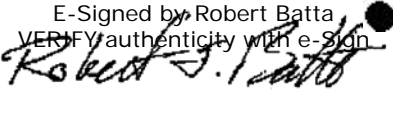




February 10, 2015

MEMORANDUM FOR: EDWARD F. PHELAN, JR.
VICE PRESIDENT, DELIVERY OPERATIONS

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


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

SUBJECT: Management Alert – Suspension or Delay of Scheduled
Vehicle Maintenance (Report Number DR-MA-15-001)

This management alert presents our concerns with the U.S. Postal Service's Suspension or Delay of Scheduled Vehicle Maintenance (Project Number 15XG002DR001). Our focus is on nationwide timely completion of required scheduled vehicle maintenance. This issue came to our attention during our ongoing project, *Nationwide Vehicle Maintenance Facility Efficiency* (Project Number 15XG002DR000).

If you have any questions or need additional information, please contact Rita F. Oliver, director, Delivery, or me at 703-248-2100.

Attachment

cc: Philip F. Knoll
Corporate Audit and Response Management

Introduction

This management alert presents our concerns with the U.S. Postal Service's Suspension or Delay of Scheduled Vehicle Maintenance. The purpose of this alert is to ensure the Postal Service continues scheduled vehicle maintenance service on Long-Life Vehicles¹ (LLV) despite having additional delivery requirements. There are 141,262 LLVs representing about 67 percent of the fleet. During the course of our project announced in October 2014, entitled *Nationwide Vehicle Maintenance Facility Efficiency*, Vehicle Maintenance managers indicated concerns with delays in releasing vehicles for scheduled maintenance service due to meeting additional service commitments.

The Postal Service operates one of the world's largest transport and delivery fleet which includes over 211,000 delivery, transport, and administrative vehicles. The Postal Service maintains the fleet using the Vehicle Maintenance Program at 316 Postal Service Vehicle Maintenance Facilities (VMFs) and commercial garages throughout the country. The Postal Service developed a series of Preventive Maintenance Inspection (PMI) guidelines for conducting scheduled maintenance (see [Appendix A](#) for a checklist). Scheduled preventive maintenance is the preferred method for maintaining the Postal Service's vehicles which consists of a bumper-to-bumper inspection, lubrication, and repair or replacement of any items found to be defective. According to Vehicle Maintenance Bulletin V-02-97,² scheduled maintenance services that are more than 2 weeks in arrears during any maintenance period are considered excessive and management must complete the services.

Conclusion

During the course of our *Nationwide Vehicle Maintenance Facility Efficiency* audit, we determined the Postal Service is not always performing scheduled preventive maintenance³ on its delivery vehicles. This occurred because of their extended use of vehicles for additional service commitments, the limited number of reserve vehicles, and delayed scheduled maintenance. Maintaining scheduled maintenance is critical to avoid vehicle breakdowns and ensure safety, while meeting the Postal Service's customer service requirements.

Our analysis found that during fiscal year (FY) 2015, Quarter (Q) 1 (October 1 - December 31, 2014), 43,548 (21 percent) vehicles, on average, were reported delinquent for scheduled maintenance (see [Table 1](#)).

¹ A right-hand drive city delivery van with an aluminum body that can carry 1,000 pounds of cargo. It is designed to last 24 years. The first LLVs entered service in 1987, replacing the Jeep DJ-5.

² VMB V-02-97, Vehicle Maintenance Standard Operating Procedures.

³ VMFs are attempting to complete scheduled maintenance when they receive vehicles for unscheduled repairs.

Table 1. Vehicle Delinquent Scheduled Maintenance⁴

Area	October	November	December	Average
Northeast	3,650	3,940	4,279	3,956
Eastern	6,142	6,582	7,112	6,612
Western	1,221	1,636	2,047	1,635
Pacific	5,520	6,021	6,586	6,042
Southern	14,031	14,408	16,110	14,850
Great Lakes	5,726	6,381	6,263	6,123
Capital Metro	4,642	4,180	4,166	4,4329
Total	40,932	43,148	46,563	43,548
Fleet Percentage	19%	20%	22%	21%

Source: Solution Enterprise Asset Management delinquent scheduled maintenance December 2014.

This occurred for several reasons. First, the increased package volume⁵ on routes is causing the Postal Service to use many vehicles 7 days a week which included before and after normal delivery route times. We analyzed carriers who used these vehicles performing mail delivery after 5:00 p.m. for FY 2015, Q1 (October 1 - December 31, 2014). There were over 3 million instances nationwide of carriers returning after 5 p.m.; including 3,430 instances of carriers on the street after 10:00 p.m.

Second, there are a limited number of reserve vehicles to accommodate routes served by vehicles that have mechanically broken down. The U.S. Postal Service Office of Inspector General (OIG) reported⁶ the Postal Service's delivery vehicle inventory⁷ and motorized routes⁸ could sustain delivery operations nationwide until FY 2017. As part of the FY 2015 capital budget, management plans to acquire additional vehicles to replace existing vehicles that have exceeded their planned life and place postal-owned vehicles on rural routes to meet the requirements in the National Rural Letter Carrier Association Labor Agreement.⁹ Management also plans to replace the entire LLV fleet beginning in FY 2017.

⁴ Report only shows the number of vehicles and does not distinguish by type.

⁵ Carrier package volume, when compared to the same period last year, increased by 10,605,847 pieces.

⁶ *Delivery Vehicle Fleet Replacement* (Report Number DR-MA-14-005, dated June 10, 2014).

⁷ The Postal Service retires about 1,300 vehicles each year due to excessive repair costs or unavailability of parts for older mini-vans.

⁸ The Postal Service continues to reduce motorized city delivery routes due to reductions in First-Class Mail[®] volume and route optimization. Management indicated that maintaining these motorized route reductions in the future may prove challenging due to the continued growth in package volume.

⁹ Handbook EL-902, Agreement between the United States Postal Service and the National Rural Letter Carriers' Association 2010-2015.

Furthermore, during visits to five areas¹⁰ VMF officials expressed concerns with not conducting or delaying scheduled preventive maintenance on the aging fleet of vehicles due to additional service requirements.

Maintaining scheduled maintenance is critical in avoiding vehicle breakdowns and safety issues while meeting the Postal Service's customer service requirements.

Recommendations

We recommend the vice president, Delivery, direct area management to:

1. Maintain scheduled vehicle maintenance services on a timely basis.

We recommend the vice president, Delivery:

2. Lease additional delivery vehicles as necessary to maintain scheduled maintenance services.

Management's Comments

Management agreed with our findings and recommendation 1, however they did not agree with recommendation 2.

With regard to recommendation 1, management stated they agree that the Postal Service is not always performing scheduled preventive maintenance on its delivery vehicles in a timely manner. The Vice President, Delivery Operations, will issue a memorandum through the areas expressing the importance of not deferring PMIs to support added delivery requirements. Management also indicated that reducing PMIs will be a priority of the newly structured Fleet Management group beginning in FY 2015, Q2.

Management did not agree with recommendation 2, to lease additional vehicles to maintain scheduled maintenance services. Management stated that the Fleet Management group under the new structure will evaluate vehicle requirements and establish procedures to ensure an appropriate number of maintenance reserve vehicles are available to support the maintenance operations. In addition, the Fleet Management group has received approval to purchase and deploy 12,950 delivery and collection vehicles, during FYs 2015 and 2016. The first deployment begins in FY 2015, Q2.

See [Appendix B](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to recommendation 1. Management disagreed with recommendation 2, however, proposed an acceptable

¹⁰ The five areas include the Eastern, Great Lakes, Northeast, Southern, and Western areas.

alternative solution. Corrective actions planned should resolve the issues identified in the report for both recommendations.

The OIG considers recommendations 1 and 2 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. Preventive Maintenance Inspection Checklist – Light-Delivery Vehicles

Scheduled maintenance is the preferred method for maintaining the Postal Service's vehicle fleet. The PMI checklist for conducting scheduled maintenance is a bumper-to-bumper visual inspection, lubrication, and repair or replacement of any items found to be defective. The checklist for LLVs includes the following 60 items.

1	Review vehicle jacket, modification orders, and repair tags	31	Fluid leaks and engine mounts
2	Road test	32	Change oil, filter, and lubricate
3	Leaks, doors, handles, and steps	33	Steering, tie rods, and arms
4	Seatbelt and interior	34	Brake linings
5	Key, ignition, and door key assembly	35	Bearing play and condition
6	Buzzer and warning devices	36	Suspension, springs, shocks, and hangers
7	Starter action, unusual sounds, and neutral switch	37	Transmission and mountings
8	Gauges, horn, heater, oil pressure, and mirrors	38	Exhaust systems, converter, and muffler
9	Accessories, glass, windshield wipers, and fan	39	Driveline, alignment, and condition
10	Steering	40	Body hold downs, hoses, and wires
11	Parking brake and foot brake test	41	Differential and breather
12	Clean inside and out	42	Undercoating condition
13	Lights, turn signals, and back-up lights	43	Engine compartment
14	Floor and under-dash wiring	44	Antifreeze protection level
15	Mail tray and brackets	45	Alkalinity protection
16	Window, window locks, regulator, and door slides	46	Replace or recycle coolant as required
17	Authorized cab decals and Label 70	47	Radiator, hoses, and leaks
18	General paint and body condition	48	Belts and pulleys
19	Wax vehicle	49	Alternator and power steering
20	Tire inflation	50	Fuel lines, fuel system, and linkage
21	Lug nuts, wheels, hubs, and alignment	51	Fuel filter, air filter, and PCV filter
22	Tire probe, condition, and tread depths	52	Clean battery post and cables
23	Bumpers, reflectors, lenses, and mud flaps	53	Battery box and hold-downs
24	Logos, markings, posters, and beltline	54	Wiring and hoses
25	Rear door security and condition	55	Battery load test
26	Interior condition, cargo door, floors, and roof	56	Starter cranking test
27	Cargo restraining devices	57	Alternator output test
28	Fuel cap, door, and filler neck	58	Regulator voltage
29	Accident kit	59	Emission control systems
30	Accident damage	60	Quality assurance road test

Source: U.S. Postal Service, Vehicle Maintenance Bulletin V-07-98, dated June 1, 1998.

Appendix B. Management's Comments

EDWARD F. PHELAN, JR
VICE PRESIDENT, DELIVERY OPERATIONS



January 29, 2015

JUDITH LEONHARDT
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Alert – Suspension or Delay of
Scheduled Vehicle Maintenance
(Report Number DR-MA-15-DRAFT)

Thank you for providing the U.S. Postal Service (USPS) with the opportunity to review and comment on the draft report titled Suspension of Delay of Scheduled Vehicle Maintenance (Report Number DR-MA-15-DRAFT).

Management agrees that the Postal Service is not always performing scheduled preventive maintenance on its delivery vehicles in a timely manner. However, we do not agree that the recommendations stated in this report are the best method to address this issue. The current volume of delinquent Preventive Maintenance Inspections (PMIs) indicate an area of opportunity for the new Fleet Management group that will be announced in Quarter 2 of Fiscal Year 2015. This group is in the process of restructuring and will make delinquent PMIs a priority.

As the OIG indicates, vehicle usage has been extended to provide world class service for a significant increase in package volume per day and extending the number of days we deliver packages. Typically during our peak package delivery season which coincides with the data period selected by the OIG to evaluate our delinquent scheduled maintenance, we experience an increase in delinquency due to the factors indicated by the OIG, but the overall trend in past due scheduled maintenance is decreasing. The average number of delinquent scheduled maintenances per month dropped nearly 19% in 2014 when compared to 2013.

The Fleet Management group will deploy 650 Mixed Delivery and Collection vehicles beginning in Quarter 2 of FY2015 which will assist with package delivery and provide some relief in vehicle maintenance by retiring older vehicles of this category.

The Fleet Management group has received approval to commit funds in 2015 for purchase of an additional 3,300 Mixed Delivery and Collection vehicles for deployment starting in late Quarter 4 of FY2015 and into FY2016.

475 L'Enfant Plaza SW
Washington, DC 20260
202-268-6500

- 2 -

The Fleet Management group has also received approval to commit funds in 2015 for purchase of over 9,000 extended capacity left hand drive delivery vehicles for deployment starting in 2016.

These vehicles will replace older minivans, reducing maintenance demands and provide relief to Delivery Operations and Vehicle Maintenance Facilities.

Recommendation:

We recommend that the Vice President, Delivery Operations, direct area management to:

1. Maintain scheduled vehicle maintenance service.

Management Response:

Management agrees. The Vice President, Delivery Operations, will issue a memo through the Areas expressing the importance of not deferring PMIs to support added delivery requirements. Reducing delinquent PMIs will also be a priority of the newly structured Fleet Management group starting in Quarter 2 of FY 2015.

Target Implementation Date: April, 2015

Responsible Official: Philip F. Knoll, Jr., Manager, Fleet Management

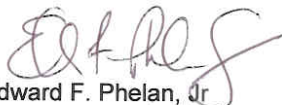
Recommendation:

2. Lease additional delivery vehicles as necessary to maintain scheduled maintenance services.

Response:

Disagree. The Fleet Management group under the new structure will evaluate vehicle requirements and establish procedures to ensure an appropriate quantity of maintenance reserve vehicles are available to support the maintenance operation as a whole.

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



Edward F. Phelan, Jr

cc: Manager, Corporate Audit Response Management