



OFFICE OF INSPECTOR GENERAL

UNITED STATES POSTAL SERVICE

City Carriers Returning After 6 P.M. – Bay Valley District

Audit Report

Report Number
DR-AR-17-007

August 30, 2017





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UNITED STATES POSTAL SERVICE

Highlights

The Bay Valley District's use of additional workhours after 6:00 p.m. resulted in about \$15.2 million in questioned costs annually.

Background

Strong consumer demand for goods purchased over the Internet has driven growth in the package market despite otherwise declining mail volume. This growing package segment provides the U.S. Postal Service an opportunity to expand services and increase revenue.

With this growth, city carriers and non-career city carrier assistants (CCA) are now delivering more packages and fewer letters to more addresses each year. To accommodate these changes, the Postal Service must adapt to this changing mail mix while maintaining service and efficiency.

The Bay Valley District's package volume increased from 86.8 million in calendar year (CY) 2015 to 101 million in CY 2016, an increase of 16.3 percent. This growth is a direct result of eCommerce, Sunday package delivery and grocery delivery services. In some areas, package deliveries now regularly occur early in the morning and sometimes as late as 10 p.m.

The Postal Service's goal is for 95 percent of city letter carriers to return from street operations before 5 p.m. and 100 percent by 6 p.m. Carriers returning to their units on time helps the Postal Service meet its operational goals. In CY 2016, Bay Valley District city carriers and CCAs delivered about 2.2 billion mail pieces and 40 million packages to nearly 2 million delivery points on 3,288 routes. City carriers and CCAs returning after 6 p.m. in the Bay Valley District increased by 81 percent in CY

2016. We selected the Bay Valley District for review because it has the fourth highest percentage of instances of carriers returning after 6 p.m. in the nation.

Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Bay Valley District.

What the OIG Found

City carriers and CCAs in the Bay Valley District did not meet the goal of 100 percent returning to the office by 6 p.m. Our analysis found that in CY 2016, only 75 percent of the Bay Valley District's city carriers and CCAs returned to the office by 6 p.m.

Our visits to 15 randomly selected delivery units disclosed that only 72 percent of city carriers and CCAs in these units returned by 6 p.m. with some on the street as late as 10 p.m.

These conditions occurred due to insufficient staffing, late or improper mail arrival, inaccurate route adjustments and insufficient supervision.

City carriers and CCAs returning to delivery units after 6 p.m. increased the district's overtime and penalty overtime workhour costs. The Bay Valley District's use of additional workhours after 6:00 p.m. resulted in about \$15.2 million in questioned costs annually. Improving staffing and adjusting routes and mail flow could eliminate excess workhours after 6:00 p.m., and help



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the district realize a cost avoidance averaging \$30.9 million annually.

What the OIG Recommended

We recommended management:

- Evaluate distribution clerk and city carrier assistant staffing levels;
- Instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix;
- Direct the Mail Arrival Quality – Plant Arrival Quality committee to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units; and
- Develop and execute a plan to review current package volume data for city delivery units.

Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

August 30, 2017

MEMORANDUM FOR: JAGDEEP K. GREWAL
DISTRICT MANAGER (A), BAY VALLEY DISTRICT

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop

A handwritten signature in cursive script, appearing to read "Janet M. Sorensen", written in black ink on a light gray background.

FROM: Janet M. Sorensen
Deputy Assistant Inspector General
for Retail, Delivery, & Marketing

SUBJECT: Audit Report – City Carriers Returning After 6 P.M. –
Bay Valley District (Report Number DR-AR-17-007)

This report presents the results of our audit of City Carriers Returning after 6 P.M. – Bay Valley District (Project Number 17RG012DR000).

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 Operations, or me at 703-248-2100.

Attachment

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

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Findings

In CY 2016, Bay Valley District CCAs delivered about 2.2 billion mail pieces and 40 million packages to nearly 2 million delivery points on 3,288 routes.

City carriers and CCAs in the Bay Valley District did not meet the goal of 100 percent returning to the office by 6 p.m.

In CY 2016, 75 percent of the Bay Valley District's city carriers and CCAs returned to the office by 6 p.m.

Introduction

This report presents the results of our audit of City Carriers Returning after 6 P.M. – Bay Valley District (Project Number 17RG012DR000). Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Bay Valley District. See [Appendix A](#) for additional information about this audit.

Strong consumer demand for goods purchased over the Internet has driven growth in the package market despite otherwise declining mail volume. In calendar year (CY) 2016, Bay Valley District city carriers and city carrier assistants (CCA)¹ delivered about 2.2 billion mailpieces and 40 million packages to nearly 2 million delivery points on 3,288 routes.

The U.S. Postal Service's goal is to have 95 percent of city carriers return from street operations before 5 p.m. and 100 percent return by 6 p.m. Carriers returning to their units on time helps the Postal Service meet its operational goals. The U.S. Postal Service Office of Inspector General (OIG) selected the Bay Valley District for review because it has the fourth highest percentage of instances of carriers returning after 6 p.m. in the nation.

Summary

City carriers and CCAs in the Bay Valley District did not meet the goal of 100 percent returning to the office by 6 p.m. In CY 2016, 75 percent of the Bay Valley District's city carriers and CCAs returned to the office by 6 p.m.

These conditions occurred due to insufficient staffing, late or improper mail arrival, inaccurate route adjustments and insufficient supervision.

City carriers and CCAs returning to delivery units after 6 p.m. increased the district's overtime (OT) and penalty overtime (POT) workhour costs. The Bay Valley District's use of additional workhours after 6:00 p.m. resulted in about \$15.2 million in questioned costs² annually for a total of \$30.3 million over 2 years. Improving staffing levels and adjusting routes and mail flow could eliminate excess workhours after 6:00 p.m. and help the district realize an annual cost avoidance of \$30.9 million for a total of \$61.8 million over 2 years.

In other matters, we identified inadequate safeguards over money orders and stamp stock at two delivery units. Management immediately initiated corrective action; therefore, we are not making a recommendation on this issue.

Carriers Returning After 6 P.M.

City carriers and CCAs in the Bay Valley District did not meet the goal of 100 percent returning to the office by 6 p.m. Our analysis found that in CY 2016, 75 percent of the Bay Valley District's city carriers and CCAs returned to the office by 6 p.m.

Our visits to 15 randomly selected delivery units found similar results. Our review showed 72 percent of city carriers and CCAs in these units returned by 6 p.m. and almost 100 percent returned by 10 p.m. (see [Table 1](#)). Specifically, at one location we identified 1,881 instances (44 percent) of carriers returning to the office by 6 p.m. and 4,131 instances (97 percent) of carriers returning by 10 p.m. (see [Appendix B](#)).

¹ A non-career, bargaining unit employee who performs the full range of city carrier duties. The Postal Service hires non-career employees to supplement its regular workforce and reduce staffing costs. Non-career employees are temporary workers who do not receive full employee benefits and privileges.

² Questioned costs for eight quarters (Q): fiscal year (FY) 2015 Q3 through FY 2017, Q2.







Table 1. City Carriers and CCAs Returning Between 6 p.m. and 10 p.m. at 15 Units Visited by the OIG

CY 2016	Carriers Returning by 6 p.m.	Carriers Returning by 7 p.m.	Carriers Returning by 8 p.m.	Carriers Returning by 9 p.m.	Carriers Returning by 10 p.m.
Percent	72.05%	89.05%	96.55%	99.04%	99.71%

Source: OIG analysis of Enterprise Data Warehouse (EDW)³ – Delivery Data Mart (DDM) data.

Bay Valley City carrier and CCA OT and POT workhour costs increased by 26 percent and 128 percent, respectively, from CY 2015 to CY 2016 (see Table 2). At one location, OT increased by 67 percent and POT by 300 percent (see [Appendix C](#)). Overall, the Bay Valley District’s use of workhours after 6:00 p.m. resulted in \$15.2 million in questioned costs annually for a total of \$30.3 million over 2 years. Improving staffing levels and adjusting routes and mail flow could eliminate excess workhours after 6:00 p.m. and help the district realize an annual cost avoidance of \$30.9 million for a total of \$61.8 million over 2 years.

Table 2. OT and POT Workhours

 HOURS TYPE	 2015 ACTUAL	 2016 ACTUAL	 PERCENT CHANGE
 OVERTIME	1,537,994	1,930,498	26%
 PENALTY OVERTIME	146,039	332,972	128%

Source: eFlash⁴.

These conditions occurred due to insufficient distribution clerk staffing, inability to hire or retain CCAs, late mail arrival and improper mail mix, inaccurate route adjustments and base package volume, and insufficient supervision of city delivery operations.

³ The repository intended for all data and the central source for information on retail, financial, and operational performance.

⁴ An operating reporting management system that, on a weekly basis, reports data from delivery, mail processing, customer service, and other functions.

Insufficient Distribution Clerk Staffing

Ten of 15 selected city delivery units were understaffed in the number of customer service distribution clerks (Function 4⁵), mail distribution operations. Specifically, they did not have a sufficient number of distribution clerks to provide manual mail distribution to city carriers. Our analysis identified 14 vacancies at 10 of 15 selected delivery units as of May 10, 2017 (see Table 3).

Table 3. OIG Analysis of Clerk Vacancies

Delivery Unit	Clerk Vacancies
Berkeley Elmwood Station	2
Berkeley Station A	2
Morgan Hill Post Office	1
Newark Post Office	1
Salinas Steinbeck Station	2
San Jose Cambrian Park Station	1
San Leandro Main Post Office	1
San Leandro South Station	1
San Ramon Post Office	2
Santa Cruz Post Office	1
Total	14

Source: USPS Workforce Dashboard – Retail and Customer Service as of May 10, 2017.

Area officials stated they initiated a moratorium on hiring Postal Support Employees (PSE⁶) to staff Function 4 positions from February 16, 2017 through April 12, 2017. Also, the staffing models (Customer Service Variance, Customer Service Staffing Opportunity Model, Lean Matrix, etc.) showed the district was not earning the number of distribution clerk staff these units required based on the unit’s mail volume. Insufficient distribution clerk staffing delayed carriers from starting their street delivery and contributed to carriers returning after 6 p.m. because the mail was not distributed to carrier’s cases timely.

Inability to Hire or Retain City Carrier Assistants

District officials stated they were frequently unable to hire or retain CCAs. Specifically, district officials identified several challenges they faced in hiring and retaining CCAs, including long workhours, low pay and limited benefits. Also, other local employers in retail and food services can often offer more attractive pay and benefits. Postal Service pay for CCAs starts at \$16.06 per hour, but with no benefits, while retail and food service businesses in the area offer \$14.50 to \$17.50 per hour with benefits for entry-level positions.

The inability to hire or retain CCAs negatively impacted the number of carriers returning after 6 p.m. in the Bay Valley District. Workload that would have been delivered by the CCA complement was, out of necessity, distributed among the remaining carrier

⁵ Function 4 consists of policies, procedures and resources to help post offices manage manual mail distribution and post office box distribution within offices.

⁶ Non-career bargaining unit employees paid at a lower rate than career bargaining unit employees. PSEs may be hired for a term not to exceed 360 days, but may be rehired following a 5-day break in service.

staff, increasing workload and street time. Additionally, the lack of experienced staff and the hiring of newer, less experienced staff due to CCA turnover can impact street delivery. New CCAs typically take longer to deliver mail than more experienced CCAs or regular carriers, resulting in an increase in the instances of carriers returning after 6 p.m.

District officials are addressing retention challenges with CCAs by revamping the Carrier Academy and providing a more robust on board training to new CCA hires which includes on the job training and shadow days.⁷ Also, they encourage unit management to give CCAs flexibility in their work schedule and if possible keep them on the same route for the first 60 – 90 days. This allows them to develop familiarity with their assigned route, adapt to changing workload, improve their street efficiency and reinforces daily performance expectations. Even with the changes being made to the onboarding of CCA staff, the comparable pay rates and additional benefits provided by local employers are impacting the Postal Services ability to retain CCAs in the Bay Valley District.

We also noted that 82 of 805 (10 percent) of the city carriers were on limited duty at the 15 delivery units we visited. According to district officials, having a high number of carriers on limited duty shifts the workload to other carriers or to CCAs, which also contributed to the increase in carriers returning after 6 p.m.

Late Mail Arrival and Improper Mail Mix

At 14 of the 15 delivery units, mail did not always arrive on time or in the proper mail mix from the servicing Processing and Distribution Centers (P&DC).⁸ In addition to frequently arriving late, dispatches from the P&DCs often contained large quantities of working mail (mail requiring manual sortation by clerks and casing by carriers).

The selected delivery units were not properly reporting and recording instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System,⁹ Delivery Operations Information System (DOIS)¹⁰ or the Mail Arrival Quality/Plant Arrival Quality (MAQ/PAQ)¹¹ systems. Units did not use the district's MAQ-PAQ program to report problems, instead units were instructed by district management to email their Senior Managers in Delivery and Mail Processing. Unit management informed the OIG that they stopped reporting mail arrival and mix issues because they felt their reporting efforts did not result in corrected mail arrival quality. Instead they focused on operational recovery of the mail. This occurred because district management had not placed emphasis on proper reporting of, and response to, mail arrival problems at their delivery units.

We also found that Mail Arrival Profiles (MAP)¹² were either incomplete or outdated at all 15 units we visited. The Postal Service designed MAP to help stabilize mail flow by setting delivery unit' and processing facilities' expectations for the arrival and quality of mail. This information is critical to establishing appropriate staffing and reporting times to eliminate carrier delays. As a result, units frequently had to use city carriers and/or management staff to assist in distributing the mail in an effort to get carriers out for street delivery operations timely.

During our discussions, district management stated that they were currently updating MAPs for the northern portion of the district, primarily those units served by the Oakland P&DC, but still have 11 post offices that have not been completed. Once the northern

7 The newly hired CCA is scheduled to follow (shadow) a regular in the performance of their daily duties but do not actually perform work.

8 Bay Valley units are serviced by either the Oakland P&DC or the San Jose P&DC.

9 A formal delayed mail-reporting tool that provides timely information to management on mail and operational exception situations.

10 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.

11 An Area computer application for delivery units and P&DC to report mail quality.

12 The MAP documents the specific requirements of the Integrated Operating Plan between the plant and delivery units. The plan includes truck arrival times, as well as what mail, by type and quantity, will arrive on each trip in order for the unit to be successful.

portion of the district is completed and implemented, the district plans to shift focus to the southern portion of the district, those units primarily serviced by the San Jose P&DC (see [Table 4](#)). District Management could not provide an anticipated completion timeframe for these updates. Without accurate MAPs, management’s ability to establish proper carrier and clerk start times is hindered and contributes to carriers returning after 6 p.m.

Table 4. Units Visited and Their Servicing Processing and Distribution Center¹³

Oakland P&DC	San Jose P&DC
Antioch MPO	San Jose Cambrian Park Station
Benicia MPO	Morgan Hill MPO
Berkeley Station A	Santa Cruz MPO
*Danville MPO	Salinas Steinbeck Station
Berkeley Elmwood Station	
Richmond Hilltop Carrier Annex	
Martinez MPO	
*Newark MPO	
San Leandro MPO	
San Leandro South Station	
San Ramon MPO	

Source: Transportation Information Management Evaluation System .¹⁴

District management also informed us of actions being taken to improve mail processing operations at the San Jose P&DC. Specifically, they will be installing a new Small Package Sorting System machine at the Willow Glen Station to enhance the package capacity for the San Jose P&DC to process packages.

Inaccurate Route Adjustments and Base Package Volume

City delivery routes have not been adjusted to reflect updated mail volumes, especially packages. At all 15 of the delivery units we visited, route base data was not accurate. Particularly, for the period from November 2009 to November 2016, the district’s City Delivery Route Alternative Adjustment Process¹⁵ team had not completed route adjustments on 413 of 568 (73 percent) of the routes at these delivery units.

Our analysis showed package volumes increased an average of 36 percent since the most recent route adjustment. Carriers delivered more packages on their routes than the base volumes established during the last route inspection, which contributed to the increase of carriers returning after 6 p.m. and exceeding planned OT and POT (see [Table 5](#)).

¹³ Units with an asterisk * also receive a direct dispatch from the San Francisco NDC.

¹⁴ Allows dock clerks to collect data about the arrival and departure of mail truck transportation and to communicate that information to other USPS processing facilities.

¹⁵ Memorandum of Understanding (MOU) between the Postal Service and the National Association of Letter Carriers (NALC) to appoint district NALC/Postal Service teams to do the inspections for selected zones during the term of the MOU (2014 to 2015). Each district NALC/Postal Service team jointly determines which zones it will inspect. This memo is part of the labor agreement with NALC for the period 2011- 2015.

Table 5. Analysis of Route Adjustments and Package Volumes

Delivery Unit	City Routes	Route Adjustments		Package Volume Comparison		
		Oldest Date	Most Recent Date	Daily Packages (from last adjustment)	CY 2016 eFlash Average Daily Packages ¹⁶	Percent Difference
Antioch MPO	50	August 2015	May 2016	1,323	1,445	9%
Benicia MPO	24	August 2010	August 2010	403	838	108%
Berkeley Elmwood Station	15	February 2010	February 2010	493	650	32%
Berkeley Station A	17	November 2015	November 2015	254	589	132%
Danville MPO	46	February 2016	June 2016	1,709	2,042	19%
Martinez MPO	34	April 2015	October 2015	960	1,593	66%
Morgan Hill MPO	17	June 2014	June 2014	447	1,022	129%
Newark MPO	28	August 2011	November 2015	296	1,045	253%
Richmond Hilltop Carrier Annex	48	April 2015	April 2015	1,239	1,223	-1%
Salinas Steinbeck Station	20	March 2013	March 2013	421	658	56%
San Jose Cambrian Park Station	38	July 2016	July 2016	1,291	1,499	16%
San Leandro MPO	65	August 2010	August 2011	546	1,485	172%
San Leandro South Station	43	November 2009	April 2015	762	1,113	46%
San Ramon MPO	85	August 2015	November 2016	3,972	3,926	-1%
Santa Cruz MPO	35	April 2013	November 2015	1,840	2,538	38%
	565			15,956	21,666	36%

Source: OIG analysis of eFlash and EDW.

Regular route maintenance is critical to the financial and operational burden on the Postal Service. Inaccurate data results in additional work at the delivery unit, incorrect credit in variance programs, and impacts carrier street times – making it difficult to effectively control overtime and auxiliary assistance. Further, regular route adjustments have a direct impact on customer service by ensuring routes are optimized to provide efficient, timely mail delivery.

¹⁶ Total package volume divided by 304 delivery days.

Insufficient Supervision of City Delivery Operations

Delivery unit supervisors did not always supervise and provide oversight in delivery operations. Specifically, supervisors did not always review DOIS reports, the Delivery Management System (DMS)¹⁷, and the Regional Intelligent Mail Server (RIMS)¹⁸ to monitor city carrier performance during street delivery. This occurred due to inadequate supervisor availability during morning operations. During our observations, we noted supervisors at 6 of the 15 units we visited did not have adequate time to engage with carriers and set expectations for daily performance. Additionally, several units were left with a single supervisor to oversee all operations including distribution, retail and delivery of up to 50 routes. Inadequate supervision and failure to set daily expectations for carrier performance can lead to increased office and/or street time and contributes to carriers returning after 6 p.m.

On March 18, 2017, the National Association of Postal Supervisors in conjunction with the Postal Service initiated a Supervisor Workload Credit (SWC) work study at 34 pilot sites in six districts in the Northeast Area. The work study will include a review of supervisor's daily duties and responsibilities. Therefore, we will not make a recommendation on this issue.

Other Matters - Assets at Risk

Employees did not always properly secure and lock stamp stock inventory at two of the 15 locations we visited. This inventory included cash, money orders and stamp stock worth over \$31,000 (see Figures 1 and 2). Physical access controls reduce the security risk to Postal Service employees and safe guarding controls reduces the potential for loss or misappropriation of assets. We brought these issues to the attention of the Postmasters, who took immediate corrective action. Therefore we are not making a recommendation on this issue.

Figures 1 and 2. Unsecured Cash and Stamp Stock



Source: OIG photographs taken April 13, 2017.

¹⁷ DMS provides visibility on packages, vehicles, routes, and actual deliveries in real time.

¹⁸ RIMS captures geo-location and scan data from mobile delivery devices.

Recommendations

We recommend management evaluate distribution clerk and CCA staffing levels; properly report and record all instances of late mail arrival and improper mail mix; evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units; and develop and execute a plan to review current package volume data for city delivery units.

We recommend the acting district manager, Bay Valley District:

1. Evaluate distribution clerk and city carrier assistant staffing levels and make appropriate personnel decisions in delivery units to meet daily operational requirements.
2. Instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System and Delivery Operations Information System.
3. Direct the Mail Arrival Quality – Plant Arrival Quality committee to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units and take appropriate action.
4. Develop and execute a plan to review current package volume data for city delivery units, beginning with the oldest route adjustment dates and modify route base package volumes and route values through the Route Count and Inspection process or minor route adjustments.

Management's Comments

Management agreed with OIG observations, findings, recommendations and the methodology used to calculate the monetary impact for the previous eight postal quarters. However, management questioned the monetary impact for Funds Put to Better Use, stating that quarter 1 of fiscal year 2017 (October 1, 2016 through December 31, 2016) was included in the regression and time-series analysis when it should have been noted as a statistical outlier anomaly.

In response to recommendation 1, management agreed with the need to evaluate distribution clerk and city carrier assistant staffing levels. Management stated that clerical staffing is actively being evaluated using Postal Service Form 1994, Employee Work Schedule. Out of the 113 offices identified by the district, 82 have been completed and the remaining 31 offices are currently being evaluated. CCA allocations are reviewed weekly during the Complement Committee meetings, and are ongoing. Management will complete reviews and enter the forms in the e1994 system, part of the Scheduling and Staffing Tool, by September 30, 2017.

In response to recommendation 2, management agreed that delivery unit management needs to properly report and record all instances of late mail arrival and improper mail mix in Customer Service Daily Reporting System (CSDRS) and the Delivery Operations Information System (DOIS). Management stated that a memoranda from the District Manager on DOIS and CSDRS reporting integrity will be sent to all offices. Management will complete this by August 18, 2017.

In response to recommendation 3, management agreed to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units. Management stated due to different variables, it may not be feasible to isolate the impact cost just for late mail arrival and improper mail mix. Instead, management analyzed the cost of Transportation's Post-DOV (Dispatch of Value) Extra Trips to the delivery units for calendar year 2016 to quantify impact. In addition, the Local Leadership Teams (LLT) for the North (offices served by Oakland P&DC) and for the South (offices served by San Jose P&DC) are responsible for ensuring the MAP agreements are completed. The MAP agreements for the South LLT offices were updated and the North LLT offices will be completed by September 30, 2017.

In response to recommendation 4, management agreed with the need to develop and execute a plan to review current package volume data for city delivery units. Since route base information can only be updated via formal route adjustments, management

will begin conducting formal inspections to 244 city routes during the fall of 2017 and another 2,280 routes inspected under City Delivery Route Alternative Adjustment Process (CDRAAP). All remaining routes will be evaluated and adjusted in FY 2018. Management will inspect all routes and update the route base information by June 30, 2019.

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 in the report.

Regarding management's disagreement with Funds Put to Better Use, the OIG calculated funds put to better use by projecting future costs to be incurred for the eight quarters from April 2017 through March 2019 based on actual costs incurred between April 2015 through March 2017, the preceding eight quarters. Historically, the Postal Service experiences higher mail volumes and related labor costs in quarter 1 of each year, October through December. Further, the Presidential election cycle occurs every four years in November and should be included in Postal Service management's planning for peak season mail volumes. In our review of the calculation of Funds Put to Better Use, we identified an incorrect CCA labor rate for one quarter in FY 2015. This calculation increased the projection from \$61,684,833 to \$61,758,389. We adjusted our report accordingly, provided the revised calculations to management, and discussed this revised amount with them. Management maintained their disagreement with the methodology used to calculate future savings, as it included quarter 1 data.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. 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.

Appendices

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Appendix A: Additional Information

Background

City carriers and CCAs play a vital role in the operation of the Postal Service and are among the most visible employees to the public. Their office duties include casing mail, preparing parcels for delivery, and loading their vehicles. While on the street, carriers deliver and collect mail along their route, and return to the delivery unit with collection mail.¹⁹

The Bay Valley District's package volume increased from 86.8 million in CY 2015 to 101 million in CY 2016, an increase of 16.3 percent. This growth is a direct result of eCommerce, Sunday package delivery and grocery delivery services. In some areas, package deliveries now regularly occur early in the morning and sometimes as late as 10 p.m.

Strong customer demand for goods purchased over the Internet has driven growth in the package market. In CY 2016, Bay Valley District city carriers and CCAs delivered about 2.2 billion mail pieces and 40 million packages to nearly 2 million delivery points on 3,288 routes.

Objective, Scope, and Methodology

Our objective was to evaluate city carriers returning to the office after 6 p.m. in the Bay Valley District. To accomplish our objective, we:

- Obtained and analyzed data from EDW-DDM from FY 2016 Q2 through Q1, FY 2017²⁰, to rank the districts from highest to lowest in terms of percentage of instances of city carriers returning after 6 p.m.
- Selected the Bay Valley District for review because it has the fourth highest percentage of instances of carriers returning after 6 p.m. in the nation. Ranked each Bay Valley District delivery unit from highest to lowest in terms of percentage of instances of city carriers returning after 6 p.m. based on data from EDW.
- We randomly selected and reviewed 15 delivery units with (5) high, (5) medium, and (5) low percentage of instances of carriers returning after 6:00 p.m. and based on our evaluation of performance data for CY 2015 through CY 2016, our risk model analysis, and office size considerations.
- Obtained, analyzed, and reviewed city delivery street operations data such as carriers returning after 6 p.m., Managed Service Points Data Integrity Report, route base information from EDW-DDM, city carrier, CCA, and supervisor staffing condition report from Web Complement Information System (webCOINS)²¹ and the Staffing and Scheduling Tool (SST)²², clerk staffing from the USPS Workforce Dashboard and OT and POT workhours from eFlash and Time and Attendance Collection System.
- Conducted interviews on-site and obtained information on city carrier street operations, unit operations, processes, and procedures.
- Reviewed documentation and applicable policies and procedures for city delivery.

¹⁹ Mail deposited into a collection box or lobby drop, as well as mail collected by carriers on their delivery routes.

²⁰ We calculated the percentage by dividing the number of instances of carriers returning after 6 p.m. by the number of carriers clocking into street hours.

²¹ Publication 32, *Glossary of Postal Terms*, defines webCOINS application as a web interface that displays and stores information about employee complement details down to the office or unit level. The system gives local management a resource for monitoring and tracking employee complement.

²² This tool helps optimize scheduling and bids for operations management.

We conducted this performance audit from March through August 2017, 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 July 21, 2017, July 26, 2017 and August 1, 2017, and included their comments where appropriate.

We relied on data obtained from Postal Service operational systems including EDW, eFlash, webCOINS, and SST. We assessed the reliability of data by interviewing agency officials knowledgeable about the data and conducting limited data testing. We determined that the data were sufficiently reliable for the purpose of this report.

Prior Audit Coverage

Report Title	Objective	Report Number	Final Report Date	Monetary Impact
<i>City Carriers Returning After 6 P.M. - Los Angeles District</i>	Evaluate city carriers returning to the office after 6 p.m. in the Los Angeles District.	DR-AR-16-011	9/15/2016	\$116,610,000

**Appendix B:
City Carriers and City
Carrier Assistants Returning
Between 6 p.m. and 10 p.m.
at Selected Delivery Units**

Delivery Unit	Carriers Clocked to LDC 22	Carriers Returning by 6 p.m.	Carriers Returning by 7 p.m.	Carriers Returning by 8 p.m.	Carriers Returning by 9 p.m.	Carriers Returning by 10 p.m.
Antioch MPO	14,365	10,970	13,535	14,235	14,343	14,359
Benicia MPO	7,049	6,103	6,516	6,793	6,937	7,001
Berkeley Elmwood Station	4,518	1,952	3,342	4,030	4,336	4,452
Berkeley Station A	4,260	1,881	3,385	3,817	4,017	4,131
Danville MPO	13,587	12,059	13,195	13,507	13,577	13,584
Martinez MPO	10,876	5,370	8,272	9,625	10,497	10,778
Morgan Hill MPO	5,136	4,492	5,007	5,118	5,136	5,136
Newark MPO	8,729	7,675	8,420	8,690	8,722	8,729
Richmond Hilltop Carrier Annex	12,943	7,968	10,315	12,332	12,812	12,919
Salinas Steinbeck Station	5,838	4,426	5,506	5,778	5,829	5,837
San Jose Cambrian Park Station	10,240	9,014	9,734	10,121	10,219	10,235
San Leandro MPO	17,761	11,117	14,954	16,832	17,524	17,698
San Leandro South Station	12,228	8,264	11,031	11,925	12,173	12,219
San Ramon MPO	23,614	15,826	20,252	22,774	23,461	23,595
Santa Cruz MPO	10,794	9,553	10,736	10,782	10,793	10,794
Totals	161,938	116,670	144,200	156,359	160,376	161,467
Percentages		72.05%	89.05%	96.55%	99.04%	99.71%

Source: OIG analysis of EDW – Delivery Data Mart.

Appendix C: Analysis of Overtime and Penalty Overtime at Selected Delivery Units

Delivery Unit	CY 2015 OT		CY 2016 OT		Actual OT Percent Change CYs 15-16	CY 2015 POT		CY 2016 POT		Actual POT Percent Change CYs 15-16
	Planned	Actual	Planned	Actual		Planned	Actual	Planned	Actual	
Antioch MPO	12,668	19,253	15,156	22,933	19.11%	640	1,010	1,113	2,540	151.49%
Benicia MPO	6,319	8,438	7,096	8,573	1.60%	318	343	523	1,445	321.28%
Berkeley Elmwood Station	4,355	8,397	5,095	12,122	44.36%	220	858	374	3,617	321.56%
Berkeley Station A	4,026	8,046	4,829	11,406	41.76%	203	1,134	353	3,218	183.77%
Danville MPO	12,196	23,588	14,329	22,787	-3.40%	615	1,727	1,057	1,956	13.26%
Martinez MPO	9,999	21,654	11,984	22,634	4.53%	506	2,612	880	4,451	70.41%
Morgan Hill MPO	4,557	6,249	5,374	9,115	45.86%	230	204	396	553	171.08%
Newark MPO	8,041	8,966	9,157	14,941	66.64%	406	544	674	2,176	300.00%
Richmond Hilltop Carrier Annex	12,299	28,322	15,120	30,794	8.73%	623	5,340	1,113	8,603	61.10%
Salinas Steinbeck Station	5,152	5,305	5,851	8,823	66.31%	260	9	429	694	7611.11%
San Jose Cambrian Park Station	9,443	22,187	11,215	25,164	13.42%	476	1,799	824	2,360	31.18%
San Leandro MPO	16,939	26,359	19,134	30,741	16.62%	855	2,669	1,407	5,330	99.70%
San Leandro South Station	10,904	21,546	12,891	23,185	7.61%	551	1,808	944	3,452	90.93%
San Ramon MPO	21,846	39,590	26,531	59,348	49.91%	1,104	2,925	1,948	12,533	328.48%
Santa Cruz MPO	9,566	15,257	11,785	24,533	60.80%	483	185	872	1,716	827.57%
Total	148,308	263,157	175,548	327,099	24.30%	7,489	23,167	12,907	54,644	135.87%

Source: OIG analysis of eFlash data.

Appendix D: Management's Comments

DISTRICT MANAGER
BAY-VALLEY CUSTOMER SERVICE AND SALES



August 18, 2017

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: City Carriers Returning after 6:00PM
Bay-Valley District
Project Number DR-AR-17-DRAFT

The Bay-Valley District agrees with the OIG observations, findings, and recommendations.

Management also agrees with the methodology of the calculation used for the monetary impact statement from the previous eight (8) postal quarters; however, the monetary impact for the next eight (8) quarters may have been projected higher. Quarter 1 of FY2017 was included in the regression and time-series analysis when it should have been noted as an outlier (statistical anomaly). See Tables 1 and 2.

Recommendation 1:

- Evaluate distribution clerk and city carrier assistant staffing levels and make appropriate personnel decisions in delivery units to meet daily operational requirements.

Management Response/Action Plan:

The Bay-Valley District agrees with the recommendation.

Clerical staffing are in the process of being evaluated using PS Form 1994, Employee Work Schedule. Out of the 113 offices identified by the District, 82 have been completed. The remaining 31 offices are currently being evaluated. See Table 3.

City Carrier Assistant (CCA) allocations are reviewed weekly during the Complement Committee meetings. The minutes of the last meeting shows the status of the hiring plans. See Exhibit 1.

1675-7TH STREET
OAKLAND, CA 94615-9987
WWW.USPS.COM

Target Implementation Date:

PS Forms 1994 will be completed and entered in the e1994 system by September 30, 2017.

Complement Committee meetings are weekly and ongoing.

Responsible Officials:

Manager, Operations Programs Support
Manager, Human Resources (A)

Recommendation 2:

- Instruct delivery unit management to properly report and record all instances of late mail arrival and improper mail mix in the Customer Service Daily Reporting System (CSDRS) and Delivery Operations Information System (DOIS).

Management Response/Action Plan:

The Bay-Valley District agrees with the recommendation.

Memoranda from the District Manager (A) on DOIS and CSDRS integrity will be sent to all offices.
See Exhibits 2 and 3.

Target Implementation Date:

August 18, 2017

Responsible Officials:

Manager, Operations Programs Support
District Manager (A)

Recommendation 3:

Direct the Mail Arrival Quality – Plant Arrival Quality committee; to evaluate the impact and cost of late mail arrival and improper mail mix dispatched to delivery units and take appropriate action.

Management Response/Action Plan:

The Bay-Valley District agrees with the recommendation.

The Local Leadership Team (LLT) for the North (offices under the Oakland P&DC – ZIP 945, 946, 947, and 948) and for the South (Offices under the San Jose P&DC – ZIP 939, 950, and 951) are responsible for ensuring the Mail Arrival Profile (MAP) agreements are completed. The MAP will show the dispatch time and mail mix for each office.

Due to different variables, it may not be feasible to isolate the impact cost just for late mail arrival and improper mail mix. For example, a late mail arrival to a delivery unit when the carriers are still casing mail may not cost the unit additional hours. On the other hand, a dispatch arriving on time with the wrong type of mail may affect the carriers leave time for the street.

The district agrees that late mail and improper mail mix significantly affect and add to the cost of Carriers Returning after 6:00PM.

The MAP agreements for the South LLT offices have been updated and the North LLT offices will be completed by September 30, 2017.

Target Implementation Date:

September 30, 2017.

Responsible Officials:

North LLT Co-Chairs: Senior Manager, Distribution Operations
Officer-in-Charge, Oakland Post Office
South LLT Co-Chairs: Plant Manager, San Jose P&DC (A)
Host Postmaster, San Jose Post Office
Manager, Operations Programs Support
Manager, In-Plant Support

Recommendation 4:

Develop and execute a plan to review current package volume data for city delivery units, beginning with the oldest route adjustment dates and modify route base package volumes and route values through the Route Count and Inspection process or minor route adjustments.

Management Response/Action Plan:

The Bay-Valley District agrees with the recommendation.

The district will be conducting Formal Inspections to 244 city routes during the fall season. There will be another 2,280 routes to be inspected under the CDRAAP. See Tables 4 and 5.

After the formal inspections this fall and CDRAAP, the remaining routes will be evaluated and adjusted in FY2018. As of August 1, 2017, the Address Management System (AMS) shows Bay-Valley District with 3,277 city delivery routes. Route Base Information can only be updated via formal route adjustments.

Target Implementation Date:

All routes will be inspected and the route base information updated by June 30, 2019.

Responsible Officials:

Manager, Operations Programs Support
Host Postmasters, San Jose and Oakland Post Offices
Managers, Post Office Operations



Jagdeep Grewal
District Manager (A)
USPS Bay-Valley District

cc: AVP, Pacific Area (A)
Controller, Pacific Area
Manager, Corporate Audit Response Management
Manager, Pacific Area Accounting
Manager, District Finance
Host Postmasters, San Jose and Oakland Post Offices
Manager, Post Office Operations



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