

February 25, 2000

JOHN A. RAPP
VICE PRESIDENT, FIELD OPERATIONS SUPPORT

SUBJECT: Assignment of Postal Service Vehicles for
Maintenance Services
(Report Number DS-MA-00-002)

This management advisory report presents our observations regarding actions necessary to correct practices we identified during our survey of delivery operations (Project Number 99PF007DS002). We are providing this report so action can be taken to correct the problems we identified.

Results In Brief

The Postal Service did not always assign vehicles to maintenance facilities in the most efficient manner. Specifically, at three of ten¹ area offices, we found that vehicles were not always sent to the nearest maintenance facility when service was required. Also, mechanics were used to transport vehicles to maintenance facilities instead of repairing and maintaining vehicles. These practices are not efficient, or cost effective. We suggest the vice president, Field Operations Support issue guidance to area offices to improve vehicle maintenance assignments and reduce vehicle transportation costs. Management indicated agreement with our suggestion and the planned actions should help to improve vehicle maintenance assignments and reduce transportation costs.

**Objectives, Scope
and Methodology**

The objectives of our survey were to obtain an understanding of delivery operations and identify programs, activities, functions, and organizations associated with the delivery function. We conducted the review from September 1999 through February 2000 in accordance with the President's Council on Integrity and Efficiency, Quality Standards for Inspections. In completing our review, we

¹ We contacted 10 of the 11 area offices. The Great Lakes Area did not respond to several requests for information.

conducted interviews, obtained, and reviewed financial records, and reviewed Postal Service policies and procedures.

**Postal Service
Vehicle Fleet**

The Postal Service owns over 200,000 vehicles consisting of Jeeps, long life vehicles, cargo vans, tractors, trailers, Inspection Service vehicles, plant and equipment vehicles and others. These vehicles are assigned to over 7600 locations throughout the nation. To provide maintenance support for the fleet, the Postal Service established 332 vehicle maintenance facilities. In fiscal year (FY) 1999 these maintenance facilities employed over 5400 personnel and incurred about \$811 million in operating expenses.

**Scheduling Vehicles
For Maintenance**

The Postal Service did not always assign vehicles to maintenance facilities in the most efficient manner. During the survey, Postal Service officials stated there were numerous situations across the nation where vehicles were transported to distant vehicle maintenance facilities although a closer facility existed. To determine the extent of this practice, we conducted an informal survey of ten area offices. We found that three area offices² had locations that did not assign vehicles to the nearest maintenance facility. To illustrate, in the Midwest Area, 188 vehicles assigned to 35 locations were sent to a maintenance facility in Kansas City, Missouri, although nearer maintenance facilities exist in St. Louis, Missouri, and Memphis, Tennessee. For example, 41 vehicles in Cape Girardeau were transported 350 miles to Kansas City, but the maintenance facility in St. Louis is only 115 miles away. The 188 vehicles were driven over 7000 additional miles because they were sent to Kansas City instead of the nearest facility.

**Significant
Transportation Costs**

Based on available records, we could not identify the specific savings that could be realized by transporting vehicles to the closest facility. However, Postal Service cost reports reflect that maintenance transportation costs are significant. During FY 1999 the Postal Service spent nearly \$21 million to transport vehicles to maintenance facilities. In the Southeast Area alone, shuttle costs for FY 1999 were more than \$3.5 million dollars.

² Midwest, Allegheny, and Northeast

**Mechanics Used to
Transport Vehicles**

Postal Service personnel at maintenance facilities haul, tow, or drive vehicles from assigned locations to maintenance facilities. Postal Service cost reports showed that mechanics were primarily used to transport the vehicles. For example, the report for accounting period 2 in FY 2000 indicated that mechanics spent about 42,000 hours transporting vehicles. The same report reflects that garage men spent about 8500 hours and clerks spent 104 hours. Some maintenance facilities used contractors, instead of Postal Service personnel, to transport vehicles. In fact, the Northeast Area office developed a spreadsheet to determine when it was more cost effective to use contractors. Other maintenance facilities were reluctant to use contractors because unions favor using Postal Service employees to shuttle vehicles.

The Postal Service can achieve savings transporting vehicles to the nearest maintenance facility, obtaining contractors to transport vehicles when cost effective, and using personnel other than mechanics to transport vehicles when other Postal Service employees are available. Also, by using personnel other than mechanics to transport vehicles, the Postal Service would use mechanics more effectively since they would be available to maintain and repair Postal Service vehicles.

Suggestion

To help the Postal Service improve vehicle maintenance assignments and reduce vehicle transportation costs, we suggest the vice president, Field Operations Support, issue guidance that requires area offices to:

- a) Assign vehicles to the nearest maintenance facility when maintenance is required, when feasible.
- b) Use contractors to provide shuttle services when it is cost effective considering the union's position.
- c) Use personnel other than mechanics to transport vehicles to maintenance facilities when it is practical.

**Summary of
Management's
Comments**

Management indicated agreement with the observation and suggestion and stated that the manager, Vehicle Delivery Operations would recommend to field operations that consideration be given to assigning vehicles for maintenance to the nearest vehicle maintenance facility. In addition, the manager would request, through area management, that all vehicle maintenance facilities complete a thorough review of their current vehicle shuttle process and implement the use of contractors to shuttle vehicles when cost effective. Further, the manager would remind the vehicle maintenance facility managers that every effort be made to use the mechanics to complete maintenance and repair tasks and to explore alternatives before using them to transport vehicles. Management's comments, in their entirety, are included in the appendix.

**Evaluation of
Management's
Comments**

Management's comments are responsive to our suggestion and the planned actions should help to improve vehicle maintenance assignments and reduce transportation costs.

We appreciate the cooperation and courtesies provided by your staff during the survey. If you have any questions, please contact me at (703) 248-2300.

//Signed//

Richard F. Chambers
Assistant Inspector General
for Performance

cc: Clarence E. Lewis, Jr.
John R. Gunnels

APPENDIX. MANAGEMENT'S COMMENTS



February 16, 2000

RICHARD F. CHAMBERS
ASSISTANT INSPECTOR GENERAL FOR
PERFORMANCE

SUBJECT: Transmittal of Draft Audit Report on Assignment of Postal Service
Vehicles for Maintenance Services (Report Number DS-MR-00-Draft)

As requested, we have reviewed the subject report and as a general statement, we concur with the recommendations made in the report.

Our response to recommendation a), page number 3 of the draft report, suggesting "Assign vehicles to the nearest maintenance facility when maintenance is required, when feasible." is as follows:

As opportunities for input to field operations are provided, the manager, Vehicle Delivery Operations will recommend that consideration to be given to assigning vehicles for maintenance be to the nearest vehicle maintenance facility.

Our response to recommendation b), page number 3 of the draft report, suggesting "Use contractors to provide shuttle services when it is cost effective considering the union's position." is as follows:

The manager, Delivery Vehicle Operations will request, through area management, that all VMFs complete a thorough review of the current vehicle shuttle process and implement the use of contractors to shuttle vehicles when it is cost effective. Consideration will be given to past practices and the effects on Labor Contracts to ensure the best overall decisions.

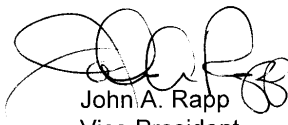
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- 2 -

Our response to recommendation c), page number 3 of the draft report, suggesting "Use personnel other than mechanics to transport vehicles to maintenance facilities when it is practical." is as follows:

The manager, Delivery Vehicle Operations will remind the VMF managers through the area management, that every effort must be made to use the mechanics to complete maintenance and repair tasks assigned and to explore all alternatives before using them to transport vehicles.

If you have further questions, feel free to contact David A. Clark, manager, Delivery Vehicle Operations.



John A. Rapp
Vice President
Delivery

Major Contributors to
This Report

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