Delivery and Customer Service in Colorado Mountain Towns

AUDIT REPORT
Report Number 23-130-R24 | December 5, 2023

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Highlights

Background

The U.S. Postal Service is the only delivery service that reaches every address in the nation. Mail delivery is especially critical to the residents and businesses of more remote locations, such as Colorado's mountain towns, who have fewer options to receive medications, financial documents, and packages. The Postal Service has service standards that specify timeliness targets for delivering mail after receiving it from a customer. These standards are one of the primary operational goals against which the Postal Service measures its performance. Colorado community members and local organizations within these remote locations contacted political leaders and the Postal Service to express concerns about significant delivery delays and poor customer service. Improving service performance and customer service in these mountain towns could increase customer satisfaction and prevent potential future revenue loss.

What We Did

This audit focused on determining the root causes of poor service performance and customer service issues in Colorado mountain towns. The audit team visited 13 delivery units and one processing and distribution center throughout the mountain towns; conducted observations of processing, delivery, and retail operations; interviewed personnel on challenges faced; and conducted data analysis on service performance.

What We Found

Customers in Colorado mountain towns experienced lower on-time service performance, especially for packages, compared to the rest of the state and nation overall. On-time mail delivery was up to five percentage points lower, and packages were up to ▮ percentage points lower than the nationwide average. The biggest challenge was the facilities' ability to hire and retain personnel. We also found deficiencies with handling of mail and packages, transportation schedules, and facility constraints. These issues were due, in-part, to inadequate management oversight and a lack of communication that resulted in significant delays, incorrect package returns, and misinformation for customers.

Recommendations

We made eight recommendations to address the overarching causes of poor service performance and customer service and two recommendations related to staffing and retention in Colorado mountain towns.

Transmittal Letter

OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

December 5, 2023

MEMORANDUM FOR: Douglas Tulino
DEPUTY POSTMASTER GENERAL AND CHIEF HUMAN
RESOURCES OFFICER

Donald Kravos
DISTRICT MANAGER, COLORADO-WYOMING (CO-WY) DISTRICT

Mary K. Lloyd

FROM: Mary Lloyd
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Delivery and Customer Service in Colorado Mountain
Towns (Report Number 23-130-R24)

This report presents the results of our audit of Delivery and Customer Service in Colorado
Mountain Towns.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions
or need additional information, please contact Todd Watson, Director, Network Processing, or me
at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Introduction/Objective

We initiated this audit of Delivery and Customer Service in Colorado Mountain Towns (Project Number 23-130) because of customer concerns, and Congressional and media inquiries into service in these areas. Our objective was to evaluate delivery and customer service operations at post offices in select Colorado mountain towns.[1] See Appendix A for additional information about this audit.

Background

The U.S. Postal Service is the only delivery service that reaches every address in the nation. It has service standards that specify timeliness targets for delivering mail after receiving it from a customer. The Postal Service considers these standards to be one of the primary operational goals against which it measures performance.

Like all other Postal Service customers across the nation, customers in Colorado mountain towns expect mail service six days a week as required by law.[2] Mail and package delivery is especially critical to the residents and businesses of more remote locations, such as Colorado's mountain towns, who have fewer options to receive medications, financial documents, and packages.

Throughout 2023, Colorado community members and local organizations reached out to political leaders and the Postal Service regarding issues with delivery and customer service in Colorado mountain towns, such as mail and packages being delayed or returned to sender. This audit focused on determining the causes of the inconsistent delivery and poor customer service issues in Colorado mountain towns. We judgmentally selected 13 delivery units and one processing and distribution center (P&DC) throughout the mountain towns to conduct observations, interviews, and data analysis. See Appendix D for additional information on sites observed.

Findings Summary

Customers in Colorado mountain towns experienced lower on-time service performance, especially for packages, compared to the rest of the state and nation overall. According to the Postal Service's tracking data, between October 2022, and July 2023, the percent of mail delivered on-time was 4.94 percentage points lower for First-Class Mail, 1.30 percentage points lower for Marketing Mail, ▮ percentage points lower for Priority packages, and ▮ percentage points lower for other package services[3], than the rest of the nation. Marketing Mail did exceed the on-time goal by 0.75 percentage points, but both First-Class Mail and Priority packages failed to meet the goal by 6.61 and ▮ percentage points lower, respectively. See Table 1 for additional details. See Appendix C for additional information on service performance in Colorado.

> " Community members and local organizations reached out to political leaders and the Postal Service regarding issues with delivery and customer service in Colorado mountain towns. "

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1   The select Colorado mountain towns reviewed have been highlighted in local media coverage due to concerns expressed by various members of Congress to the Postal Service.
2   Postal Service Reform Act of 2022, Section 202, dated April 6, 2022.
3   The Postal Service rebranded First-Class Package Service, Retail Ground, and Parcel Select to Ground Advantage on July 9, 2023.

Table 1. Service Performance Scores Between October 2022, and July 2023

Mail Product	Location	Percent On-Time	Difference From Goal	Difference From National
First-Class Composite	On-Time Goal	92.50%		
	National	90.82%	-1.68%	
	Colorado Total	86.87%	-5.63%	-3.95%
	Colorado Mountain Towns*	**85.89%**	**-6.61%**	**-4.94%**
Marketing Mail	On-Time Goal	93.64%		
	National	95.69%	2.05%	
	Colorado Total	94.67%	1.03%	-1.02%
	Colorado Mountain Towns*	**94.39%**	**0.75%**	**-1.30%**
Other Package Services	On-Time Goal	N/A **		
	National	███	N/A **	
	Colorado Total	███	N/A **	███
	Colorado Mountain Towns*	███	**N/A ****	███
Priority Packages	On-Time Goal	███		
	National	███	███	
	Colorado Total	███	███	███
	Colorado Mountain Towns*	███	███	███

Source: USPS Informed Visibility (IV) and Enterprise Data Warehouse (EDW).
* Based on 3-digit ZIP Codes 803, 804, 808, 812, 814, 815, and 816.
** No on-time goal for Ground Advantage has been established for FY 2023, the prior goal for First-Class Packages was ███ percent.

We identified issues impacting mail delivery and customer service at all 13 delivery units and the one P&DC that we visited. The biggest challenge was the facilities' ability to hire and retain personnel. We also found deficiencies with handling of mail and packages, transportation schedules, and facility constraints. See Appendix D for issues found by site.

The lack of management oversight, communication, and insufficiently trained postmasters contributed, in part, to the deficiencies identified which resulted in lower service performance and customer service. Poor service performance and customer service harms the brand of the Postal Service and puts future revenue at risk.

Finding #1: Staffing and Retention Challenges

Staffing and retaining postal workers in Colorado mountain towns has been difficult for the Postal Service and impacted its operations. Specifically, 12 of the 13 delivery units were short staffed[4] for carriers and/or clerks between October 2022 and July 2023. For example, the Aspen, Buena Vista, and Conifer Post Offices (POs) were understaffed during all 43 weeks reviewed (October 2022 and July 2023), having as much as 25 percent of their career carrier positions vacant. See Table 2. Local management cited shortages of clerks, carriers, and other positions as an impact to getting mail delivered on time.

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4   According to Function 4 Workbook, *Post Office Operations*, dated February 2014, the Postal Service determines its workforce needs based on workload factors such as mail volume and number of delivery days.

Table 2. Average Understaffing of Career Employees Between October 2022 and July 2023

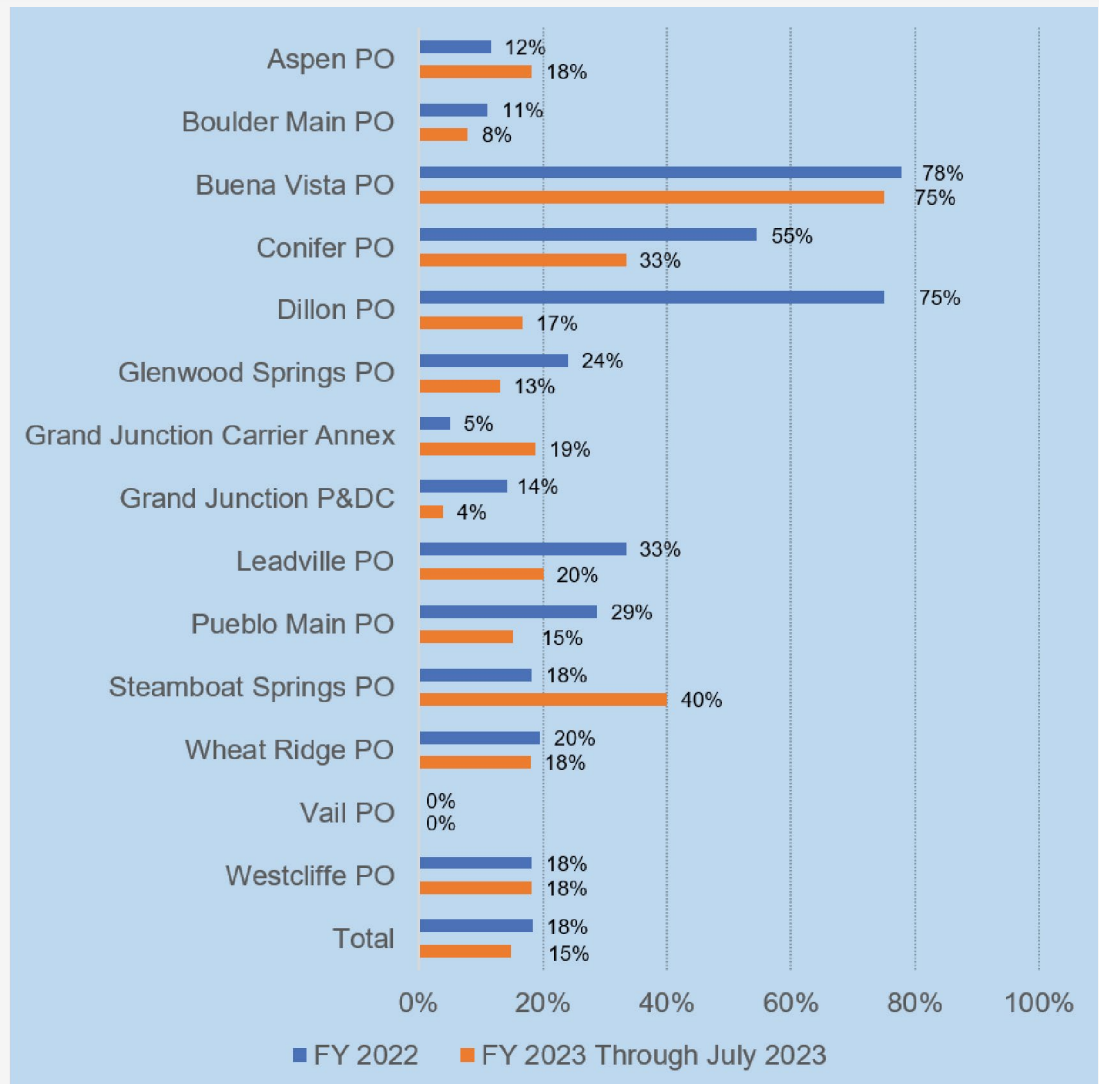| Facility	City & Rural Carriers		Clerks	
	Weeks (out of 43) Understaffed	Average Percent Understaffed	Weeks (out of 43) Understaffed	Average Percent Understaffed
Aspen PO	43	-26%	0	0%
Boulder Main PO	17	-4%	0	0%
Buena Vista PO	43	-38%	21	-33%
Conifer PO	43	-35%	34	-51%
Dillon PO	N/A*		43	-51%
Glenwood Springs PO	21	-14%	0	0%
Grand Junction Carrier Annex	43	-6%	43	-30%
Grand Junction P&DC	N/A*		29	-5%
Leadville PO	2	-33%	0	0%
Pueblo Main PO	19	-4%	43	-15%
Steamboat Springs PO	N/A*		32	-20%
Vail PO	0	0%	0	0%
Westcliffe PO	0	0%	3	-50%
Wheat Ridge PO	22	-9%	0	0%

Source: USPS Workforce analytics.
*Facility does not have USPS employed carriers.

Even when positions were filled, 13 of 14 facilities struggled to retain personnel, especially in the first three months of new employees' tenure. We found 18 percent of all personnel at the facilities observed voluntarily left in fiscal year (FY) 2022, and through July 2023, 15 percent have left. Buena Vista PO had the largest turnover at 78 percent and 75 percent, respectively, for the same timeframes. See Figure 1. Management stability was also a challenge at 10 of 14 facilities where the senior level management has been in place for less than two years.

> "Even when positions were filled, 13 of 14 facilities struggled to retain personnel, especially in the first three months of new employees' tenure."

Figure 1. Voluntary Turnover
Source: USPS EDW.

|	FY 2022	FY 2023 Through July 2023
Aspen PO	12%	18%
Boulder Main PO	11%	8%
Buena Vista PO	78%	75%
Conifer PO	55%	33%
Dillon PO	75%	17%
Glenwood Springs PO	24%	13%
Grand Junction Carrier Annex	5%	19%
Grand Junction P&DC	14%	4%
Leadville PO	33%	20%
Pueblo Main PO	29%	15%
Steamboat Springs PO	18%	40%
Wheat Ridge PO	20%	18%
Vail PO	0%	0%
Westcliffe PO	18%	18%
Total	18%	15%

Multiple factors have contributed to the Postal Service's difficulty in hiring and retaining personnel in these locations, such as a rising cost of living, especially housing, and less competitive wages than other local employers. Specifically, since 2019, the cost of living in Colorado has increased significantly – and while competing employers have increased their hourly pay in the region to coincide with this, the Postal Service's hourly pay remained largely unchanged, causing the Postal Service to lose its competitive advantage. See Figure 2. Personnel at these facilities also stated how stressful the environment is due to workload, long hours, high tensions, and inability to meet customer needs. Management and employees at 5 of 14 facilities visited cited examples of a poor work environment that compromised both their physical and mental well-being. One of the Postal Service's new nationwide initiatives is to create a work environment that values employees' safety, and to cultivate a culture of engaged, collaborative leaders, whose interactions with employees influence productivity, morale, and the bottom line.

> " The Postal Service's hourly pay remained largely unchanged, causing the Postal Service to lose its competitive advantage. "

Figure 2. Starting Pay for Postal Employees Compared to Colorado Mountain Resort and Ski Area Employees
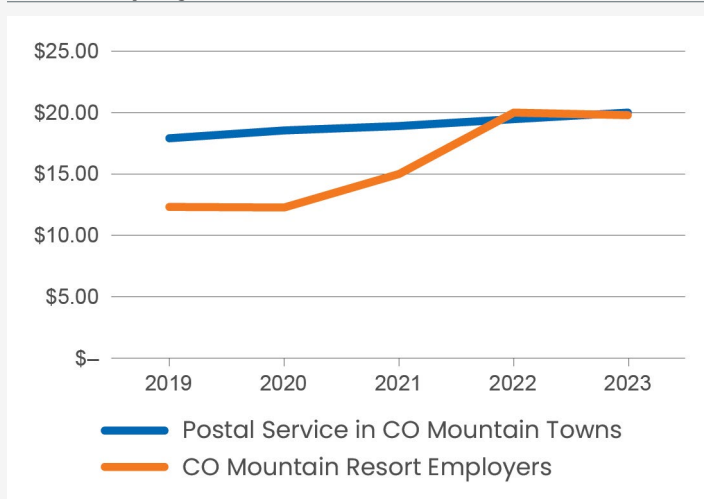
Sources: USPS EDW data and reports from Colorado news articles and company announcements advertising the increases in resort and ski area pay.

To offset the hiring and retention challenges, the Postal Service stated they deployed special teams, reestablished highway contracts in the area, and added additional management to help eliminate the delay of mail. In addition, the Postal Service temporarily transferred personnel from other facilities to help supplement delivery operations. However, that came at an extra cost. The Postal Service estimated it paid $178,000 for per diem, mileage, and hotel expenses[5] between January 1 through July 31, 2023, to provide carriers to those facilities. The Postal Service has a policy allowing for increases in pay for cost-of-living adjustments based on local conditions; however, the facilities in Colorado mountain towns are not receiving these pay adjustments. The Postal Service has an opportunity to apply or expand upon existing policies to better incentivize hiring and retention in Colorado mountain towns to compete with other employers. This could also prevent the Postal Service from accumulating expenses from the transfer of personnel and help it to stabilize working environments and provide better customer service.

Finding #2: Improper Handling of Mail and Packages Causing Delays and Misinformation

Postal Service personnel at the delivery units visited were not handling mail and packages properly, resulting in significant delays, incorrect returns, and inaccurate tracking. The following are examples of improper handling issues observed during our observations and the impact on customers:

- At the Steamboat Springs PO, we found contracted mail carriers placed 238 packages in the undeliverable area. Of those packages, we judgmentally sampled 37 and found all were incorrectly being returned to sender due to improper handling. The carriers stated they placed the packages in the undeliverable area to return to sender because the addresses were not added to their contracted route. Postal Service management and the contractor over the route are responsible for updating route information to ensure all addresses are documented for the route.[6] All of these packages were set to be returned to sender rather than being delivered to customers serviced by the Steamboat Springs PO. Only customers who came to the post office looking for their package were able to get them before they were returned to sender. See Figure 3.

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5   Actual costs may be higher since they were not formally tracked.
6   Handbook M-39, *Management of Delivery Services*, Section 128, Operations Analysis, dated June 2019.

Figure 3. Undelivered Packages at the Steamboat Springs PO

Source: OIG photo taken on July 12, 2023, at 07:33 a.m. at the Steamboat Springs PO.

- Contract Delivery Service (CDS)[7] carriers at five of eight delivery units were not performing delivery services or did not attempt to deliver packages according to their contracted terms. Postal Service policy requires management to complete Postal Service (PS) Form 5500 to report irregularities, late trips, and safety deficiencies of routes under their administration.[8] Between December 2022 and July 2023, there were 100 PS Form 5500 for delivery services not performed. For example, the Boulder Main PO issued a PS Form 5500 to the CDS carrier for not fully delivering a route on Christmas Eve. Despite these irregularities, no action beyond documenting instances of the work not performed was taken.

  In addition, other delivery units expressed that they did not document irregularities either due to their prioritization of additional duties or because the lack of an official postmaster prevented appropriate communication and accountability with the CDS owners. These issues were driven by insufficient local and district management oversight of CDS carriers. As a result, if irregularities are not properly reported and addressed, CDS carriers may not be held accountable for underperforming their contractual duties, and mail delivery may be delayed. In addition, the Postal Service may be limited in their ability to assess damages and/ or terminate the contract for default.

> " Carriers at five of eight delivery units were not performing delivery services or did not attempt to deliver packages according to their contracted terms. "

- At the Grand Junction P&DC, we observed five tubs of mail with flats[9] returned from the Glenwood PO for automated processing. However, the Grand Junction P&DC does not have an automated flats processing machine, and the mail was to be manually sorted regardless of whether it was done at the P&DC or PO. Management at the P&DC stated returning flat mail to the P&DC for processing is a common occurrence; however, they never communicated this issue to the POs that were returning flats for processing. Delivery unit managers and P&DC managers should communicate to implement most practical and cost-effective methods to process and deliver mail.[10] Mail that is sent between the delivery unit and P&DC multiple times for sorting adds unnecessary time and creates potential delays.

- At nine[11] delivery units, we observed 246 packages that arrived at the delivery unit one or more days before our observations. Of these, we found 92 (or

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7   A contractual agreement between USPS and an individual or company for the delivery of mail to and collection of mail from individual customers. CDS personnel are not USPS employees but independent contractors.
8   Management Instruction PO-531-2019-1, *Monitoring Performance of Highway Contract Route Service*, dated July 2019.
9   Flat-size mail must be rectangular with four square corners or with finished corners that do not exceed a radius of 1/8 inch. Example of flat mail would be magazines, newspapers, catalogues, etc.
10 Handbook M-39, Management of Delivery Services, Section 111.1, Basic Requirements – General, dated June 2019.
11 Delivery units include Aspen PO, Boulder Main PO, Conifer PO, Glenwood Springs PO, Grand Junction Carrier Annex, Pueblo Main PO, Steamboat Springs PO, Westcliffe PO, and Wheat Ridge PO.

> **"Improper handling of mail and packages resulted in delays and misinformation for customers."**

about 37 percent) had improper scans, such as a package being scanned as delivered to a PO Box when that was not the addressed delivery point; having multiple delivery scans more than one day apart; being scanned more than a mile away from the delivery point as an attempted delivery; and being scanned as attempted delivery while still at the delivery unit. Delivery unit management is responsible for training personnel and verifying that package scans are completed and accurate. These improper scans stopped the measurement clock for determining on-time service and caused inaccurate reporting of service performance scores for packages.

- At the Vail PO, we found pallets of packages from a large e-commerce company that were not scanned when they arrived, as required.[12] Instead, personnel were improperly instructed by the postmaster to scan each pallet as they handled them. Failing to scan mailpieces upon arrival at the delivery unit provided the customer with inaccurate tracking information and falsely identified where the delay occurred. See Figure 4.

Figure 4. Delayed E-Commerce Packages at the Vail PO

Source: OIG photo taken on June 22, 2023, at 07:10 a.m., at the Vail PO.

- Management at four delivery units[13] were not reporting delayed mail as required in the Delivery Condition Visualization (DCV) system.[14] Management was not aware or sufficiently trained on how to properly report delayed mail. As a result, inaccurate delayed mail counts led to district management being unaware of potential issues.

These issues occurred, in-part, due to inadequate management oversight, lack of communication, and insufficient training. While most postmasters completed some form of training, four of 13 (or about 31 percent) did not attend the formal Postmaster Essentials training course prior to assuming the responsibilities of postmaster. Some managers were unaware of how to access or use applications and reports designed to assist them in running their facilities. Four postmasters did not feel they were properly equipped or trained to fulfill the postmaster role.

Improper handling of mail and packages resulted in delays and misinformation for customers. Delayed mail and inaccurate tracking can impact the Postal Service's reputation and brand.

Recommendation #3
We recommend the **District Manager Colorado-Wyoming District**, establish a program to monitor package handling to verify that packages are scanned and delivered, as required, and take corrective action with underperforming facilities.

Recommendation #4
We recommend the **District Manager, Colorado-Wyoming District**, establish a process to track and monitor whether delivery unit management is appropriately documenting delivery contract irregularities with Postal Service Form 5500, and whether damages should be assessed, or the contract terminated for default.

Recommendation #5
We recommend the **District Manager, Colorado-Wyoming District**, require any employee fulfilling the postmaster role at the select facilities, to take the formal Postmaster Essentials training course, and track compliance.

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12   *Delivery Unit Bundle Visibility – Standard Work Instruction*, dated January 29, 2019.
13   Delivery units include Aspen PO, Conifer PO, Leadville PO, and Vail PO.
14   *Informed Visibility Delivery Condition Visualization User Guide*, page 3, dated March 23, 2023.

> **Recommendation #6**
> We recommend the **District Manager, Colorado-Wyoming District**, implement a developmental program, including on-the-job training at the delivery units, to ensure postmaster readiness.

> **Recommendation #7**
> We recommend the **District Manager, Colorado-Wyoming District**, instruct local management in Colorado mountain town facilities to enter delayed mail in reporting systems and establish responsibility for processing manual flat mail.

Finding #3: Transportation Schedules Not Aligned to Operational Needs

The Postal Service did not align transportation schedules to meet the needs of processing and delivery operations, which resulted in mail delays. For example, trucks departed from the delivery units with collection mail before all carriers returned with their collection mail, and trucks arrived at the delivery units with mail to be delivered after carriers departed. In accordance with Postal Service's standard work instructions, when issues like the above arise, a meeting between delivery unit and P&DC personnel should occur to review trip times and volume profiles for accuracy and update them as needed. The following are examples of transportation schedules not aligned to meet operational needs that were observed during our site visits and the impact it had on customers:

- At seven POs, we found there was less than eight hours between the scheduled time carriers depart for their routes and when collection mail is transported to the P&DC at the end of the day for processing. See Table 3. According to Postal Service policy, delivery routes should consist of about 8 hours of work.[15] The current transportation schedules do not allow sufficient time for carriers to deliver their routes and return with collected mail before the last truck departs for the P&DC. When carriers cannot return to the delivery unit before the last truck of the day departs, the mail they collected must wait in the delivery unit for the next day's truck. Five delivery units had less than seven hours between the

time the mail is ready for the carriers and final truck to the P&DC, and the Westcliffe PO only had three hours. At the Aspen and Vail POs, half of the carriers were still out at 5 p.m., after the last truck departed. Collection mail is generally sent to be processed the day it is received; however, the Postal Service may authorize exceptions. Local management could not provide documented exceptions to send collection mail a day later.

Table 3. Time Between Distribution Cutoff and Last Truck Departing for P&DC

Facility	Distribution Cutoff[16] (a.m.)	Final Dispatch of Value[17] (p.m.)	Time Difference
Aspen PO*	10:00	4:30	6 Hours 30 Minutes
Boulder Main PO	8:30	6:20	9 Hours 50 Minutes
Buena Vista PO*	9:45	3:50	6 Hours 5 Minutes
Conifer PO	9:30	6:15	8 Hours 45 Minutes
Dillon PO*	11:00	6:05	7 Hours 5 Minutes
Glenwood Springs PO	8:30	6:15	9 Hours 45 Minutes
Grand Junction Carrier Annex	9:00	6:00	9 Hours 0 Minutes
Leadville PO*	9:00	4:45	7 Hours 45 Minutes
Pueblo Main PO	8:30	6:20	9 Hours 50 Minutes
Steamboat Springs PO*	10:15	4:30	6 Hours 15 Minutes
Vail PO*	9:30	4:10	6 Hours 40 Minutes
Westcliffe PO*	11:30	2:30	3 Hours 0 Minutes
Wheat Ridge PO	8:00	6:20	10 Hours 20 Minutes

Source: Scan Point Management System (SPMS) and Transportation Optimization, Planning, and Scheduling (TOPS).
*Less than eight hours between distribution cutoff and final departing truck.

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15 Handbook M-39, *Management of Delivery Services*, Section 242.122, Evaluation and Analysis, dated June 2019.
16 The distribution cutoff time is the time of day the distribution of all mail for a distribution unit scheme is completed and available for carriers or PO Box distribution.
17 The final dispatch of the day that is loaded on transportation in time to meet the service standard.

Even with a 9-hour window, the Grand Junction Carrier Annex sent 16 full tubs of collection mail to the Grand Junction P&DC after the scheduled processing time (see Figure 5). The mail sat at the P&DC until the processing operation was run the next day.

Figure 5. Late Arriving Collection Mail at the Grand Junction P&DC

Source: OIG photo taken on July 10, 2023, at 07:03 a.m., at the Grand Junction P&DC.

At the Leadville PO, the final truck bringing mail for carriers is scheduled to arrive 45 minutes after the distribution cutoff time. Postal Service guidance instructs delivery units to adhere to the distribution cutoff time and not require that mail and parcels distributed after that time be delivered that day.[18] We observed 443 packages, including Priority Mail, unloaded from the truck, that remained at the facility until it was delivered one day later. See Figure 6.

Figure 6. Late Scheduled Packages at the Leadville PO
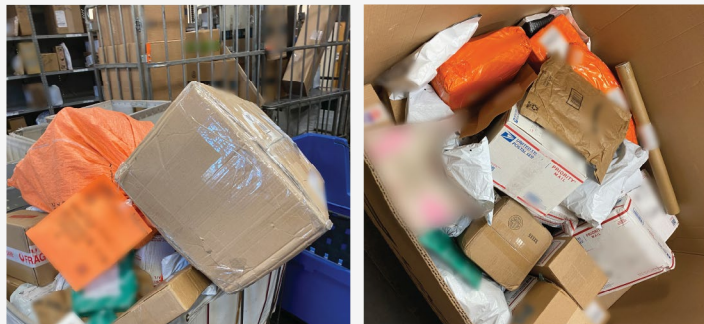
Source: OIG photo taken on June 21, 2023, at 07:17 a.m., at the Leadville PO.

Overall, we found 19 percent of all transportation trips to the 13 observed delivery units were late between October 2022, and July 2023. Local management in multiple facilities noted ongoing issues with late arriving Highway Contract Route (HCR)[19] trucks bringing mail for delivery, for example:

- The postmaster at the Conifer PO stated that they had issues with HCR trucks arriving late from the Denver P&DC with no communication from the P&DC management.

- The postmaster at the Glenwood Springs PO stated HCR trucks from both the Grand Junction and Denver P&DCs are regularly late.

- The postmaster at the Wheat Ridge PO noted issues with HCR truck delays from Denver P&DC.

These transportation issues are due, in part, to inadequate management oversight and a lack of communication. Delivery unit management did not communicate to the P&DC when scheduled transportation conflicted with the delivery unit's operational plan. Also, delivery unit management did not communicate with the P&DC that they would be sending late arriving collection mail. Due to a lack of oversight, the P&DC did not report the impact of this mail arriving late or note late arriving mail in the reporting system. When transportation schedules are not aligned, it impacts the ability to process and deliver mail timely, which can result in delayed mail.

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18   Handbook M-39, *Management of Delivery Services*, Section 161(c), Parcel Delivery Requirements, dated June 2019.
19   A route of travel served by a postal contractor to carry mail in bulk over highways between designated points. HCRs generally do not deliver mail to individual customer addresses along the line of travel. Highway contract routes make up the largest single group of transportation services used by USPS and range from long-haul tractor trailers to box delivery routes.

Finding #4: Facility Constraints

Most of the 13 delivery units visited were built prior to the package growth surge, and may not be equipped to service the growing population within Colorado and the increase in e-Commerce packages. Specifically, we determined six facilities had minimal workroom floor space or vehicle parking to process mail and maneuver within the facility during non-peak season, causing delays. The following are examples of facility constraints impacting operations:

- At the Grand Junction Carrier Annex, we observed 18 cages of packages from an e-commerce company staged outside due to space constraints. Many of cages of packages were left outside unattended for over an hour until the carriers showed up at their scheduled time to load and deliver. See Figure 7.

Figure 7. Unattended Packages Staged for Loading at the Grand Junction Carrier Annex

Packages Staged Outside – Lack of Facility Space

Source: OIG photo taken on July 11, 2023, at 07:00 a.m., at the Grand Junction Carrier Annex.

- At the Conifer PO, we observed areas of the workroom floor blocked by packages. See Figure 8.

Figure 8. Facility Congestion at the Conifer PO

Workroom Floor Congested

Route Distribution Lanes Full

Source: OIG photos taken on July 11, 2023, at 07:11 a.m., during morning observation at the Conifer PO.

Most of these facilities were built prior to 2000, some being as old as the mid-1900s. Some facilities may not be prepared to handle the current package volume and meet mail delivery standards, especially during the Postal Service's peak season from November to January. See Appendix D for additional information.

Management's Comments

Management generally agreed with the findings and other impact, agreed with recommendations 3, 4, 6, 7, 8, 9, and 10, but disagreed with recommendations 1, 2, and 5. See Appendix E for management's comments in their entirety.

Regarding recommendation 1, while management agreed the local team must continually review opportunities to recruit and retain employees, they disagreed that the local team should analyze work environment impacts and create a plan to overcome those impacts. Management stated that there are known issues related to market conditions not unique to the locations we visited. These locations are monitored by Operations and Human Resources at the Area and Headquarters level, with ongoing work at multiple levels of the organization.

Regarding recommendation 2, management disagreed with the recommendation as written, stating that if the recommendation is made to the Chief Human Resources Officer, they could accept the recommendation. Specifically, management stated that compensation for bargaining unit employees is handled by the Office of Chief Human Resources Officer and his national negotiation team.

Regarding recommendation 3, management stated that a program already exists to monitor and track package handling. Specifically, management stated that district management conducts daily touch points and virtual meetings with local management to discuss scanning performance. However, management stated they will take corrective action as appropriate. The target implementation date is April 30, 2024.

Regarding recommendation 4, management stated they instructed local management to use USPS Form 5500 to document delivery contracted route irregularities. The forms are required to be sent to the district for review. The target implementation date is April 30, 2024.

Regarding recommendation 5, management stated that the cost outweighs the benefit to send an employee to Postmaster Essentials training that is backfilling the position for a short period of time. Management stated that newly appointed

postmasters are required to attend in-person Postmaster Essentials training within six months of promotion.

Regarding recommendation 6, management stated that there is an existing process for new postmasters to complete Postmaster Essentials training and on-the-job training. This includes performance reviews by their respective Managers of Post Office Operations (MPOO) and the Training Department. MPOOs and the Training Department were instructed to consistently track and ensure new postmasters complete the postmaster development program. The Operations Integration Team will perform further training, education, and coaching for local management as needed. The target implementation date is April 30, 2024.

Regarding recommendation 7, management stated they provided training material, hyperlinks, and standard work instructions to local management to improve reporting of delayed mail and reinforce best practices. The target implementation date is April 30, 2024.

Regarding recommendation 8, management stated that there is a process in place to conduct daily meetings between processing, logistics, and delivery management. They will review the Integrated Operating Plan agreements of the specific delivery units to validate that the agreements meet their processing and delivery needs. The target implementation date is April 30, 2024.

Regarding recommendation 9, management stated that there is an application currently in use to communicate and address issues between the processing plants and delivery units. Management stated that they will reinforce the use of the application and resolve arrival issues as necessary. The target implementation date is April 30, 2024.

Regarding recommendation 10, management stated they will request a study from the operations industrial engineer division to determine operational space requirements and will submit the results to the Facilities Department for appropriate action. The target implementation date is April 30, 2024.

Evaluation of Management's Comments

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to recommendations 3, 4, 6, 7, 8, 9, and 10 in the report, and the corrective actions should resolve the issues identified. We consider management's comments partially responsive to recommendation 2 and nonresponsive to recommendations 1 and 5.

Regarding recommendation 1, while we acknowledge the issues related to market conditions are not unique to the locations we visited, the work environment impacts we reported relate to controllable internal factors such as high tensions and poor work conditions that compromised both physical and mental well-being. Management's comments did not say how these impacts will be addressed. We view the disagreement with recommendation 1 as unresolved and will work with management through the formal audit resolution process.

Regarding recommendation 2, based on management's comments regarding which office is best positioned to act, we changed the addressee from the Colorado/Wyoming District Manager to the Deputy Postmaster General and Chief Human Resources Officer. However, management did not respond to the second part of the recommendation about tracking expenses for personnel detailed to these locations from other offices. Tracking expenses will give a clear picture to Postal Service management of the total cost to send supporting personnel to short-staffed locations. As such, we will work with management through the formal audit resolution process.

Regarding recommendation 5, while we acknowledge the cost could outweigh the benefit of training employees in positions for short periods, as noted in our audit, the officer in charge at the Steamboat Springs Post Office was fulfilling the postmaster role for more than a year and had not received any formal training. We view the disagreement with recommendation 5 as unresolved and will work with management through the formal audit resolution process.

All recommendations require OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. Recommendations 1 through 10 should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendation can be closed.

Appendices

Appendix A: Additional Information

Scope and Methodology

The scope of this audit was delivery and customer service operations of Colorado mountain town Postal Service facilities between October 2022 and November 2023. Observations were performed between June and August 2023. See Appendix B for a map of this area.

We judgmentally selected 13 POs and one P&DC based on issues reported by the public, service performance data, and geographic locations. The facilities are located within Colorado's 2nd, 3rd, and 7th Congressional Districts – covering Zip Codes beginning with 804–805, select areas in 808 and 810, and 811–816. These offices are serviced by the Grand Junction, Colorado Springs, and Denver P&DC.

To accomplish our objective, we:

- Obtained and analyzed data from Enterprise Data Warehouse, Customer 360, Product Tracking and Reporting system, Informed Visibility, Surface Visibility, Delivery Condition Visualization, Workforce Analytics, HERO Training Records, Web Complement Information System, and Scan Point Management System.

- Analyzed service performance and trends of service performance for First-Class Mail, Marketing Mail, Priority Mail and Ground Advantage for 3-digit ZIP Codes 803, 804, 808, 812, 814, 815, and 816 and compared them to state and nationwide service performance.

- Observed delivery and retail operations at 13 delivery units and processing operations and at one P&DC to determine causes of low performance.

- Obtained and reviewed documentation and applicable policies and procedures related to the areas under audit.

Interviewed delivery, retail unit, and P&DC personnel regarding service challenges and day-to-day operations.

We conducted this performance audit from June 2023 through November 2023 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on November 1, 2023, and included their comments where appropriate.

In planning and conducting the audit, we obtained an understanding of delayed mail, transportation, and delivery unit internal control structures to help determine the nature, timing, and extent of our audit procedures. We reviewed the management controls for overseeing the program and mitigating associated risks. Additionally, we assessed the internal control components and underlying principles, and we determined that the following four components were significant to our audit objective:

- Control Environment;

- Control Activities;

- Information and Communication; and

- Monitoring.

We developed audit work to ensure that we assessed these controls. Based on the work performed, we identified internal control deficiencies related to control activities and information and communication that were significant within the context of our objectives. Our recommendations, if implemented, should correct the weaknesses we identified.

We assessed the reliability of various[20] data sources obtained from Postal Service systems and management by performing electronic testing of required data elements, reviewing existing information about the data and the system that produced them, and interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

| Report Title	Objective	Report Number	Final Report Date	Monetary Impact
Delivery Operations – Undelivered and Partially Delivered Routes	Assess the Postal Service's management of undelivered and partially delivered routes.	21-262-R23	December 16, 2022	N/A
Package Tracking Messaging	Evaluate the effectiveness of the Postal Service's messaging to customers for tracking domestic packages on USPS.com and Informed Delivery.	22-159-R23	May 11, 2023	N/A
Postal Service's Non-Career Employee Turnover Follow-Up	Assess the Postal Service's ongoing actions to reduce noncareer employee turnover rates.	22-180-R23	April 18, 2023	$52,113,161

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20   Various data sources included: Enterprise Data Warehouse, Customer 360, Informed Visibility, Surface Visibility, Delivery Condition Visualization, Workforce Analytics, HERO, Web Compliment Information System, and Scan Point Management System.

Appendix B: Interactive USPS Facility Map

We created an interactive map that identifies population growth, facility service opportunities, and general information for 14 Postal Service facilities in Colorado mountain areas (See Figure 9). This map includes a "Getting Started" section, facility service area-population, last mile mail failure rate, ability to toggle between Colorado Congressional Districts 2, 3, and 7, service performance mail type, facility statistics information, a map legend, and data source content that can be viewed here.

**Figure 9. Interactive Map Overview**
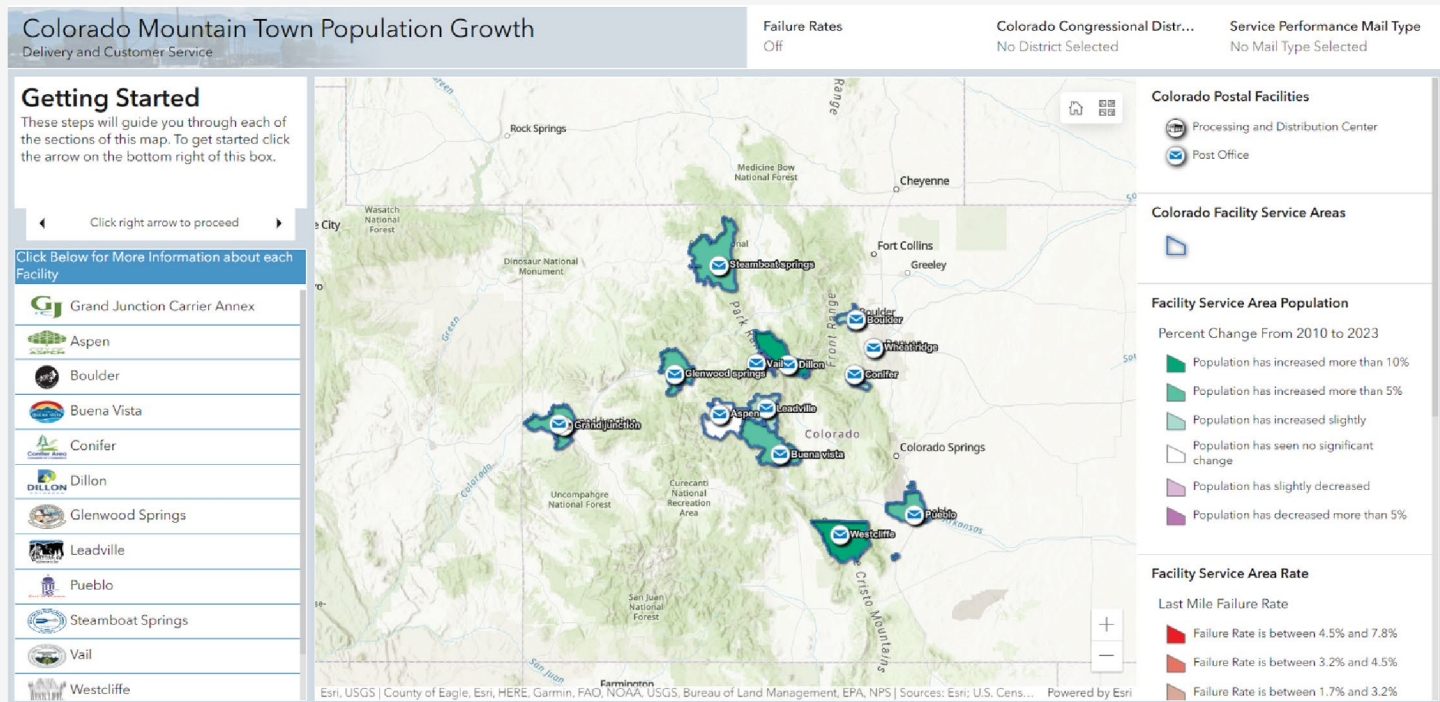
Appendix C: USPS Service Performance

We evaluated the service performance data for Colorado mountain towns from October 2022 to July 2023. The analysis shows that these individual three-digit ZIP Codes generally have lower performance scores than Colorado state and the national average. The combined service performance scores for all Colorado mountain towns are below the state and national performance scores. Heat maps show the lower performance areas and highlight the mountain range. See Figure 10.

Figure 10. Heat Maps by Product
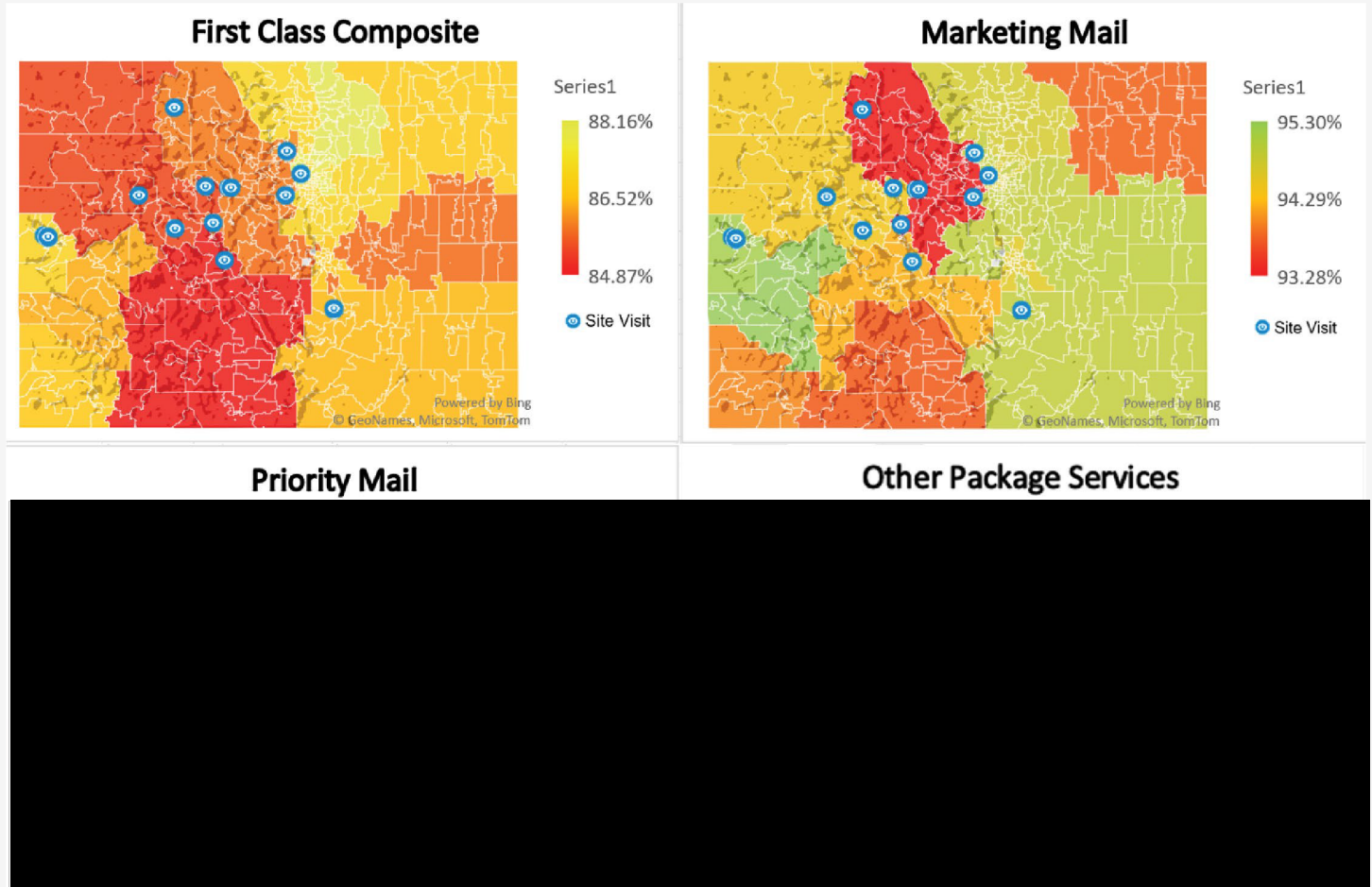
Source: Postal Service Informed Visibility (IV) and Enterprise Data Warehouse (EDW).

Appendix D: Issues by Facility

Facility	Date of Occupancy	Staffing Issues	Improper Handling/ Delivery Issues	Transportation Scheduling/ Truck Delays	Inadequate Communication, Training, and Oversight	Facility Layout Constraints
Aspen Post Office (PO)	September 1980	X	X		X	
Boulder Main PO	June 1910		X		X	Parking Lot
Buena Vista PO	October 1998	X	X		X	Small Facility for Volume
Conifer PO	February 1985	X	X	X	X	Small Facility for Volume
Dillon PO	August 1998	X	X			
Glenwood Springs PO	May 1966	X	X	X	X	
Grand Junction Carrier Annex	January 2014		X		X	Small Facility for Volume
Grand Junction P&DC	May 1984				X	
Leadville PO	June 1967	X	X	X	X	
Pueblo Main PO	July 2000	X	X		X	
Steamboat Springs PO	April 1981	X	X	X	X	Parking Lot, Small Facility for Volume
Vail PO	April 1990	X	X		X	
Westcliffe PO	February 1989		X		X	Small Facility for Volume
Wheat Ridge PO	July 1977		X	X	X	

Source: OIG analysis from observations. Postal Service's Facility Database.

Appendix E: Management's Comments

UNITED STATES POSTAL SERVICE

November 24, 2023

JOHN CIHOTA
DIRECTOR, AUDIT SERVICES

SUBJECT: Management Response: Delivery and Customer Service in Colorado Mountain
Towns (Report Number 23-130-DRAFT)

Thank you for providing the Postal Service an opportunity to review and comment on the findings
contained in the draft audit report, *Delivery & Customer Service in Colorado Mountain Towns.*

Management generally agrees with the report findings. As for Finding #1: *Staffing and Retention
Challenges*, staffing and retaining postal workers in Colorado mountain towns has been difficult
for the Postal Service and impacted its operations. Specifically, 12 of the 13 delivery units were
short-staffed Table 2. Local management cited shortages of clerks, carriers, and other positions
as an impact to getting mail delivered on time. 6 for carriers and/or clerks between October 2022
and July 2023. For example, the Aspen, Buena Vista, and Conifer Post Offices (POs) were
understaffed during all 43 weeks reviewed (October 2022 and July 2023), having as much as 25
percent of their career carrier positions vacant.

Following are our comments on each of the ten recommendations.

Recommendation 1:
We recommend the District Manager, Colorado-Wyoming District, analyze work environment
impacts that affect the Postal Service's ability to hire and retain personnel and create a plan to
overcome those identified impacts.

Management Response/Action Plan:
Management agrees that the local team must continually review opportunities to recruit and
retain employees; however, management **disagrees** with the recommendation that the local
team analyzes work environment impacts and create a plan as the issues are known issues
related to market conditions and not unique to CO/WY. Additionally, complement at these
locations is also monitored by Operations and Human Resources at the Area and Headquarters
level to ensure efforts are being made to hire and retain employees. This work is ongoing and
continuous at multiple levels of the organization.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 2:
We recommend the District Manager, Colorado-Wyoming District, explore the feasibility of increasing personnel pay in Colorado mountain towns based on locality, including tracking all expenses for personnel detailed to these locations and other hiring costs.

Management Response/Action Plan:
We **disagree** with this recommendation for the following reasons:
One, compensation for bargaining unit employees is a mandatory subject of bargaining that is accomplished through the parties' national collective bargaining process. That process is handled by the Office of the Chief Human Resource Officer and his national negotiation team. Two, district managers do not have the authority to make separate compensation decisions regarding bargaining unit employees' pay and benefits outside the parties' negotiated provisions related to these items. Three, we have existing negotiated provisions that allow the parties to jointly make modifications to pay and employee categories to address specific employment challenges. Lastly, had the recommendations been made to have the CHRO consider, evaluate and explore the issue of compensation for retention of bargaining unit employees in locations where hiring retention has proven to be challenging to our overall collective bargaining strategy—that is a recommendation we could accept.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 3:
We recommend the District Manager Colorado-Wyoming District, establish a program to monitor package handling to verify that packages are scanned and delivered, as required, and take corrective action with underperforming facilities.

Management Response/Action Plan:
Management **agrees** with this recommendation.
A program already exists to monitor and track the package handling on a daily basis. The District Management conducts daily touch points with the local management to discuss scanning performance. Additionally, we conduct virtual GEMBAS and as appropriate will take corrective actions.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY District Manager, CO-WY Manager Post Office Operations, and Postmaster

Recommendation 4:
We recommend the District Manager, Colorado-Wyoming District, establish a process to track and monitor whether delivery unit management is appropriately documenting delivery contract irregularities with Postal Service Form 5500, and whether damages should be assessed, or the contract terminated for default.

Management Response/Action Plan:
Management **agrees** with this recommendation.
Management has a progress in place to track and monitor the delivery of Contract routes. Local management was instructed to consistently use USPS Form 5500 *Contract Route Irregularity*

Report to document delivery contracted route irregularities. Form 5500 are required to be sent to the district for review and submission to the appropriate organization for processing.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY Manager Post Office Operations and Postmaster

Recommendation 5:
We recommend the District Manager, Colorado-Wyoming District, require any employee fulfilling the postmaster role at the select facilities, to take the formal Postmaster Essentials training course, and track compliance.

Management Response/Action Plan:
Management **disagrees** with this recommendation. The cost to require any employee fulling the postmaster role to take the formal Postmaster Essentials training outweighs the benefit as in many instances the employee is only backfilling the position for a very short period. However, to ensure that retail and delivery offices operate efficiently, and according to service standards and policies, management requires all newly appointed Postmasters to attend in-person Essentials Training within six months of promotion into an EAS Level 18 or 20 Postmaster position. Postmasters Level 21 and above are required to take "Management Essentials for Leaders" training.

Target Implementation Date: N/A

Responsible Official: N/A

Recommendation 6:
We recommend the District Manager, Colorado-Wyoming District, implement a developmental program, including on-the-job training at the delivery units, to ensure postmaster readiness.

Management Response/Action Plan:
Management **agrees** with this recommendation.
Management has an existing process for new Postmasters to complete the Essentials training course, and on-the-job training, including performance reviews by their respective MPOO. MPOOs and Training Department were instructed to consistently track and complete the Postmaster development program. In addition, the Operations Integration Team will perform training, education, and coaching for Postmasters or Supervisors as needed.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY District Manager and CO-WY Training Dept.

Recommendation 7:
We recommend the District Manager, Colorado-Wyoming District, instruct local management in Colorado mountain town facilities to enter delayed mail in reporting systems and establish responsibility for processing manual flat mail.

Management Response/Action Plan:
Management **agrees** with this recommendation.
Management during weekly meeting instructed local management to consistently enter delayed mail in the Delivery Condition Visualization (DCV) program. Also, Management provided training material, hyperlinks, and Standard Word Instructions (SWI) to local management, to improve reporting and reinforce best practices. Management will validate the DCV entries, ensure timely DCV reporting, and perform virtual GEMBAS as necessary.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY MOI and CO-WY MPOO

Recommendation 8:
We recommend the District Manager, Colorado-Wyoming District, review trip times and volume profiles, and meet with appropriate delivery unit and plant personnel, to align transportation schedules to meet processing and delivery needs of facilities in Colorado mountain towns.

Management Response/Action Plan:
Management **agrees** with this recommendation.
Management has a process in place to conduct daily meetings between Processing, Logistics, and Delivery. Management will review the IOP agreements to validate the schedule trips and volume profile meet the processing and delivery needs of the specific delivery units.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY Logistics and Western Division Logistics

Recommendation 9:
We recommend the District Manager, Colorado-Wyoming District, develop a process to ensure communication occurs between delivery and processing personnel at facilities located in Colorado mountain towns when there is late arriving mail.

Management Response/Action Plan:
Management **agrees** with this recommendation.
Management has a process in place to conduct daily meetings between Processing, Logistics, and Delivery. Also, Mail Arrival Quality / Plant Arrival Quality (MAQPAQ) application is currently used to report and address mail arrival issues between the Plant and the Delivery units. Management will reinforce the use of MAQMAP and resolve arrival issues as necessary.

Target Implementation Date: 04/30/24

Responsible Official:
CO-WY MOI IOP and Plant Managers

Recommendation 10:
We recommend the District Manager, Colorado-Wyoming District, conduct a study of the six delivery units to determine if existing workspace is sufficient to meet the needs of facilities and customers, and if not, explore opportunities to acquire needed space.

Management Response/Action Plan:
Management **agrees** with this recommendation and will request a space constrained study from the operations industrial engineer division to determine operational space requirements. Management will submit these results to Facilities Department for appropriate action.

Target Implementation Date: 04/30/24

Responsible Official:
Manager OIE – Westpac Area, and CO-WY MOI

Donald Kravos   6/24/2023
Donald Kravos
Acting District Manager, Colorado-Wyoming District

cc: Area Vice President, Retail & Delivery (WestPac)
    Corporate Audit Response Management

Contact us via our Hotline and FOIA forms. Follow us on social networks. Stay informed.

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