



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

**City Delivery Operations —
Brick Main Post Office**

Management Advisory Report

September 27, 2012

Report Number DR-MA-12-004



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

HIGHLIGHTS

September 27, 2012

**City Delivery Operations —
Brick Main Post Office**

Report Number DR-MA-12-004

BACKGROUND:

Delivery operations has the highest fixed cost in the U.S. Postal Service, making up more than 30 percent of the Postal Service operating expenses. City carriers used more than 349.5 million total office and street workhours in fiscal year (FY) 2011. The Flats Sequencing System is a critical component of the Postal Service's strategy to contain costs through automation of the flat mail stream. Mail sorted in walk sequence order from this system usually results in earlier departures by the carrier and reduced office time due to the reduced mail volume the carrier needs to sort.

The Brick Main Post Office is in the South Jersey District, Eastern Area, and has 66 delivery routes. The delivery unit expended about 182,960 total office and street workhours in FY 2011. In response to a request from the vice president, Eastern Area Operations, our objective was to assess the effectiveness of city delivery operations at the Brick Main Post Office.

WHAT THE OIG FOUND:

The Brick Main Post Office has opportunities to enhance city letter

efficiency and reduce 7,744 workhours annually. Management did not always reinforce Postal Service policies and procedures for supervising city delivery operations and ensure carriers used efficient office and street practices. Also, management did not have automated vehicle tracking technology to assist in more effective street supervision. Enhanced city delivery practices could result in annualized workhour cost savings of \$333,764.

WHAT THE OIG RECOMMENDED:

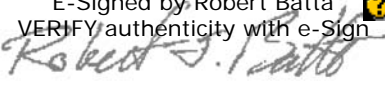
We recommended the vice president, Eastern Area Operations, reduce workhours by 7,744 in FYs 2013 and 2014. We also recommended management reinforce Postal Service policies and procedures for city delivery street operations and promote effective office supervision where supervisor establish a consistent dialogue with carriers to help build rapport and increase efficiency. Further, we recommended management pursue available vehicle tracking technologies to assist in monitoring delivery street performance.

[*Link to review the entire report*](#)



September 27, 2012

MEMORANDUM FOR: JORDAN M. SMALL
VICE PRESIDENT, EASTERN AREA OPERATIONS

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


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

SUBJECT: Management Advisory Report – City Delivery Operations –
Brick Main Post Office
(Report Number DR-MA-12-004)

This report presents the results of our review of City Delivery Operations at the Brick Main Post Office (Project Number 12XG022DR000).

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
Severo Garza
Joshua D. Colin
Corporate Audit and Response Management

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Introduction

This report presents the results of our review of city delivery operations at the Brick Main Post Office (Project Number 12XG022DR000). The report addresses operational risk and is one of two reviews conducted by the U.S. Postal Service Office of Inspector General (OIG) in response to a request from the vice president, Eastern Area Operations.¹ Our objective was to assess the effectiveness of city delivery operations at the Brick Main Post Office. See [Appendix A](#) for additional information about this review.

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 another 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 more than 2.3 million since 2008.² The Postal Service must improve operational efficiency to reduce costs while facing financial losses from declining mail volume. The Flats Sequencing System (FSS)³ is a critical component of the Postal Service cost containment strategy through automation of the flat mail stream. FSS implementation usually results in earlier departures by carriers and significantly reduced earned office time.

The Brick Main Post Office is in the South Jersey District, has 66 delivery routes, and has expended 182,960 total office and street workhours in FY 2011. In March 2011, the Brick Main Post Office began receiving FSS mail.

Conclusion

The Brick Main Post Office could increase overall efficiency and reduce 7,744 workhours in FYs 2013 and 2014. The Brick Main Post Office also had the second highest office and street workhour variance⁴ in the South Jersey District despite implementation of the FSS. Our review of office and street operations determined that management did not always reinforce Postal Service policies and procedures for supervising city delivery operations and ensure carriers use efficient office and street practices. Also, we noted management did not have automated vehicle tracking technology to assist in more effective street supervision. An increased focus on

¹ On April 23, 2012, the vice president, Eastern Area Operations, requested the OIG to review city delivery operations at the Brick Main Post Office, Brick, NJ, and the Lancaster Carrier Annex, Lancaster, PA to determine why these two offices were using more city delivery workhours after FSS implementation.

² City delivery is responsible for 1,097,020 of the 2,390,741 increased delivery points from FY 2007 through FY 2011.

³ The FSS machines sort flat-sized mail such as large envelopes, newspapers, catalogs, circulars, and magazines into delivery sequence at high speeds and at a much higher productivity rate than the manual process. FSS processed mail will arrive at the delivery unit in walk sequence order, ready for delivery by the carrier with no additional mail movement or manual sorting required.

⁴ This is the difference between the office time it was projected to take for carriers to prepare the mail for delivery compared to the actual amount of time carriers used in the office preparing mail for delivery. A positive variance occurs when a carrier takes more time on a route than what is projected in the Delivery Operation Information System (DOIS). A negative variance occurs when a carrier takes less time than projected in DOIS.

enhanced city delivery practices will result in reduced workhours and save \$333,764 annually⁵ (see [Appendix B](#)).

More Efficient City Delivery Operations

We determined the Brick Main Post Office could increase overall efficiency and reduce 7,744 workhours in FYs 2013 and 2014,⁶ saving 23 minutes on each route per day. The delivery unit also had the second highest office⁷ and street⁸ variances in the South Jersey District, using 9,486 more office and 2,833 more street workhours than projected for FY 2011 (see Table 1).

Table 1: Top 10 Delivery Units in Districts with Highest Office and Street Variances

Station Names	Office Variance	Street Variance	Total Variance	District Ranking
Trenton Main Post Office	7,886	4,479	12,365	1
Brick Main Post Office	9,486	2,833	12,319	2
Toms River Main Post Office	7,123	2,161	9,284	3
Lakewood Main Post Office	5,294	2,350	7,644	4
Red Bank Main Post Office	3,380	3,624	7,004	5
Middletown NJ Main Post Office	3,025	1,990	5,015	6
Englishtown Main Post Office	1,934	2,858	4,792	7
Princeton Main Post Office	2,934	913	3,847	8
Freehold Main Post Office	2,338	1,348	3,686	9
Dover Main Post Office	2,177	1,183	3,360	10

Source: OIG analysis based on Postal Service data from the Enterprise Data Warehouse (EDW).

Supervising City Delivery Operations

Although we observed supervisors at the Brick Main Post Office setting daily performance expectations for carriers, some carriers reluctantly received them. We observed several instances where supervisors engaged their carriers, but the carriers expressed concerns to the supervisors about these instructions. If a carrier does not meet performance standards, a supervisor must investigate and discuss performance deficiencies with the carrier as well as good performance.⁹ Although management has begun engaging carriers, building a rapport within the unit will take time.

⁵ The annualized savings was calculated by taking the FY 2013 and 2014 savings and dividing by two.

⁶ The 7,744 annual workhour savings represent 464,640 minutes (7,744 hours multiplied by 60 minutes). Dividing the more than 464,640 minutes by 66 routes in the Brick Main Post Office and then dividing by 303 annual days.

⁷ Office time is time spent in the office casing mail for delivery. Casing or routing mail is the act of placing letter and flat mail in the separations of carrier cases. It also refers to the process of placing flat mail in delivery sequence.

⁸ Street time is time spent on routes to deliver mail to residences and businesses.

⁹ *Field Operations Standardization Development, Morning (AM) Standard Operating Procedures (AMSOP) II Guidebook*, 2007, Section 5-7.

Over the past several years, the delivery unit has experienced rotating supervisors with varying skill levels. This changing environment has made it difficult for carriers to know what is consistently expected of them and to maintain efficient delivery work habits. Management stated that they need strong and permanent supervisors in this unit. We noted that supervisory staff were new to the unit. Specifically, there was one newly promoted supervisor and two temporary supervisors. Management stated they would like to pursue additional full-time supervisory staff. An increased focus on obtaining permanent supervisors and effective supervisory practices would allow management to reduce office and street workhours and inefficient delivery practices.

More Efficient Carrier Office Practices

In addition to using more workhours than necessary, we also noted an increase in office variance time of 2,670 workhours from October through March of FYs 2011 and FY 2012, even though they implemented FSS (see Table 2).

Table 2: Analysis of Office Variance: Brick Main Post Office

Fiscal Year	Oct.	Nov.	Dec.	Jan.	Feb.	March	Total
2012	858	722	867	683	628	886	4,644
2011	(291) ¹⁰	(171)	(118)	564	654	1,336	1,974
Difference	1,149	893	985	119	(26)	(450)	2,670

Source: OIG Analysis using Postal Service Data from the EDW.

The OIG also analyzed the route variances for office efficiency and found that 44 of the 66 routes in FY 2011 and 41 of the 66 routes in FY 2012 accounted for 80 percent of the increase in office variance workhours.

We observed opportunities for carriers to be more efficient and save office time while preparing mail for delivery. These opportunities include:

- Appropriate handling of FSS mail.
- Minimizing loud talking and wandering around the facility.
- Following established mail casing procedures.
- Minimizing time away from casing by combining trips to obtain mail.

Handling Flats Sequencing System Mail

Some carriers were unnecessarily casing¹¹ FSS mail. FSS mail has been presorted into delivery sequence in order of the line-of-travel on the route. FSS mail is not to be cased; however, as part of a memorandum of understanding between the Postal Service and

¹⁰ A negative office variance occurs when a route uses fewer office hours than projected.

¹¹ Casing or routing mail is the act of placing letter and flat mail in the separations of carrier cases. Also refers to the process of placing flat mail in delivery sequence.

the National Association of Letter Carriers, carriers delivering to park-and-loop and foot routes are allowed to collate FSS mail to ensure carriers only take three bundles. In March 2011, the Brick Main Post Office began receiving FSS mail. The expected result from FSS was a decline in office time. However, office workhour variance for the first and second quarters of FY 2012 increased, in part, due to unnecessary handling of FSS mail.

Talking and Wandering Around Facility

We observed some carriers talking loud to other carriers on the workroom floor away from their cases as well as at their cases. We also observed some carriers talking outside the unit and in the breakroom at non-designated break times. In addition, we observed some carriers wandering around the unit going to and from their cases at various times during the day without mail or mail equipment. Postal Service policy¹² states that carriers should be prompt in the performance of duties and should attend quietly and diligently to work and refrain from loud talking.

Following Established Mail Casing Procedures

We observed some carriers holding mail in hand and hesitating and tapping mail on the ledge before placing it in the proper separation in the case. Postal Service policy¹³ states that carriers should not engage in any time-wasting practices before placing mail in the proper separation.

Combining Trips Away From Case

We observed some carriers making several trips to and from their cases to obtain parcels, withdrawals, and hot case mail.¹⁴ Postal Service policy¹⁵ states that carriers should be prompt in performance of duties and diligent while at work.

More Efficient Carrier Street Practices

In addition to using more workhours than necessary, we also noted an increase in street variance time of 7,737 hours from October through March of FYs 2011 and 2012, even though they implemented FSS (see [Table 3](#)).

¹² Handbook M-41, *Carriers Duties and Responsibilities*, Section 112.25.

¹³ Handbook M-41, Section 112.27.

¹⁴ Hot case mail is a special distribution case in a delivery unit for last-minute sorting of Preferential Mail. The letter carrier collects this mail before leaving the office for street duties.

¹⁵ Handbook M-41, Section 112.25.

Table 3: Analysis of Delivery Street Variance: Brick Main Post Office

Fiscal Year	Oct.	Nov.	Dec.	Jan.	Feb.	March	Total
2012	1,321	1,395	1,379	1,234	1,113	1,249	7,691
2011	(50)	(85) ¹⁶	(1,102)	496	394	301	(46)
Difference	1,371	1,480	2,481	738	719	948	7,737

Source: OIG analysis using Postal Service data from EDW.

The OIG also analyzed the routes variances for street efficiency and found that 15 of the 66 routes in FY 2011 and 32 of the 66 routes in FY 2012 accounted for 80 percent of the increase in street variance.

We observed opportunities for carriers to be more efficient and save street time while delivering mail. These opportunities include:

- More efficient loading of vehicles.
- More efficient mail delivery.

More Efficient Vehicle Loading

We observed opportunities for carriers to more efficiently load their vehicles before they depart for the street. We observed some carriers unnecessarily making multiple trips to retrieve mail between the delivery unit and their postal vehicles as well as talking and visiting with other carriers before, during, and after the loading process. Postal Service policy¹⁷ states that carriers should take all mail for delivery to the vehicle at the same time using a hamper and avoiding extra trips and proceed directly to their vehicles and load the mail. Postal Service policy also states that managers must supervise loading area activities to prevent delays in carriers departing for the street.

More Efficient Mail Delivery

We observed some carriers making multiple gestures¹⁸ to place mail in customer boxes, taking more than the established time for breaks and lunch, and talking with other carriers while on their route. Postal Service policy¹⁹ states that carriers should be prompt in performance of duties and diligent while at work. Also, Postal Service policy²⁰ states that carriers should not loiter or stop to converse unnecessarily on route. We observed some carriers spending more than 10 minutes talking with each other after exchanging mail while on route (see [Illustration 1](#)).

¹⁶ A negative street variance occurs when a route uses fewer street hours than projected.

¹⁷ Handbook M-39, *Management of Delivery Services*, Sections 125.1 and 125.22, March 1998.

¹⁸ Making more than one movement or attempt to place mail in the mailbox.

¹⁹ Handbook M-41, Section 112.25.

²⁰ Handbook M-41, Section 112.28.

Illustration 1: Carrier Talking to Another Carrier on Street Time



Source: OIG photo taken in June 2012.

Improved carrier supervision and more efficient carrier practices would increase the Brick Main Post office's overall efficiency and allow the Postal Service to reduce 7,744 workhours. We estimated this would result in savings of \$333.764 annually, (see [Appendix B](#)).

Other Matters

We noted during our review that the Brick Main Post Office does not have Global Positioning System (GPS)²¹ or other automated vehicle tracking technology available to use on its delivery vehicles to assist supervisors in more effective street supervision. Management stated that automated technology, like GPS, would be a helpful tool for promptly identifying some types of inefficient street practices.

²¹ An electronic system that uses satellites to determine the position of a vehicle.

Recommendations

We recommend the vice president, Eastern Area Operations:

1. Reduce 7,744 office and street workhours in fiscal years 2013 and 2014 to achieve an annual economic impact of \$333,764.
2. Ensure management reinforces Postal Service policies and procedures for city delivery street operations to help eliminate carrier inefficient practices and avoid unnecessary labor costs.
3. Promote effective office supervision by increasing focus on obtaining permanent supervisors and reinforcing that supervisors establish a consistent dialogue with carriers to help build a rapport within the delivery unit and increase delivery efficiency.
4. Pursue available technologies to assist in monitoring carrier performance during street delivery.

Management's Comments

Management agreed, or agreed in principle, with the findings, recommendations, and monetary impact.

Management agreed in principle with recommendation 1 and the associated findings and monetary impact. Management stated there are significant savings in both office and street workhours. However, management also stated more recent data has shown a positive trend in both office and street workhour reductions. Therefore, they anticipate savings of 7,138 hours in both FY 2013 and FY 2014. Management stated that the monetary impact should be revised based on recent available data to \$620,716 with an estimated completion date of September 30, 2014.

Management agreed with recommendation 2 to enforce policy and procedures and eliminate costly inefficient practices. Management performed route inspections and implemented route adjustments on September 8, 2012; enhanced senior management oversight and supervisory presence in the office and on the street; and conducted a Delivery Symposium to train management on more aggressive street presence. Further, management will increase Managed Service Point (MSP)²² scans to 15 on each route and update pivot plans²³ to enhance efficiency. The estimated completion date is October 27, 2012.

²² A tool designed to monitor consistency of delivery time and enhance street management through the use of the MDCCD (Mobile Data Collection Device).

²³ A Pivot Plan gives delivery unit supervisors the ability to provide street auxiliary assistance to a route or cover a vacancy on the street by pivoting (transferring) a portion of a route's street deliveries to one or more carriers for that day.

Management agreed with recommendation 3 to promote effective office supervision by communicating more effectively with carriers. Management stated there is a regular supervisory presence and daily interaction with employees to set office and street expectations, observe time-wasting practices, and ensure appropriate handling of FSS mail. In addition, clerk schedules are being reviewed to ensure they align with transportation and the Mail Arrival Profile (MAP) is being revised. The estimated completion date is October 27, 2012.

Management agreed with recommendation 4 to pursue available technologies to assist in monitoring carrier performance. Management is moving 12 vehicles that currently have GPS to the unit and will provide training to all supervisors on monitoring GPS activity and carrier performance. The estimated completion is October 27, 2012. 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 recommendations 1, 2, and 4 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 another 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. While the mail volume continues to decline, the number of delivery points continues to increase by about 700,000 annually. The Postal Service must improve operational efficiency to reduce costs while facing financial losses from declining mail volume.

Despite a high degree of automation, mail delivery remains labor intensive. Labor costs comprise nearly 80 percent of the Postal Service's costs. Delivery operations have the highest fixed cost in the system, making up more than 30 percent of the Postal Service's operating expenses. The delivery carrier's functions consisting of office and street operations used 349,564,154 total workhours²⁴ in FY 2011.

To offset labor and costs during FY 2011, the Postal Service adjusted routes, used growth management programs and route optimization tools, and took advantage of continuous improvement programs to keep cost growth to a minimum. For example, the Postal Service increased the percentage of flat mail sorted in delivery point sequence using FSS, which is a critical component of postal strategy to contain costs through the automation of the flat mailstream. Implementation of FSS usually results in significant changes in carrier office time because of the reduction in cased residual volume workload.

The Brick Main Post Office is in the South Jersey District and has 66 delivery routes and expended about 182,960 total office and street workhours in FY 2011. In March 2011 the Brick Main Post Office began receiving FSS mail.

Objective, Scope, and Methodology

Our objective was to assess the effectiveness of city delivery operations at the Brick Main Post Office. To accomplish our objective, we:

- Reviewed office and street operations, discussed operations with management, and assessed potential opportunities for reducing workhours.
- Reviewed and analyzed delivery unit data from EDW, DOIS, and the MSP.
- Reviewed FYs 2011 and 2012 DOIS data to evaluate office performance and judgmentally selected a sample of nine routes with highest variance to observe street performance and determine causes for overage.

²⁴ DOIS workhours queried from EDW.

- Reviewed FSS mail handling policy and observed carrier FSS mail handling procedures.
- Discussed procedures for office and street operations with management and included their comments, where appropriate.
- Reviewed documentation and applicable policies and procedures for city delivery and Postal Service Handbooks M-39, *Management of Delivery Services* and M-41, *Carriers Duties and Responsibilities*.

We conducted this review from April through September 2012 in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on August 28, 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 limited data integrity review of the EDW data by confirming the results with Postal Service officials. We determined that the data were sufficiently reliable for the purposes of this report.

[Prior Audit Coverage](#)

The OIG has issued nine reports related to the objectives of this review within the last 3 years. See [Appendix C](#) additional information about the prior audits.

Appendix B: Monetary Impact

Recommendation	Impact Category	Amount
1	Funds Put to Better Use ²⁵	\$667,528
2	Questioned Costs ²⁶	\$560,592
Total	Monetary Impact	\$1,228,120

Source: OIG analysis.

Funds Put to Better Use Methodology

We calculated funds put to better use for reducing city carrier workhours using the Brick Main Post Office city carrier overtime rate of \$42.72 for FY 2013, with an escalation factor of 1.8 percent for the 2-year projection totaling \$667,528.

The 7,744 annual workhour savings represent 464,640 minutes (7,744 hours multiplied by 60 minutes). Dividing the more than 464,640 minutes by 66 routes in the Brick Main Post Office and then dividing by 303 annual days equals about 23-minute reduction savings per route per day.

Questioned Cost Methodology

Our estimate of \$560,592 questioned costs included questioned costs of \$229,821 for FY 2011 and \$330,771 for the first three quarters of FY 2012. Our calculation was based on the reduction of 5,669²⁷ hours at an annual cost savings of \$229,821 for FY 2011 and a reduction of 7,883 hours at a cost of \$330,771 for the first three quarters of FY 2012.

- Office Questioned Costs: For FY 2011, we determined the number of routes that represented 80 percent of the office variance workhours which was 44 routes totaling 7,606 hours. Also, we calculated the average office variance of the remaining 22 routes, which resulted in 90 hours (1,972.74 hours divided by 22 routes equals 89.67 hours, 90 rounded up). We then subtracted the 90 average office variance hours for each of the 44 high variance routes. This resulted in 3,646 hours, which was then multiplied by the hourly rate of \$40.54 for a total of \$147,809 questioned costs.
- For FY 2012, we determined 41 routes represented 80 percent of the office variance workhours, totaling 3,894 hours. We calculated the average office variance of the

²⁵ Funds that could be used more efficiently by implementing recommended actions.

²⁶ A questioned cost is categorized as unnecessary, unreasonable, unsupported or an alleged violation of law, regulation or contract.

²⁷ Excess street hours (2,023) and office hours (3,646) multiplied by delivery unit city carrier labor overtime rate of \$40.54 for FY 2011. Excess office hours (2,254) and excess street hours (5,629) multiplied by the delivery unit city carrier overtime rate of \$41.96 for FY 2012.

remaining 25 routes, which resulted in 40²⁸ hours. We then subtracted the 40 average office variance hours from each of the 41 high variance routes. This resulted in 2,254 hours, which was then multiplied by the city carrier hourly rate of \$41.96 for a total of \$94,578 questioned costs.

- Street Questioned Costs: For FY 2011, we identified the 15 routes with the highest street variance, which accounted for 2,188 hours of the district's total street variance in FY 2011. Also, we calculated the average street variance of the remaining 51 routes, which resulted in 11²⁹ hours. We then subtracted the 11 average street variance hours from each of the 15 high variance routes. This resulted in 2,023 hours, which was then multiplied by the hourly rate of \$40.54 for a total of \$82,012 questioned costs.
- For FY 2012, we determined 32 routes represented 80 percent of the street variance workhours totaling 7,581 hours of the district's total street variance. Also, we calculated the average street variance of the remaining 34 routes, which resulted in 61³⁰ hours. We then subtracted the 61 average street variance hours from the hours for each of the 34 routes. This resulted in 5,629 hours above the projected street hours, which we multiplied by the hourly rate of \$41.96 for a total of \$236,193 questioned costs.

We calculated total cost savings for office and street of \$229,821 in FY 2011 and \$330,771 for the first three quarters of FY 2012, resulting in a total of \$560,592 in questioned costs for those 2 years.

²⁸ We divided 1,002.79 hours by 25 routes, which equals 40.11, or 40 hours rounded down.

²⁹ We divided 580.12 hours by 51 routes, which equals 11.237, or 11 hours rounded down.

³⁰ We divided 2,059.70 hours by 34 routes, which equals 60.58, or 61 hours rounded up.

Appendix C: Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact
<i>City Street Delivery Efficiency – San Diego District</i>	DR-AR-12-001	6/5/2012	\$6,840,240
<i>Report Results</i>	The audit concluded that the San Diego District could increase overall efficiency and reduce approximately 83,943 workhours by adjusting its operations and improving supervision during carrier street delivery. Management agreed with the findings, recommendations, and monetary impact.		
<i>National Assessment of City Delivery Efficiency 2011 – Office Performance</i>	DR-MA-11-002	7/19/2011	\$88,192,138
<i>Report Results</i>	We determined that 21 districts operated at a percent to standard above the national average (mean) of 104.37 for the period January 1 through December 31, 2010. In other words, these districts used more minutes per route than the average carrier route in the nation. If the Postal Service's least productive districts were brought up to the average productivity level, they could save more than \$88 million in 1 year. Management agreed with the findings and two of three recommendations. Management disagreed with the data source for our workhour savings.		
<i>City Delivery Efficiency – Chicago District</i>	DR-AR-11-004	3/30/2011	\$65,362,706
<i>Report Results</i>	The Chicago District has opportunities for enhanced delivery efficiency and reduced workhour costs. Our benchmarking comparison determined the Chicago District's percent to standard measurement was 120.04 or 14.9 percentage points above the national average of 105.14. In other words, the Chicago District used approximately 16 minutes more per carrier route than the average carrier route in the nation. Management agreed with the findings, recommendations, and monetary impact.		

Report Title	Report Number	Final Report Date	Monetary Impact
<i>City Delivery Efficiency – Northern Virginia District</i>	DR-AR-11-003	1/20/2011	\$32,171,718
<i>Report Results</i>	The Northern Virginia District was not operating at peak efficiency and could reduce city delivery operating costs. Our benchmarking comparison determined the Northern Virginia District percent to standard measurement was 123.24, or 17 percentage points above the national average of 105.05 percent. In other words, the district used approximately 16 minutes more than the average carrier route in the nation. Management agreed with the findings, recommendations, and monetary impact.		
<i>City Delivery Efficiency Review – New York District</i>	DR-AR-11-002	1/18/2011	\$93,143,986
<i>Report Results</i>	The New York District has opportunities for enhanced efficiency and reduced workhours. Our benchmarking comparison determined the New York District's percent to standard measurement was 127.05, or 21.1 percentage points above the national average of 105.95 percent. In other words, the district used approximately 37 minutes more than the average carrier route in the nation. However, because of unique delivery issues specific to the New York District, we used 25 minutes per carrier route. Management agreed with the findings, recommendations, and monetary impact.		
<i>City Delivery Efficiency Review – Atlanta District</i>	DR-AR-10-009	9/24/2010	\$27,374,309
<i>Report Results</i>	The Atlanta District was not operating at peak efficiency and could reduce city delivery operating costs. Although numerous factors were involved, our review of 22 randomly selected delivery units confirmed these inefficiencies and determined that district management did not always (1) provide sufficient review and oversight of unit offices' operating efficiencies and (2) coordinate with the mail processing facility to ensure mail was timely received and in a condition that promoted office operating efficiency. Eliminating time-wasting practices and increasing the focus on efficiency could allow		

	management to reduce workhours. Management agreed with the findings, recommendations, and monetary impact.		
Report Title	Report Number	Final Report Date	Monetary Impact
<i>City Delivery Efficiency Review – Bay-Valley District</i>	DR-AR-10-007	8/26/2010	\$79,016,988
<i>Report Results</i>	The Bay-Valley District was not operating at peak efficiency and could save workhours and reduce city delivery operating costs. Although numerous factors were involved, our review of 22 randomly selected delivery units determined that district management did not always (1) provide sufficient review and oversight of unit offices' operating efficiencies and (2) coordinate with mail processing facilities to ensure mail was timely received and in a condition that promoted office operating efficiency. Elimination of time-wasting practices and an increased focus on efficiency could allow management to reduce workhours. Management agreed with the findings, recommendations, and monetary impact.		
<i>City Delivery Efficiency Review – Los Angeles District</i>	DR-AR-10-006	7/1/2010	\$105,000,000
<i>Report Results</i>	The Los Angeles District was not operating at peak efficiency and could save workhours and reduce city delivery operating costs. Although numerous factors were involved, our review of 25 randomly selected delivery units confirmed these inefficiencies and determined that district management did not (1) provide sufficient review and oversight of unit offices' operating efficiencies and (2) coordinate with the mail processing facility to ensure mail was timely received and in a condition that promoted office operating efficiency. Elimination of time-wasting practices and increased focus on efficiency could allow management to reduce workhours. Management agreed with the findings, recommendations, and monetary impact.		

Report Title	Report Number	Final Report Date	Monetary Impact
<i>City Delivery Efficiency Review – San Francisco Napoleon Street Station</i>	DR-AR-10-002	12/18/2009	\$21,308,433
<i>Report Results</i>	The audit concluded that the Napoleon Street Station was not operating at peak efficiency and management could reduce city delivery costs. Our benchmarking comparison of five similar delivery units showed this station used 54,975 workhours more than necessary. We also found that management did not adjust workhours to match changes in workload. Management agreed with our findings and recommendations to correct the issues identified.		

Appendix D: Management's Comments

JORDAN M. SMALL
VICE PRESIDENT, AREA OPERATIONS
EASTERN AREA



September 18, 2012

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

SUBJECT: City Delivery Operations
Brick Main Post Office
Project Number 12XG022DR000

Brick NJ City Delivery Operations OIG Response

The Eastern Area generally agrees with the report findings and recommendations 2 through 4. We agree in principle with recommendation 1 and that opportunity exists for monetary savings, however the monetary impact has been revised to amounts we believe are more accurate as explained under the response for Recommendation One.

Additionally, the Eastern Area would like to note that even though there was an increase in variance workhours with the introduction of FSS there was a decrease in overall workhours. Our records indicate in FY 11, the actual office hours prior to FSS implementation averaged 4,899 hours a month from October through December. During FSS adjustments, the Brick Post Office eliminated 12 routes and lowered the base hours by 101 hours a day starting Week 27 FY 2011. The nine months following FSS implementation (January – September) office hours averaged 3,362, a decrease of 31.3% compared to pre- FSS. In FY 2012, the office hours decreased 51.3% to a monthly average of 2,374. During this same time period, the street hours increased 6.5% in FY 11 and 10% in FY 12 after FSS implementation. Following FSS implementation, the bottom line F2B work hours decreased 5.7% in FY 12 (Appendix 1).

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Appendix 1:

Installation	Data	OCT 2010	NOV 2010	DEC 2010	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEP 2011	Total
Brick FY 2011	Projected Office Hours	5216	5177	4884	3692	2501	2445	1961	1812	1747	1540	1551	1536	34062
	Total Office Hours	4925	5006	4766	4256	3155	3780	3834	3452	3056	2825	3019	2885	44959
	Office Variance	-291	-171	-118	564	654	1336	1872	1640	1309	1285	1469	1349	10897
Installation	Data	OCT 2011	NOV 2011	DEC 2011	JAN 2012	FEB 2012	MAR 2012	APR 2012	MAY 2012	JUN 2012	JUL 2012			
Brick FY 2012	Projected Office Hours	1653	1991	1662	1530	1458	1749	1734	1733	1708	1570			
	Total Office Hours	2511	2714	2529	2214	2086	2635	2201	2216	2307	2332			
	Office Variance	858	722	867	683	628	886	467	482	599	762			
Brick	Total Office Hrs from FY 12 to FY 11	-2414	-2293	-2237	-2042	-1069	-1145	-1633	-1236	-750	-493			
Installation	Data	OCT 2010	NOV 2010	DEC 2010	JAN 2011	FEB 2011	MAR 2011	APR 2011	MAY 2011	JUN 2011	JUL 2011	AUG 2011	SEP 2011	Total
Brick 2011	Projected Street Hours	11381	10927	11758	10928	10473	12132	11371	10938	11373	10931	11813	10938	134963
	Street Hours	11330	10841	10656	11417	10849	12346	12073	11687	11813	11098	11975	11642	137728
	Street Variance	-50	-86	-1102	489	376	214	702	749	440	167	162	704	2765
Brick 2012	Projected Street Hours	10944	10500	11376	10503	10497	11817	10940	11378	11379	10924			
	Street Hours	12031	11749	12871	11736	11610	13065	11867	12109	11908	11380			
	Street Variance	1087	1249	1495	1234	1113	1249	927	731	529	456			
Brick	Total Street Hrs from FY 12 to FY 11	701	908	2214	319	761	719	-205	421	95	282			
Brick	Total Street & Office Hrs from FY 11 to FY 12	-1713	-1385	-23	-1722	-309	-426	-1838	-815	-654	-211			

Recommendations

1. Reduce 7,744 office and street workhours in fiscal years 2013 and 2014 to achieve annualized economic impact of \$333,764 or \$667,528 over 2 years.

Management Response:

The Eastern Area is in agreement there are significant hour savings in both the office and street. Our analysis noted a positive trend in both the office and street workhours since April 2012 however, due to the timing of the OIG analysis, the data reflecting this trend was not available. We have revised the monetary impact amount based on data now available that includes this positive trend. The analysis resulted in a slight decrease in the monetary impact to \$620,716.

The Brick Post Office has shown a positive trend in both the office and the street since April 2012. Prior to the route inspection which was conducted at the end of April and the beginning of May, the office had an average monthly total variance of 1961 hours from October to April. The variance from May through August averaged 1,218 total variance, a total savings of 743 hours a month. Assuming Brick will capture 80% of the total 743 monthly work hour savings identified, the unit will be expected to perform at a reduction of 595 hours per month throughout FY 2013 and 2014. The annual savings is revised to 7,138 hours in both 2013 and 2014. The total

two year monetary saving is calculated to be \$620,716.00. The projected date for completion is September 30, 2014.

FY 2012	2012 OFF VAR	2012 STR VAR	2012 TOTAL VARIANCE
OCT	858	1321	2179
NOV	722	1395	2117
DEC	867	1379	2246
JAN	683	1234	1917
FEB	628	1113	1741
MAR	886	1249	2135
APR	467	927	1394
7 MONTH TREND	730	1231	1961
MAY	482	731	1213
JUN	599	529	1128
JUL	762	456	1218
AUG	751	561	1312
4 MONTH TREND	649	569	1218
MONTHLY SAVINGS @ 80%	65	530	595
2013 YEARLY SAVINGS	784	6354	7138
2014 YEARLY SAVINGS	784	6354	7138
2013 & 2014 SAVINGS	1568	12708	14276
2013 YEARLY \$ SAVINGS	\$33,483	\$271,450	\$304,933
2014 YEARLY \$ SAVINGS	\$34,078	\$276,279	\$310,358
2013 & 2014 \$ SAVINGS	\$68,157	\$552,559	\$620,716

2. Ensure management reinforces Postal Service policies and procedures for city delivery street operations to help eliminate carrier inefficient practices and avoid unnecessary labor costs of \$560,592.

MANAGEMENT RESPONSE

The Eastern Area is in agreement there are costly inefficient practices. A route inspection was conducted on 48 out of 66 routes from April 27, 2012 thru May 11, 2012. Adjustments were implemented September 8, 2012 with the new base hours management is confident they can manage. The senior POOM is on site 2-3 days a week monitoring the progress and performance.

Supervisors are utilizing the previous day's route carrier daily performance report and current day's work load status report to set expectations. The addition of the regular supervisors will help in street supervision and additional monitoring of carrier load times and time wasting practices.

The office will update the MSP scans on each route to 15 scans per route (3 Office scans and 12 Street scans). Pivot plans and 1564 will be updated to include new break and lunch locations since the new adjustments took place on 9/8/12. The projected date for completion is 10/27/12.

Cost savings addressed in this recommendation will be part of the savings captured in Recommendation 1.

The Eastern Area conducted a Delivery Symposium for the delivery management personnel in South Jersey during the week of July 10, 2012. The POOM, PM, and three regular supervisors from Brick were trained. An aggressive street presence has already started including District Street Teams monitoring carriers making multiple movements to place mail in the receptacles, extended breaks and lunches, and talking with other carriers and patrons for extended periods of time. Local management is immediately required to do street management daily. Findings are being reviewed by PM and POOM daily.

3. Continue to promote effective office supervision by reinforcing that supervisors establish a consistent dialogue with carriers to help build a rapport within the delivery unit to increase delivery efficiency.

MANAGEMENT RESPONSE

The Eastern Area is in agreement that supervisors need to more effectively communicate with carriers. There is daily interaction with the employees, and supervisors are setting office and street expectations. The office now has a regular supervisor's presence while carriers are in the office to monitor how the carriers are handling the FSS mail and observe any time wasting practices like tapping mail on ledge and hesitating. Collating of FSS is currently being monitored more closely when an additional set is received.

The office is reviewing the clerk schedules to ensure they align with transportation. The Mail Arrival Profile (MAP) is being revised and the expected completion date is 10/27/12. These efforts will assist in the timely distribution of mail and eliminate unnecessary talking, walking around and making multiple trips to obtain mail. These time wasting practices are a large piece of the office variance. There has also been an aggressive stand on progressive discipline for poor performance in the office with assistance from District and Eastern Area labor personnel.

4. Pursue available technologies to assist in monitoring carrier performance during street delivery.

MANAGEMENT RESPONSE

The Eastern Area is in agreement that management needs to pursue available technologies to assist in monitoring carrier performance. The District is in the process of moving twelve FFV's that currently have GPS's installed from Allentown PA to Brick NJ. This process will be completed by October 27, 2012. Training will be supplied to all supervisors in regards to monitoring the GPS activity and carrier performance.

Freedom of Information Act (FOIA)

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



Jordan M. Small

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