	-9.3%	-90
040	24	244	0	24	244	100.00%	2	40.84	5.11	2.1%	0
060	79	1,349	33	63	1,100	81.54%	-15	-134.31	-16.79	-1.2%	-18
070	68	1,298	7	38	704	54.24%	4	178.59	22.32	1.7%	8
100	13	481	0	13	482	100.21%	9	192.71	24.09	5.0%	0
105	18	332	13	11	198	59.64%	-13	-102.88	-12.86	-3.9%	-11
110	15	489	12	7	380	77.71%	-17	-82.86	-10.36	-2.1%	0
117	46	1,057	0	26	652	61.68%	2	60.28	7.54	0.7%	0
120	14	159	0	14	159	100.00%	2	33.67	4.21	2.6%	2
NEA	364	6,842	130	283	5,258	76.85%	-143	-865.32	-108.17	-1.6%	-109

Attached is the raw data from NATRAS to support this analysis.

Thank you for your continued effort to ensure NATRAS is accurate and up to date.

Bruce Branning

Bruce Branning
Deliverv. Programs Support

ROUTE INSPECTION SAVINGS - FY 12

Offices Inspected	# Rte City Reg	# Rte City Aux	Abolished	Reduced	Increased new full time route	Increased from aux to full	Increased new aux	AMS net +/-	FTE	Total DSSA Prior to Inspections	Total Time After Mapping	Actual Time Saved	Implementation Date	Total YTD FY 12 savings	Annualized Savings	Carry Over FY 13
Quarter 3																
Sharon 02067	14	1	1					-1	-2	119.48	107.53	-11.95	4/4/2012	-1804.46	-3020.85	-1816.40
Mansfield 02048	13		1	1				-1	-2	105.03	90.79	-14.33	4/4/2012	-2163.83	-4341.99	-2178.16
Foxboro 02035	15		2	1				-2	-3	119.67	100.95	-18.72	4/4/2012	-2826.72	-5072.16	-2845.44
Porter Square 02135/40	32	1	1	2				-1	-2	261.63	244.10	-17.53	4/24/2012	-2349.02	-5311.59	-2982.57
												6.00		0.00	0.00	0.00
Totals	74	2	5	4	0	0	0	-6	-9	606	543	-63		-9144	-18847	-8993

Attachment B

4/18/2012

C

OPERATIONS PROGRAMS SUPPORT



Spring (3/5 – 5/26) 2012 Inspection Schedule

3/5 -3/24	Waltham 02151,52,53	32 routes inspected
3/26 – 3/31	Quincy 02169	9 routes inspected
4/2 – 4/21	Malden/Melrose 02148, 02176	43 routes inspected
4/23 – 4/28	Haverhill 01830, 01832	10 routes inspected
4/30 – 5/5	South Boston 02127	5 routes inspected
5/7 – 5/12	North Weymouth	10 routes inspected
5/14 – 5/26	Marblehead 01945	28 routes inspected
Total		137 routes inspected

D

PJL AUTO TRANSPORTATION
2 SHAWMUT AVE.
MARLBOROUGH, MA 01752
PHONE: (774) 270-0580
FAX: (508) 485-4329
PJLAUTOTRANS@GMAIL.COM

INVOICE

BILLED TO:

DATE: MARCH 30, 2012

INVOICE NO. 2012330A

LOAD ID:

TRUCK

PICK-UP FROM:

UNITED STATES POST OFFICE
VMF 135 A STREET
BOSTON, MA

DELIVER TO:

UNITED STATES POST OFFICE
MANCHESTER, NH

VIN #	YEAR/MAKE	MODEL	UNIT PRICE	AMOUNT DUE
1260647	SMALL POSTAL VAN			75.00
1260649	SMALL POSTAL VAN			75.00
1260651	SMALL POSTAL VAN			75.00
8213908	SMALL POSTAL VAN			75.00
8213935	SMALL POSTAL VAN			75.00
9212112	SMALL POSTAL VAN			75.00
0202461	SMALL POSTAL VAN			75.00
0202511	SMALL POSTAL VAN			75.00
0213844	SMALL POSTAL VAN			75.00
8212609	SMALL POSTAL VAN			75.00
8213093	SMALL POSTAL VAN			75.00
8210793	SMALL POSTAL VAN			75.00
4307253	SMALL POSTAL VAN			75.00
SUBTOTAL				975.00
SALES TAX				0
TOTAL DUE				\$975.00

THANK YOU FOR YOUR BUSINESS

PJL AUTO TRANSPORTATION
 1 SHAWMUT AVE.
 MARLBOROUGH, MA 01752
 PHONE: (774) 270-0580
 FAX: (508) 485-4329
 PJLAUTOTRANS@GMAIL.COM

INVOICE

BILLED TO:

DATE: MARCH 30, 2012

INVOICE NO. 2012330B

LOAD ID:

TRUCK

PICK-UP FROM:

UNITED STATES POST OFFICE
 VMF 135 A STREET
 BOSTON, MA

DELIVER TO:

UNITED STATES POST OFFICE
 PORTLAND, ME

PER NEA +
 HQ

VIN #	YEAR/MAKE	MODEL	UNIT PRICE	AMOUNT DUE
4301350	SMALL POSTAL VAN			150.00
8203641	SMALL POSTAL VAN			150.00
9205422	SMALL POSTAL VAN		617 348-2118	150.00
0206801	SMALL POSTAL VAN	Joseph Carroll mvm		150.00
2200194	SMALL POSTAL VAN	Boston vmt		150.00
2200201	SMALL POSTAL VAN	60525		150.00
2203295	SMALL POSTAL VAN	54543		150.00
0217010	SMALL POSTAL VAN			150.00
0217014	SMALL POSTAL VAN			150.00
2210539	SMALL POSTAL VAN	3-30-2012		150.00
9209017	SMALL POSTAL VAN	4-2-2012		150.00
9201983	SMALL POSTAL VAN	4-2-2012		150.00
		273879008		
		\$1800.00		
		SUBTOTAL	1,800.00	
		SALES TAX	0	
		TOTAL DUE	\$1,800.00	

THANK YOU FOR YOUR BUSINESS



MEMORANDUM FOR: Lucine M. Willis
Director, Audit Operations
US Postal Service
Office of Inspector General

SUBJECT: City Delivery – Excess Routes
Draft Audit Report (April 17, 2012)
Report Number DR-AR-12-DRAFT
Project Number 11XG047DR000

Dear Ms. Willis,

This document is in response to the OIG observations and recommendations from the Street Variance, City Delivery Excess Routes audit conducted from November of 2011 through April of 2012. The findings identified a negative street variance of 54,659 total hours in FY 2011 within the Tennessee District. In addition, the OIG identified two excess routes at Memphis: Desoto/Front Street, which would allow for reallocation of two vehicles to rural routes. Reallocation of these vehicles to rural routes would result in an annual savings of \$16,968.

The Tennessee District agrees with the recommendations, findings & monetary impact identified by the audit. In addition, the Tennessee District agrees with the methodology used to determine the monetary impacts as outlined in the audit. This report and management's responses do not contain information that may be exempt from disclosure under the FOIA.

The OIG study resulted in three key recommendations which are to be addressed by each District. Recommendations 1 & 3 are considered significant & require OIG concurrence for closure.

Each of the recommendations is addressed by the Tennessee District on the following pages & supporting documentation provided.

- 2 -

Recommendation 1: Eliminate 2 excess city delivery routes in their respective district.

Management Response: We agree with the findings and recommendation. The Tennessee District has been proactive in our efforts to capture opportunity hours and eliminate routes while staying within the parameters of the JARAP agreement. The agreement has expired, which now allows us the ability to conduct formal route inspections at locations which display opportunity for route reduction. Below is the Tennessee District Route Reduction Trend since 2009 as a testament to those efforts.

Tennessee District Route Reduction Trend			
FY	Total City Routes Start of FY	Total City Routes End of FY	Total Route Reductions in FY
FY 2009 EOY	2076	1967	-109
FY 2010 EOY	1967	1954	-13
FY 2011 EOY	1954	1920	-34
FY 2012 YTD	1920	1919	-1
*Source eFlash			

The study identified Memphis: Desoto/Front Street with opportunity to eliminate 2 routes. Below is the Route Reduction Trend for this office from 2011 through Week 28 of FY2012. There were two JARAP adjustments conducted within this station. One in August of 2011 & the other in February of 2012. Both resulted in eliminating a route. In continuation of our efforts, the Tennessee District will be conducting a formal route inspection at Memphis: Desoto/Front Street Station in May of 2012.

Desoto/Front Route Reduction Trend			
Zones	Total Routes EOY FY2011	Total Routes YTD FY2012	Route Reduction
MEMPHIS: DESOTO/FRONT STR 38103	16	16	0
MEMPHIS: DESOTO/FRONT STR 38106	25	24	-1
MEMPHIS: DESOTO/FRONT STR 38126	6	5	-1
FACILITY TOTALS	47	45	-2
*Source EDW			

Target Implementation Date: July of 2012.

Responsible Official: Manager, Operations Programs Support
Operations Programs Support

- 3 -

Recommendation 2: Continue to review delivery unit's consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

Management Response: We agree with the finding and recommendation. Reviewing and monitoring actual street hours to projected street hours has always been at the forefront of the route adjustment decision making process for the Tennessee District. Below is the Tennessee District Street Variance Trend since 2009. Comparison of Average Street Hour Variance per day shows that in FY2012, the Tennessee District has reduced the Street Hour Variance to levels comparable to that of FY2009. We will continue our efforts to further reduce the Street Hour Variance in FY2012.

Tennessee District Street Variance Trend			
TENNESSEE PFC	Street Hr Variance	Total Delivery Days	Avg/Day Variance
FY 2009	-31684	303	-105
FY 2010	-58110	303	-192
FY 2011	-57668	303	-190
FY 2012	-18175	161	-113
*Source EDW			

Target Implementation Date: September 2012

Responsible Official: Manager, Operations Programs Support
Operations Programs Support

Recommendation 3: Reallocate the 2 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact.

Management Response: We agree with the finding and recommendation and economic impact. It has always been the policy of the Tennessee District to immediately notify the VMF to retrieve the vehicle when a route is eliminated due to route adjustments. These vehicles are then assigned based upon the Tennessee District Rural Route RHD Optimization List.

As a District, Tennessee has reallocated 22 LLV's to rural routes in FY2012. While we did eliminate 35 routes in FY2011/12, 12 of the eliminated routes had minivans, which were incompatible with rural delivery & 6 of the eliminated routes had no vehicle. The Tennessee District did reallocate the 17 LLV's due to the adjustment process. The remaining 5 LLV's which were deployed to Rural Routes were swapped from city routes identified as having a compatible mode of delivery for a minivan.

- 4 -

The total 22 deployed LLV's has eliminated the EMA on those rural routes with an estimated annual savings of \$186,648. Any additional abolished city routes with compatible vehicles will be reallocated to rural routes.

Tennessee District Vehicle Reallocation			
FY	City Routes Abolished	Total Abolished Routes w/LLV	Total LLV's Deployed to Rural Routes*
FY 2011 - 2012	-35	17	22

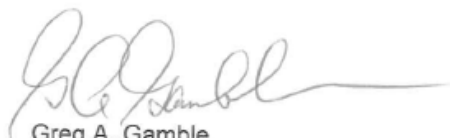
*Rural Master List

Target Implementation Date: September 2012

Responsible Official: Manager, Operations Programs Support
Operations Programs Support

Management Summary: The Tennessee District has identified and eliminated 35 routes in the district since the start of FY2011. This includes two at Memphis: Desoto/Front Street Station which was identified during the OIG audit. We have been able to accomplish this through monitoring negative street variance hours, which had enabled us to identify opportunity sites for route adjustments. As a result of the adjustments, the district was able to reallocate 17 RHD vehicles to rural routes, with a total of 22 FY2012 YTD. All of these efforts will continue to be a part of the daily management & strategies to improve our Function 2 operations within the Tennessee District.

If you require any further information regarding our response, please feel free to contact me.



Greg A. Gamble
District Manager, Tennessee District

cc: Sally K. Haring
Manager, Corporate Audit and Response Management

DISTRICT MANAGER
Fort Worth District



April 27, 2012

LUCINE M WILLIS
DIRECTOR AUDIT OPERATIONS

SUBJECT: Management Response to OIG Draft Report - City Delivery - Excess Routes
(DR-AR-12-DRAFT)

We agree with the findings and recommendations made by the Office of Inspector General.

Recommendation 1:

Eliminate 33 excess city delivery routes in their respective districts.

Management Response/Action Plan:

The 2 units for the Fort Worth District noted in the OIG report are on the Route Count and Inspection Schedule this spring. Upon further review and study, the Fort Worth District will take necessary steps to reduce routes accordingly.

Target Implementation Date:

The District plans to complete implementation actions on this issue for Lubbock Downtown by 5-19-2012 and Fort Worth North Carrier Annex by 7/07/2012. Note: As of 4/19/2012 Lubbock Downtown Route Inspections are complete and preliminary raw data indicates that the unit should be reduced by one route as noted in the report. Fort Worth North Carrier Annex is scheduled for Route Inspections in May.

Responsible Official:

Manager, Operations Program Support for the Fort Worth District.

We agree with the finding and recommendation to continue to review units using fewer than projected hours to make appropriate adjustments.

Recommendation 2:

Review Delivery Units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations and consolidations.

Management Response/Action Plan:

The Fort Worth District will continue to monitor units and use the indicated data as one of the factors that Route Adjustments may be necessary.

4600 MARK IV PKWY
FORT WORTH, TEXAS 76161
817-317-3301
FAX: 817-317-3320

DM Audit – (DR-AR-12-DRAFT)
April 27, 2012
Page 2

Target Implementation Date:

The district plans to implement actions on this issue by 7/07/2012.

Responsible Official:

Manager, Operations Program Support for the Fort Worth District.

We agree with the finding, the recommendation and economic impact.

Recommendation 3:

Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted saving's, or \$500,220 over two years.

Management Response/Action Plan:

The District will attempt to achieve assignment of excess qualified RHD vehicles to rural routes within the District; but will assign outside the District if necessary.

Target Implementation Date:

The district plans to complete implementation actions on this issue and reassign the vehicles by 7/28/2012 for both units.

Responsible Official:

Manager, Operations Program Support for the Fort Worth District.

Freedom of Information Act (FOIA):

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



Timothy J. Vierling
Fort Worth District Manager
Fort Worth TX 76161-9100



Fawn Walker
(A) Manager Operations Program Support
Fort Worth TX 76161- 9300

ALABAMA DISTRICT



April 27, 2012

MEMORANDUM FOR: Lucine M. Willis
Director, Audit Operations
Office of Inspector General
1735 N Lynn Street
Arlington, VA 22209-2020

SUBJECT: Draft Audit Report - City Delivery – Excess Routes
Report Number DR-AR-12-DRAFT
Project Number 11XG047DR000

This document is in response to the OIG observations and recommendations from the Street Variance, City Delivery Excess Routes audit conducted from November of 2011 through April of 2012. The findings identified a negative 39,668 street variance in fiscal year 2011 within the Alabama District. Additionally, the OIG identified the excess capacity for Alabama District as one route, specifically at Florence Post Office. In turn, this would allow a reallocation of this vehicle to a rural route. Reallocation of this vehicle to a rural route would result in an annual EMA savings of \$8,484.

The Alabama District agrees with all the recommendations, findings, and monetary impact identified by the audit. Also, the Alabama District agrees with the methodology used to determine the monetary impacts as outlined in the audit. No portions of this report and management's responses contain information that may be exempt from disclosure under the FOIA.

Each recommendation is addressed by the Alabama District on the following pages and supporting documentation provided.

P O Box 1026
Birmingham, AL 35201-1026
205-521-0201
eFAX: 651-306-0488

- 2 -

Recommendation 1: Eliminate 1 excess city delivery route.

Management Response: The Alabama District historically has been very active in efforts through the JARAP agreement to reduce hours and eliminate routes. Now that we have the ability to conduct full route counts and inspections, we are focusing in on those offices that offer us the most opportunity to capture savings. From FY 2009 to present, the Alabama District has reduced the amount of city routes from 1,602 to 1,539 for a reduction of 63 routes. This study identified Florence Post Office with an opportunity to eliminate one route. Since this study was conducted, we have performed a full count and inspection in March of 2012. The route count and inspection has not been finalized at the time of this response, but the projected savings are 25 hours or 3 routes. The implementation date is May 2012.

Target Implementation Date: July 2012.

Responsible Official: Manager, Delivery and Customer Service Programs, OPS

Recommendation 2: Continue to review delivery unit's consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

Management Response: The Alabama District certainly agrees with this finding and recommendation. Reviewing, monitoring, and discussing weekly in a telecom format has been the standard in Alabama. Our trends in closing the gap on street variance have improved each year and we currently are a leader to street performance to base in the Southwest Area. We will continue our efforts to further reduce the Street Hour Variance in FY 2012 and capture routes through this process.

Target Implementation Date: September 2012

Responsible Official: Manager, Delivery and Customer Service Programs, OPS

Recommendation 3: Reallocate the assigned Postal Service-owned delivery vehicle from the eliminated city route to a rural route to achieve an associated economic impact.

Management Response: The Alabama District agrees.

As a District, Alabama has reallocated 24 LLVs to rural routes from the start of FY 2011 to present. This reallocation of vehicles resulted in a significant savings of EMA over this time period. For the remainder of FY 2012, we have many full route count and inspections planned for the District. In those city delivery offices, any route eliminated will result in the vehicle being reallocated to a rural route within the District.

Target Implementation Date: September 2012

Responsible Official: Operations Programs Specialist, VMF Manager, OPS

- 3 -

Summary

The Alabama District has identified and eliminated 63 routes in the district since the start of FY 2009. We consistently monitor performance of offices on a daily basis and take action on negative street variances. In addition, through this city route reduction, we have been able to reallocate numerous vehicles to rural routes throughout the District. All of these efforts will continue to be a part of the daily management and strategies to improve our Function 2 operations within the Alabama District for the remainder of FY 2012 and beyond.

If you require any further information regarding our response, please feel free to contact me.



Timothy R. Costello
District Manager

cc: Sally K. Haring, Manager, Corporate Audit and Response Management



May 4, 2012

Shirian B. Holland
Director, Audit Operations (A)

SUBJECT: City Delivery – Excess Routes
Project Number 11XG047DR000

Northern Ohio District management agrees with the findings and observations and has thoroughly reviewed the Office of Inspector General's audit of street efficiency and agrees with the findings and realizes the opportunity for improvement on city routes exist.

Recommendation:

We recommend the district managers:

1. Eliminate 33 excess city delivery routes in their respective districts.
(Northern Ohio 1 excess route / vehicle from Lyndhurst/Mayfield)
2. Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations

Management Response / Action Plan:

Northern Ohio agrees with the reduction of 1 excess route / vehicle in Lyndhurst/Mayfield. Northern Ohio has eliminated 422 city routes since the 2009 IRAP. The Lyndhurst/Mayfield office is a branch of the Cleveland Post Office and since 2009 have reduced city routes by 11. The events are as follows:

IRAP	- 3/19/2009	-22.73 hours	-3 city routes
MYRAP	- 9/10/2009	-19.38 hours	-2 city routes
MYRAP Review	- 2/12/2010	+4.53 hours	
FSS Adjustment	- 09/16/2011	-46.40 hours	-6 city routes

Target Implementation Date:

March 30, 2012. Since the review period of the audit occurred in 2011, DOIS performance reports for the Lyndhurst/Mayfield Station are skewed. This occurs when a route adjustment has been implemented. Review of DOIS from October 1, 2011 through March 20, 2012; indicate street variance has improved to an average of: 08 minutes over base for the unit since the implementation of the current route adjustment. This improvement further supports the findings of the review.

Recommendation:

3. Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted savings or 500,220 over two years.

The excess vehicles in the unit have been identified and the Rural Carriers receiving the vehicles have been trained. Vehicle 3315850 was transferred from Lyndhurst/Mayfield within the Northern Ohio District to Smithville RR2.

Monetary Impact:

Workhour savings of 2416 hours @ \$25.50 per hour = \$61,608
Vehicle savings of \$40.85 per day x 302 work days = \$12,336 + \$700 for yearly maintenance = total vehicle savings of \$13,036.
Total savings is \$61,608 + 13,036 = \$74,644

Responsible Official:

Manager Operations Programs Support, Northern Ohio District.

The Northern Ohio District will continue to review delivery units consistently using fewer than projected street hours and will make appropriate route adjustments utilizing current manuals, handbooks and/or Memorandums of Understandings.

The district has reviewed the report and has not identified any portions that need to be exempt under FOIA.

A handwritten signature in black ink, appearing to read "Todd Hawkins", with a small "Sen" written above it.

Todd Hawkins
District Manager

cc: Manager, Corporate Audit Response Management

MANAGER, OPERATIONS PROGRAMS SUPPORT
NEVADA-SIERRA DISTRICT



March 28, 2012

Michael McElroy
Office of the Inspector General
P.O. Box 741268
Dallas, TX 75374-1268

Mr. McElroy,

Please see below, in response to your recommendations.

1. Reduce 4 excess city delivery routes in their respective district.

MANAGEMENT RESPONSE:

We agree that there is opportunity to reduce routes and improve efficiencies in the Nevada-Sierra District. We are continually working to improve efficiencies and have current plans to improve our delivery units.

2. Reallocate the 4 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact.

MANAGEMENT RESPONSE: We agree that there has been opportunity to reallocate postal owned vehicles and we are continually working toward reducing routes and improving efficiencies in the Nevada-Sierra District. As we reduce routes we have assigned these vehicles to rural routes within our District or shipped them to other Districts within the Western Area.

3. Continue to review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

MANAGEMENT RESPONSE: As the report shows in the last 3 years the Nevada-Sierra District has reduced actual hours as compared to projected hours. We agree that there is opportunity to reduce street hours. We will continue to work with our street delivery units. We currently have strategies underway to reduce all hours including street hours.

Freedom of Information Act (FOIA)

The district has reviewed the report and has not identified any portions that need to be exempt under FOIA

Sincerely,

A handwritten signature in black ink, appearing to read "D. E. Watson".

Douglas E. Watson
Manager, Operations Programs Support (A)

1001 E SUNSET RD
LAS VEGAS NV 89199-9993
702 361-9506
FAX: 702 361-9519

APPALACHIAN DISTRICT



April 27, 2012

MEMORANDUM FOR: Lucine M. Willis
Director, Audit Operations
Office of Inspector General
1735 N Lynn Street
Arlington, VA 22209-2020

SUBJECT: Draft Audit Report - City Delivery – Excess Routes
Report Number DR-AR-12-DRAFT
Project Number 11XG047DR000

This document is in response to the OIG observations and recommendations from the Street Variance, City Delivery Excess Routes audit conducted from November of 2011 through April of 2012. The findings identified a negative 22,029 street variance in fiscal year 2011 within the Appalachian District. Additionally, the OIG identified the excess capacity for Appalachian District as one route, specifically at Martinsville, VA Post Office. In turn, this would allow a reallocation of this vehicle to a rural route. Reallocation of this vehicle to a rural route would result in an annual EMA savings of \$8,484.

The Appalachian District is in agreement with all the recommendations, findings, and monetary impact identified by the audit. Also, the Appalachian District agrees with the methodology used to determine the monetary impacts as outlined in the audit.

Each recommendation is addressed on the following pages.

P.O. Box 59531
Charleston, WV 25350-9531
304-561-1200

- 2 -

Recommendation: Eliminate excess city delivery route in Martinsville, VA.

Management Response: The Appalachian agrees that there is an excess route in Martinsville, VA. During the spring of 2012, we evaluated the unit and determined the unit has excessive route structure. As a result, there will be route adjustments implementing on May 19, 2011. Martinsville, VA currently has 12 City Delivery routes. After the implementation, it will have 11.

Target Implementation Date: July of 2012.

Responsible Official: Manager, Operations Programs Support – Appalachian District

Recommendation 2: Continue to review delivery unit's consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

Management Response: The Appalachian District certainly agrees with this finding and recommendation. Daily review of City Delivery work hour usage takes precedence in the Appalachian District. We have a daily heat-map use to evaluate each route in the District. Our FY 2012 trend is closing the gap on street variance. We are continuing to improve each week. We will continue our efforts to further reduce the Street Hour Variance in FY2012 and capture routes through this process.

Target Implementation Date: September 2012

Responsible Official: Manager, Operations Programs Support – Appalachian District

- 3 -

Recommendation 3: Reallocate the assigned Postal Service-owned delivery vehicle from the eliminated city route to a rural route to achieve an associated economic impact.

Management Response: The District is in total agreement with this finding. The Appalachian District has reallocated 54 LLVs to rural routes from the start of fiscal year 2011 to present. This reallocation of vehicles resulted in a significant savings of EMA over this time period. For the remainder of fiscal year 2012, we have route count and inspections planned for the District. In those city delivery offices any route eliminated was result in the vehicle being reallocated to a rural route.

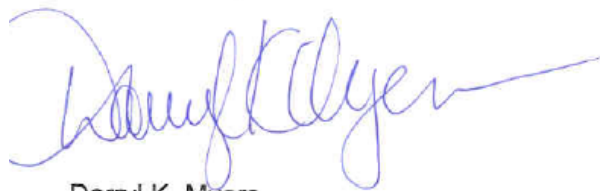
Target Implementation Date: September 2012

Responsible Official: Operations Programs Specialist, VMF Manager, OPS

Summary

The Appalachian District has identified and eliminated 26 routes in the district since the start of FY2011. We consistently monitor performance of offices on a daily basis and take action on negative street variances. All of these efforts will continue to be a part of the daily management and strategies to improve our Function 2 operations within the Appalachian District.

If you require any further information regarding our response, please feel free to contact me.



Darryl K. Myers
District Manager, Appalachian District

cc: Sally K. Haring, Manager, Corporate Audit and Response Management

DISTRICT MANAGER
BALTIMORE DISTRICT



May 1, 2012

Lucine M. Willis, Director, Audit Operations

SUBJECT: City Delivery – Excess Routes (Project Number 11XG047DR000.dated, April 17, 2012)

Thank you for the opportunity to respond to the April 2012 review of City Delivery Excess Routes. The Baltimore District provides the following responses to the recommendations in the review.

Recommendation 1- Eliminate 33 excess city delivery routes in their respective districts.

The review used FY 2011 operating data to identify route reduction opportunities in five delivery units in the Baltimore District. The Baltimore District agrees with this recommendation and has already taken steps to reduce routes in four of the five units. During the Fall of 2011, route inspections were conducted at the Annapolis carrier annex. This Spring we are conducting route inspections in Frederick, Westminster, and Pasadena. The Spring inspections will be completed by May 31. The last unit, Dundalk – Sparrows Point, will be included in the Fall route inspection period, which will be completed by Nov 15. Dennis Elliott, Manager of Operations Programs Support, has oversight responsibility for the District's route inspections.

Recommendation 2 - Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

The Baltimore District agrees with this recommendation. In the last year, we evaluated more than 1200 routes in 35 units and eliminated 26 routes. We will inspect more than 250 routes in thirteen units during the Spring inspection schedule and will conduct additional inspections in the Fall. Dennis Elliott, Manager of Operations Programs Support, is responsible for the District's oversight of delivery operations and for planning route inspections.

Recommendation 3 - Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted savings or 500,220 over two years.

The Baltimore District agrees with the recommendation to place postal-owned vehicles on Rural routes where it will reduce operating costs. The Baltimore District has assigned postal vehicles to more than 91 percent of our Rural routes. Most of the remaining EMA routes are not suitable candidates for postal-owned vehicles for either economic or operational reasons. Baltimore is coordinating with the Capital Metro Area to make Baltimore's excess delivery vehicles available to other districts. We expect to redeploy our excess vehicles over the summer. Dennis Elliott, Manager of Operations Programs Support, is responsible for the effective management of the light delivery vehicle fleet.

- 2 -

The Baltimore District agrees that there are significant savings from eliminating routes and deploying postal-owned vehicles on rural routes. However, we are unable to verify the specific savings totals cited in the review. The Baltimore District does not feel it is necessary to exempt this review from FOIA requirements



Kevin McAdams

DISTRICT MANAGER
TRIBORO DISTRICT



March 29, 2012

TO: Michael McElroy, OIG

SUBJECT: OIG Audit Report: Triboro Districts Response to Route Reduction Opportunities
Report Number DR-AR-12-DRAFT
Project Number 11XG047DR000

1. Eliminate 2 excess City Delivery routes in Triboro District

Management's response:

We agree that there is opportunity for route reductions in the sites listed, but further review will be required by District Operations Support staff to take into consideration the following:

New growth:

Increase of 3200 possible deliveries in Long Island City
Over 700 in Jamaica MPO

Multi-zones stations:

Jamaica MPO 3 zips 11431, 11432 and 11433
LIC MPO 3 zips 11101, 11109 and 11120 unique 5 digit.

Motorized vs. Foot routes:

Jamaica MPO 42 routes 10 motorized and 32 foot
LIC MPO 27 routes 12 motorized and 15 foot

Note: LIC is conveniently located with a short traveling distance to NYC which makes it a prime candidate for residential construction – see attached.

Previous Route Adjustments

During the JARAP process for FY11 LIC MPO delivery unit was not selected by either the NALC or Management for route adjustment due to anticipated new growth. LIC MPO is a multiple zone area which are 11101, 11109 and 11120 unique zip code for Citi Corp.

Jamaica MPO was selected by NALC and Management for route adjustment during FY11 JARAP process and 1 route was eliminated in zone 11432. Jamaica MPO consists of multiple zones; 11431, 11432, and 11433. Zone 11431 is the box section and 32/33 are city delivery routes. Your analysis in a subsequent e-mail identified a route could be eliminated in zone 11432 with 1 vehicle reduction as well.

2. Review delivery units consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations

Management's response:

We agree with the findings and recommendation and upon further review and study will take the necessary steps to attempt to reduce routes. The Triboro District is currently utilizing a multi phased process. The formal Route Inspection process is being utilized in an attempt to achieve the route reduction. This process utilizes (but is not limited to) the following analysis to identify potential savings:

- Scheduled reporting and leaving times in relation to arrival time of mail at the unit and public transportation schedules.
- Adequacy of carrier case equipment and condition of carrier case labels
- Volume of preferential mail received on each dispatch prior to the carrier's leaving time.
- Amount of missent/misthrown mail distributed to carriers.

1050 FORBELL STREET
BROOKLYN NY 11256-9998
718 348-3990
FAX: 718 348-3982

- Whether all approved segmentations of mail are being made up in the most efficient manner practicable.
- Handling of accountable and signature mail by carriers at central markup offices. At the largest installations receiving a large volume of accountable and signature mail for delivery, local managers may make an exception allowing carriers to mark up this mail if accountable clerks are unable to expedite rehandling of the pieces in clearing carriers of proper responsibility.
- Review of Carrier Route Book to determine if:
 - (a) Form 1564A - all items completed.
 - (b) Forms 1564-B and 3982 - posted on a current basis (see exhibit 126.5).
 - (c) Edit Book and/or Form 1621 - completed to show current number of deliveries (see exhibit 128.21, *Delivery Management Report*).
- Review DPS Handling Procedures.
- Form 1571, *Undelivered Mail Report*
- Form 1813, *Late Leaving and Returning Report – DOIS Reports*
- Form 3996, *Carrier - Auxiliary Control*
- DOIS Workhour/Workload Reports

Currently, this process has identified the potential reduction of 5 routes in the Canarsie Station (11236). A Formal Route Count and Inspection is scheduled to begin on Saturday, May 12, 2012.

In addition, Management is utilizing Special inspection process as identified in chapter 27 of the Handbook M-39 Management of Delivery Services. The process uses DOIS and TACS records to identify a route that if over any 6 consecutive week period (where work performance is otherwise satisfactory) a assignment shows over 30 minutes undertime on each of 3 days or more in each week during this period, management will generate a special mail count and inspection

3. Reallocate the 33 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact of \$250,110 annual discounted savings or 500,220 over two years

Management's response:

LIC MPO has 27 city delivery routes of which 15 are foot and 12 motorized. Jamaica MPO consists of 42 routes, 10 motorized and 32 foot routes.

Your analysis indicates a vehicle reduction of 1 in both LIC MPO and Jamaica MPO, but does not indicate if the route to be eliminated is motorized.

Once the analysis is complete and it is determined that a motorized route can be eliminated, the vehicle will remain in the District to reduce drive out agreements or assigned to an existing route that needs to be motorized.



Frank Calabrese

cc: Dave Ewen
Fred DeMaso

DISTRICT MANAGER
SANTA ANA DISTRICT



Date: June 5, 2012

Memorandum for: Shirian B. Holland
(A) Director, Audit Operations
Officer of Inspector General

Subject: OIG Report - City Delivery – Excess Routes
DR-AR-12-DRAFT

In response to the City Delivery – Excess Routes report, our responses are below:

1. Recommendation #1 - Reduce 9 excess city delivery routes in the Santa Ana District.

MANAGEMENT RESPONSE: *We agree with the recommendation. The Santa Ana District has reduced the city route structure by over 600 routes in the last 3.5 years. Though we have reduced the route structure considerably, we acknowledge that there is always opportunity to reduce more hours and routes. We plan to continue reviewing routes and make applicable changes by May 31, 2013.*

2. Recommendation #2 - Reallocate the 9 assigned Postal Service-owned delivery vehicles from the eliminated city routes to rural routes to achieve an associated economic impact.

MANAGEMENT RESPONSE: *We agree that as we continue to reduce routes, the excess vehicles will be moved to rural routes to reduce Rural Route EMA costs or other older vehicles will be purged from the fleet. We have reduced over 600 routes since 2009 and have reduced our fleet of vehicles as well. We will reduce vehicles associated with the May 31st reduction by June 30, 2013.*

3101 WEST SUNFLOWER AVENUE
SANTA ANA, CA 92799-9993

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3. Recommendation #3 - Continue to review delivery unit's consistently using fewer than projected street hours to make appropriate route adjustments, eliminations, and consolidations.

MANAGEMENT RESPONSE: *We agree with the finding of reviewing delivery unit's performance on a regular basis. This includes those offices that are over their projected hours as well as those that are under their projected hours on a consistence basis. Those using less than projected will be adjusted using the minor route adjustment process or other negotiated means. Those that are over base will be addressed through the performance management process. We plan to continue reviewing routes and restructuring them on a daily basis (pivoting), and to make applicable changes to route structure by May 31, 2013.*

Freedom of Information Act (FOIA)

The district has reviewed the report and has not identified any portions that need to be exempt under FOIA.


Gerard K. Ahern
District Manager

Cc; Drew Aliperto
Pacific Area Vice President