



Office of Inspector General | United States Postal Service

Audit Report

Sunday Operations – San Francisco District

Report Number DR-AR-18-003 | May 1, 2018

SUNDAY



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Highlights

Objective

The objective of our audit was to assess the efficiency of Sunday operations in the San Francisco District.

Consumers like the convenience of online shopping and expect quick delivery of those purchases, regardless of the day of the week. In October 2013, the U.S. Postal Service entered into a [REDACTED] Parcel Select delivery on Sundays in select ZIP Codes. Parcel Select mail, a destination-entry product, is offered at rates competitive in today's package market.

Postal Service operations on Sunday differ from those followed on the other six days of the week and are performed at designated Postal Service hubs. A hub is a delivery unit set up to accept, sort, and deliver parcels on Sunday destined for addresses served by the hub. The Postal Service planned to minimize operational costs for Sunday operations through the extensive use of non-career employees, including city carrier assistants (CCA), to the maximum extent possible.

The Postal Service is experiencing increased parcel volumes because of the trend toward online shopping and e-commerce. The number of Sunday hubs nationwide has increased from 459 in March 2014 to 2,349 at the end of fiscal year (FY) 2017. The San Francisco District had no hubs in March 2014, but had 39 Sunday hubs as of June 30, 2017. Sunday parcel volume in the San Francisco District increased 19 percent between FYs 2016 and 2017.

We selected the San Francisco District for this audit based on the usage of regular full-time city carriers working on Sundays in FY 2017.

What the OIG Found

Sunday operations were not always efficient in the San Francisco District. Specifically:

- Higher cost, regular full-time city carriers were used on Sundays.

- Internal hub operations related to distribution and delivery processes deviated from the Dynamic Routing Tool (DRT) process.
- Reporting of operational issues related to late trucks and mail presentation was not always submitted to the Local Operations Center or the Pacific Area.

These issues occurred primarily because the San Francisco District has had difficulties hiring and retaining sufficient CCAs. District management also did not enforce the use of the DRT processes at all hubs. Finally, hub personnel were not aware of the requirement to report operational issues, such as late truck arrivals and improper mail preparation, to the district local operations center. Further, some hubs did not submit the Pacific Area escalation surveys. The Area surveys are used to report operational issues with the seven [REDACTED] sortation centers servicing the delivery hubs.

The San Francisco District incurred additional operating costs on Sundays by using regular full-time city carriers at higher wage rates, resulting in \$1 million annually in additional operational costs. Improvements in staffing could help the district realize a cost avoidance of \$1.6 million annually.

What the OIG Recommended

We recommended the manager, San Francisco District:

- Identify and implement efforts to increase the use and retention of CCA employees.
- Ensure hub personnel adhere to the Sunday dynamic routing tool process.
- Develop a Sunday checklist/guide and provide training to all personnel in charge of Sunday operations at the hubs.
- Require all hubs in the district to submit appropriate escalation surveys to report any Sunday operational issues.

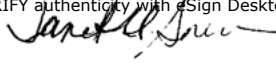
Transmittal Letter



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

May 1, 2018

MEMORANDUM FOR: NOEMI L. LUNA
DISTRICT MANAGER, SAN FRANCISCO DISTRICT

E-Signed by Janet Sorensen
VERIFY authenticity with eSign Desktop


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

SUBJECT: Audit Report – Sunday Operations – San Francisco District
(Report Number DR-AR-18-003)

This report presents the results of our audit of Sunday Operations in the San Francisco District (Project Number 17RG023DR000).

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 and Retail Operations, or me at 703-248-2100.

Attachment

cc: Corporate Audit Response Management

Results

Introduction/Objective

This report presents the results of our self-initiated audit of Sunday Operations in the San Francisco District (Project Number 17RG023DR000). The objective of our audit was to assess the efficiency of Sunday operations in the San Francisco District. We did not evaluate cost attribution or related aspects of the Negotiated Service Agreement.

See [Appendix A](#) for additional information.

Background

In October 2013, the U.S. Postal Service entered into a [REDACTED] for Parcel Select² and Parcel Return Service.³ In fiscal year (FY) 2014, the Postal Service expanded parcel delivery to include Sunday in select ZIP Codes. The San Francisco District had no hubs in March 2014, but had 39 Sunday hubs as of June 30, 2017. Sunday parcel volume in the San Francisco District increased 19 percent⁴ between FYs 2016 and 2017 (see Figure 1).

“Sunday parcel volume in the San Francisco District increased 19 percent between FYs 2016 and 2017.”

Figure 1. San Francisco District Sunday Parcel Volume



Source: Pacific Area.

Sunday parcel delivery operations differ from the processes followed Monday through Saturday. During regular operations from Monday through Saturday, parcels are not separated for delivery along dynamically generated routes, but are delivered along with mail as part of a carrier’s regular route. Parcels may also be received from customers at facilities that routinely receive those products.

In contrast, Sunday operations are only performed at postal facilities designated as hubs that accept drop shipments from authorized mailers. Also, since the Postal Service does not deliver mail on Sunday and only delivers parcels, Sunday operations use a Dynamic Routing Tool (DRT) to generate the most efficient parcel delivery routes. The DRT provides hub personnel with the following data: estimated street routes, estimated route times, estimated route miles for each route, estimated parcels and stops for each route, and turn-by-turn directions for each DRT route.

1 A NSA is a customized contractual agreement between the Postal Service and a specific mailer developed to promote efficiency and product innovation by providing special rebates, discounts, or pricing flexibility. NSAs include minimum volume estimates for each contract year to qualify for discounted prices.

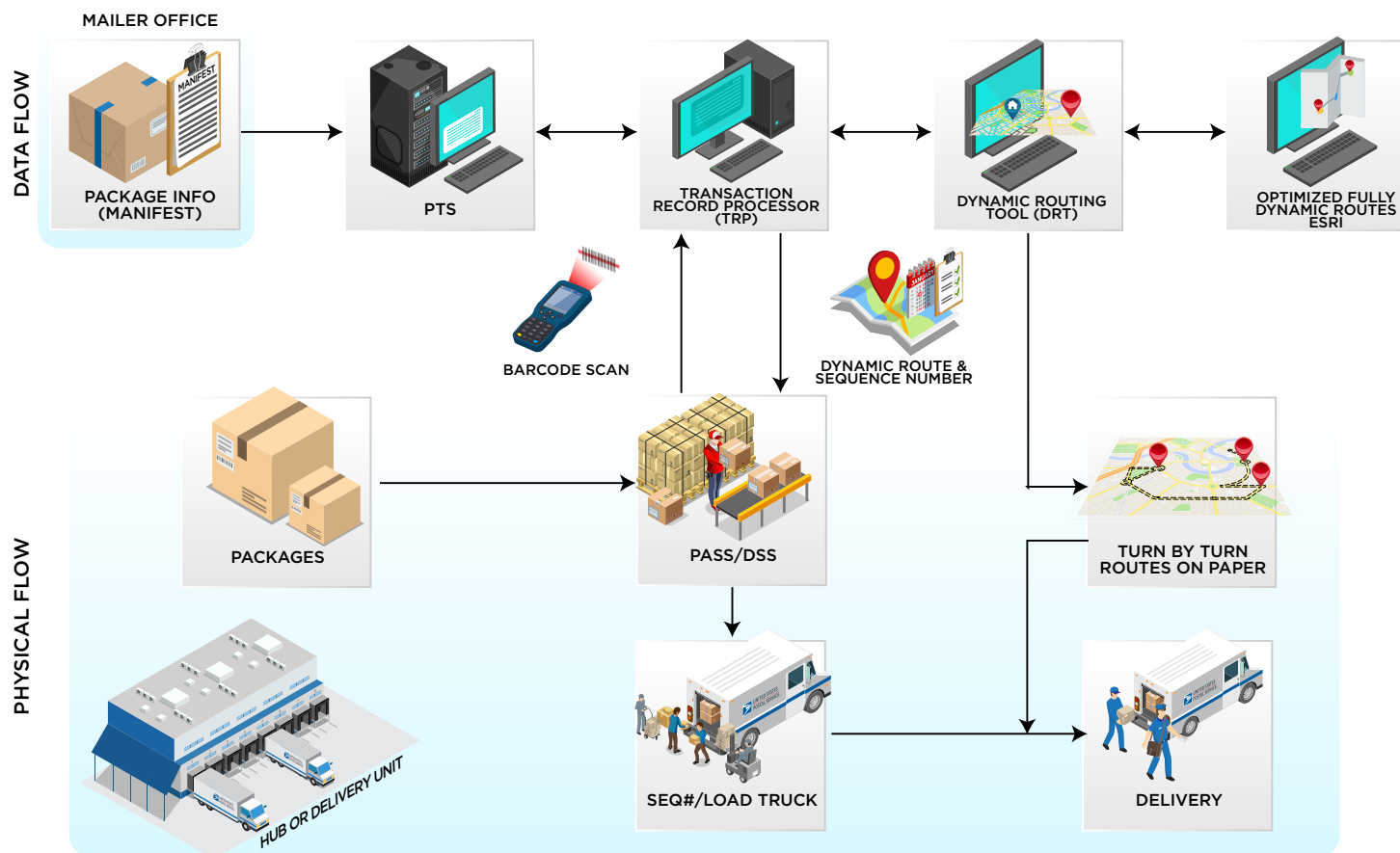
2 Parcel Select mail is a destination-entry product offered at postage rates competitive in today’s package market. It is designed for, and generally used by, large and medium-sized parcel mailers who pay postage reflecting the degree of work sharing they do in presorting and/or drop shipping their parcels at a destination facility located closer to the delivery point.

3 Parcel Return Service is a work share returns product with the Postal Service as the first-mile carrier, working with a reverse logistics provider that picks up parcels at an origin postal facility and delivers them to the merchant’s facility.

4 Sunday parcel volumes were not available for FYs 2014 and 2015 by district.

Mailers send parcel information via an electronic manifest to the Electronic Verification System (eVS)⁵ for payment processing and to the DRT for creating the delivery routing information. Once the parcels are received from the mailer, distribution personnel scan parcels using the Passive Adaptive Scanning System (PASS) or Delivery Sortation System (DSS)⁶ to obtain a dynamic route⁷ and sequence number (if applicable). The DRT creates either a Y route (for a city route) or L route (for a rural route) for each parcel during this initial scanning and sortation process. After manual scanning, labeling, and sorting of parcels is complete, containers are staged for carriers to load the parcels in vehicles in the order of the DRT routes. Carriers then deliver packages to the customer using either the mobile delivery device (MDD) electronic audio and visual turn-by-turn directions or the DRT hard copy turn-by-turn directions. See Figure 2 for the Sunday dynamic routing process.

Figure 2. Sunday Dynamic Routing Process



Source: Postal Service.

- 5 eVS allows authorized mailers to pay for shipments electronically from a Centralized Account Processing System.
- 6 PASS is a hands free overhead system and DSS is a laptop system that uses a ring scanner.
- 7 The Dynamic Routing Tool sequences a changing series of deliveries in a logical and efficient order in multiple ZIP Codes.

Finding #1: Sunday Staffing

Sunday operations were not always efficient in the San Francisco District because of the increased use of higher cost full-time city carriers and scheduling uncertainty. When regular full-time employees are scheduled to work on a non-scheduled day, such as Sunday, they are guaranteed 8 hours of pay at the overtime (OT) rate of one and a half times the hourly rate. They are also paid the penalty overtime (POT) rate of two times the hourly rate for any time worked over 8 hours. The San Francisco District incurred additional operating costs on Sundays by using regular full-time city carriers at higher wage rates, resulting in \$2.1 million in additional operational costs from quarter (Q)2, FY 2016 through Q1, FY 2018. Improvements in staffing can help the district realize a cost avoidance of \$3.3 million for Q2, FY 2018 through Q2, FY 2020.

“Sunday operations were not always efficient in the San Francisco District because of the increased use of higher cost full-time city carriers and scheduling uncertainty.”

[REDACTED]

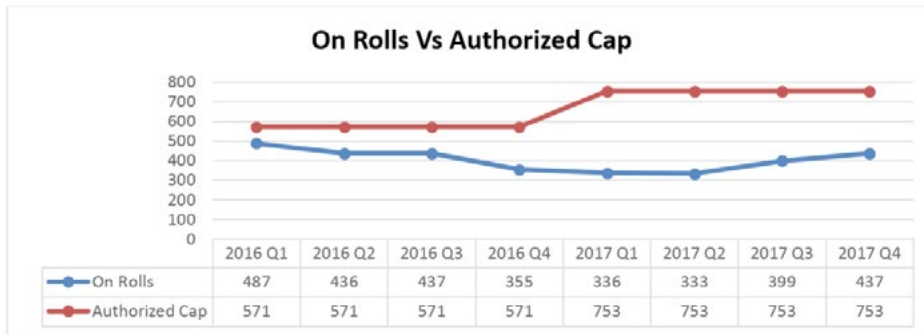
Table 1. San Francisco District Sunday City Carrier Hours

		FY 2016			FY 2017			Percentage Difference FY 2016 to FY 2017			
		Quarter	Work hours	OT	POT	Work hours	OT	POT	Work hours	OT	POT
Regular Full Time	1										
	2										
	3										
	4										
	Total										
CCA (other)	1										
	2										
	3										
	4										
	Total										

Source: Time and Attendance Collection System (TACS).

The CCA position has been understaffed in the San Francisco District for the past two fiscal years. In Q1, FY 2017, the authorized cap rose from 571 to 753 CCA positions, while the actual on rolls numbers dropped in Qs 1 and 2, FY 2017. See Figure 3. This was a result of the district's actions to convert 104 CCAs to unassigned regular full-time carriers to retain CCAs as employees. As of Q4, FY 2017, the district had filled only 437 (58 percent) of the authorized 753 CCA positions.

Figure 3. San Francisco District CCA Complement



Source: San Francisco District.

In FY 2017, the San Francisco District experienced the highest turnover rate for CCAs in the Pacific Area. The monthly turnover goal was 4 percent, while the San Francisco District’s monthly average turnover rate was 8.24 percent.

The San Francisco District has also been unable to hire or retain sufficient CCAs because of non-competitive hourly pay rates.⁸ According to district officials, the CCA wage is not sufficient to sustain the cost of living in the San Francisco, California area. CCAs are paid the same hourly rate nationwide, regardless of location. District management stated they submitted a request to Postal Service Headquarters for an exception to the CCA hourly pay rate to help attract more candidates to fill the vacant positions. The exception was submitted in April 2015 requesting an increase from \$15.68 to \$17; however, the request was not granted.

The San Francisco District implemented several initiatives to hire CCAs. In FY 2017, numerous recruitment activities were conducted. The following are areas where the district has placed hiring advertisements or participated in hiring workshops:

- Electronic billboards along the highways.
- Department of motor vehicle locations.

- Craigslist.com, ZipRecruiter.com, and other online hiring websites.
- San Francisco Chronicle and San Francisco Examiner.
- Local news channel.
- Social media sites.
- Military/veteran Facebook pages.
- San Francisco City College and Veterans Job fair.
- Text messaging workshop attendees to view job postings.
- California Employment Development Department.
- Local community centers and churches.
- Postal Service facilities, fences, lobbies, and vehicles.
- Internal Postal Service sites, such as eCareer and Liteblue.

Finally, District management stated there are challenges with scheduling staff for Sunday operations due to parcel volume uncertainty. To address this challenge, district officials developed a formula that provides a staffing estimate based on historical package volumes and targeted⁹ package delivery rates. Management expressed there is currently no alternative but to continue using regular full-time city carriers as necessary for delivering parcels on Sunday, due to the inability to hire and retain a sufficient number of CCAs. San Francisco District management also stated they tended to overstaff for Sunday operations to ensure coverage, in case of unscheduled absences or unexpected volume increase. When this happens, higher operating costs are incurred by scheduling regular full-time city carriers for Sunday operations.

Recommendation #1

Manager, San Francisco District, identify and implement efforts to increase the use and retention of CCA employees.

⁸ Hourly pay rates for CCA’s during the period of our review was \$15.68 in November 2014 and increased in increments to \$16.78 by December 2017.

⁹ The San Francisco District uses a package delivery rate of 22 to 25 packages per hour as a performance standard.

Finding #2: Hub Operations

We conducted observations at 23 selected hubs and noted deviations from the Sunday DRT process related to Function 4 distribution and carrier delivery practices. Deviating from the DRT process and using other distribution and delivery practices in support of Sunday operations can lead to operational inefficiencies and increased city carrier load and street delivery times. See [Appendix B](#) for operational procedures observed at the 23 hubs. Specifically, we noted:

- Clerks at five hubs sorted parcels to Address Management System (AMS) city and rural carrier routes during the Function 4 distribution process, rather than sorting to Y and L routes created by the DRT process. Sunday hub operations were designed to use the DRT process with dynamic or static routing applications. The routes created through the DRT process generally cover delivery on more than one route and can include deliveries to more than one ZIP Code. Once the DRT process is started, hub personnel should not deviate by using AMS to route, sort, and deliver parcels. The AMS process is used to support normal mail delivery operations on Monday through Saturday. AMS routes are established by the route inspection process and the route line of travel does not vary daily. DRT creates new routes each Sunday based on parcel volumes and destination, and the route line of travel does vary each Sunday. For Sunday operations, the AMS process, used to support delivery of all mail types Monday through Saturday, should be used only on a contingency basis if the route information in the DRT does not download into the hubs' scanning system.
- When loading and delivering parcels, carriers at 11 hubs deviated from the DRT process and used AMS routing. During fieldwork, we asked carriers if they used the electronic turn-by-turn directions on the MDD scanners to deliver their parcels or the DRT directions. Carriers stated they did not, but instead used their personal knowledge of the delivery area to pick the best

“We conducted observations at 23 selected hubs and noted deviations from the Sunday DRT process.”

route or delivered by the AMS route, which they felt was more efficient. Hub personnel stated difficulties using the MDD scanners, such as losing signals, inaccurate directions, and looping causing additional time for delivery.

- Our analysis of TACS data indicated an average Sunday load time for city carriers in the San Francisco District was 1 hour and 31 minutes, as compared to the goal of 36 minutes. However, based on our observations, we noted city carriers' load time ranged from 13 minutes to 2 hours and 49 minutes because of differences in city carrier loading practices. According to Postal Service Headquarters officials, carriers should load delivery vehicles in a manner to ensure they can easily find the parcel and, in general, they should deliver the parcels using the MDD turn-by-turn directions. They subsequently added that carriers could deliver parcels in the manner that is best (fastest) for them. While flexibility in conducting operations is important to allow local managers to deal with delivery challenges, this flexibility could allow for duplication of efforts and inefficiencies.

District management did not enforce the use of DRT processes for distribution and delivery at all hubs. In addition, there was no specific guidance addressing all of the details that staff should know or perform for Sunday operations. The use of a standardized checklist for ensuring the completion of all necessary tasks is considered a best practice. At three hubs, we observed various locally produced checklists of tasks/operations to ensure critical steps were completed. A checklist at all locations could help hub employees ensure that they complete all necessary tasks associated with Sunday operations.

Recommendation #2

Manager, San Francisco District, *ensure hub personnel adhere to the Sunday dynamic routing tool process.*

Recommendation #3

Manager, San Francisco District, *develop a Sunday checklist/guide and provide training to all personnel in charge of Sunday operations at the hubs.*

Finding #3: Hub Reporting

None of the hubs reported late arriving trucks and mail presentation concerns to the district local operations center (LOC). Also, seven hubs did not complete the Pacific Area escalation surveys to report shipper operational problems.

Hub personnel informed the OIG that they did not know that a district LOC existed and as such, did not report any issues to the LOC. Furthermore, not all hub personnel were aware, or knew how to complete the Pacific Area escalation survey. Unless the hubs report problems, management cannot address Sunday operational issues.

LOC Reporting

None of the 23 hubs reported late arriving trucks and mail presentation operational issues to the LOC. Hubs were directed to report technical issues and irregularities, such as late trucks, routing issues, and mis-labeled pallets, to the San Francisco District LOC.

We observed operational problems including late truck arrivals and incorrectly presented parcels, for example:

- Late trucks at six of the 23 hubs observed ranged from 16 minutes to almost 3½ hours late. According to the district manager, trucks are considered late if they arrive 15 minutes after their scheduled time.
- Pallets at two hubs could not be moved into the hub because of the way the parcels were stacked, or the pallets did not fit through the doors. Parcels had to be manually transferred to postal containers and then moved into the hubs, causing additional handling and delaying the scanning and sorting of the parcels.
- Insufficiently wrapped (potentially unsafe) pallets that did not meet postal guidelines were received at the hubs¹⁰ (see Figure 4) and bedloaded parcels requiring additional unload time, delaying scanning (see Figure 5).

“We observed late truck arrivals and incorrectly presented parcels.”

Figure 4. Unsafe Pallet



Figure 5. Bedloaded Parcels



OIG photos taken 11/19/17 at the Mountain View Carrier Annex and 9/24/17 at the Napoleon Street Carrier Complex.

¹⁰ Publication 804, Drop Shipment Procedures for Destination Entry (October 2013), states parcels on pallets must be secure, stable, and able to maintain unit integrity during normal transit and unloading. The maximum height for a pallet is 77 inches (pallet plus mail).

San Francisco District management implemented corrective action during the audit. Management issued a directive to hub employees outlining the requirement to report irregularities to the district LOC. The directive included point of contact information and local management contact phone numbers. Therefore, we are not making a recommendation regarding this issue.

Escalation Surveys

Seven hubs did not report any late truck arrivals on the Pacific Area's¹¹ escalation survey during FYs 2016 and 2017 (see Table 2). Employees use the Pacific Area escalation survey to report operational issues with the seven [REDACTED] sortation centers that service the hubs.

During our site visits,¹² we noted late arriving trucks at six of the 23 hubs; however, only two hubs reported the late trucks on the area surveys. One hub reported a late truck arrival only after OIG inquired about it with hub personnel.

Table 2. Pacific Area Sunday Escalation Survey Results

OIG Selected Hubs	Number of Reported Occurrences for Late Trucks	
	FY 2016	FY 2017
BELMONT POST OFFICE	1	
BURLINGAME CARRIER ANNEX		
CASA GRANDE ANNEX		
CLOVERDALE MAIN POST OFFICE		
DALY CITY MAIN POST OFFICE	1	2
FORT BRAGG POST OFFICE	1	1
HALF MOON BAY POST OFFICE		
LOYOLA CORNERS STATION		
MENLO PARK MAIN POST OFFICE	2	

¹¹ We were unable to review surveys submitted to Headquarters for FYs 2016 and 2017, as this data is only maintained in the Staffing and Scheduling Tool for the most recent 30 days.

¹² We performed two observations in FY 2017 – Daly City MPO 9/10/17 and Napoleon Street Carrier Complex 9/24/17. The other 21 observations were performed in FY 2018 on October 1st, 15th, 22nd, 29th and November 5th and 19th, 2017.

OIG Selected Hubs	Number of Reported Occurrences for Late Trucks	
	FY 2016	FY 2017
MOUNTAIN VIEW CARRIER ANNEX	1	
NAPOLEON STREET CARRIER COMPLEX	1	
NOVATO MAIN POST OFFICE	5	
PALO ALTO MAIN POST OFFICE	4	14
PINE STREET STATION		
REDWOOD CITY MAIN POST OFFICE		1
ROHNERT PARK POST OFFICE		1
SAN BRUNO POST OFFICE		
SAN MATEO MAIN POST OFFICE	1	6
SAN RAFAEL MAIN POST OFFICE	2	2
SANTA ROSA MAIN POST OFFICE	3	1
STEINER STREET STATION	1	
SUNNYVALE MAIN POST OFFICE		20
TOWNSEND CARRIER ANNEX		2
TOTALS	23	50

Source: OIG Analysis of Pacific Area escalation survey results.

Recommendation #4

Manager, San Francisco District, require all hubs in the district submit appropriate escalation surveys and report any Sunday operational issues.

Management's Comments

Management agreed with our findings and recommendations, but disagreed with part of the Funds Put to Better Use.

In response to recommendation 1, management established 22 career/job fair events for FY 2018 and will maximize use of all available CCAs for Sunday delivery. The expected completion date is April 30, 2018.

In response to recommendation 2, management will provide refresher training to personnel unfamiliar with the Sunday dynamic routing tool process. The expected completion date is April 30, 2018.

In response to recommendation 3, management agreed with developing a Sunday checklist/guide and will provide training to hub personnel in charge of Sunday operations. The expected completion date is May 31, 2018.

In response to recommendation 4, management will set up submission deadlines for hubs to complete the survey when variances occur, with the district LOC monitoring compliance and providing leadership with a summary of the escalation surveys. The expected completion date is April 30, 2018.

Regarding the disagreement with Funds Put to Better Use, management stated it was not reasonable to assume workhours for the projected nine quarters will be different from the quarters studied or that Sunday NSA product will continue to grow. They added the cost-per-hour gap between the regular carriers and CCAs will continue to narrow resulting in a lower financial impact than reported.

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

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations in the report and corrective actions should resolve the issues in the report.

Regarding management's disagreement with Funds Put to Better Use, the OIG cost savings methodology used a time-series analysis and forecasting model to predict future carrier costs based on previous actual costs, taking into account seasonal fluctuations and trends. Our report noted the district's shift from using regular full-time city carriers to using more CCAs in FY 2017. However, the gap between regular full-time city carriers and CCAs should increase, based on the Postal Service's national labor rate projections. Regular full-time city carrier's fully loaded rate is projected to increase 4 percent from FY 2017, compared to a 2 percent increase for CCAs. Based on these projected salary increases and the district's inability to hire and retain CCAs, the cost per hour will increase when regular full-time carriers are used for Sunday delivery. Postal management did not provide their methodology and/or calculations for their potential future cost of approximately \$1.7 million. As such, we believe our calculations accurately reflect Funds Put to Better Use.

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

Appendices

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Appendix A: Additional Information

Scope and Methodology

The objective of our audit was to assess the efficiency of Sunday operations in the San Francisco District. The San Francisco District was selected because it had one of the highest usage of regular full-time city carriers on Sunday nationwide. To accomplish our objective, we:

- Analyzed data for all Sunday hubs in the San Francisco District and selected a judgmental sample of 23 hubs that operated on at least 27 Sundays in FY 2017 (October 2016 through June 2017) in the San Francisco District.
- Evaluated Postal Service policies and procedures related to Sunday operations.
- Reviewed prior OIG and Government Accountability Office reports related to the audit's objective.
- Interviewed Postal Service managers and personnel at the headquarters, area, and district levels responsible for Sunday operations to gain a better understanding of the process.
- Performed on-site observations at 23 selected hubs to observe Sunday operations.
- Obtained and analyzed operational data for Sunday hubs, such as workhours, volumes, staffing, and Pacific Area escalation survey results.

“The San Francisco District had one of the highest usage of regular full-time city carriers on Sunday nationwide.”

- Calculated operational costs incurred for using regular full-time city carriers.

We did not evaluate cost attribution or related aspects of the Negotiated Service Agreement.

We conducted this performance audit from August 2017 through April 2018, 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 March 28, 2018, and included their comments where appropriate.

We assessed the reliability of computer-generated data by reviewing existing information and documentation, comparing data from other sources, observing operations at the hubs, and interviewing Postal Service officials knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of this report.

Prior Audit Coverage

The OIG did not identify any prior audits or reviews related to the objective of this audit.

Appendix B: Operational Procedures Observed at Select Hubs

Hub	Function 4 Distribution					Delivery	
	Application Used to Scan	Route Written on Parcel	Sequence Written on Parcel	Containers Setup by	MDD Used to Scan While Loading	Sequence Written on Parcel	Method of Route Delivery
BELMONT POST OFFICE	Dynamic	Yes	Yes	DRT	No	-	DRT
BURLINGAME CARRIER ANNEX	Dynamic	Yes	Yes	DRT	Yes	-	DRT
CASA GRANDE ANNEX	Dynamic	Yes	Yes	DRT	Yes	-	DRT
CLOVERDALE MAIN POST OFFICE	Dynamic	Yes	Yes	DRT	No	-	DRT
DALY CITY MAIN POST OFFICE	Dynamic	Yes	Yes	DRT	No	-	DRT
FORT BRAGG POST OFFICE	Static	Yes	-	DRT	Yes	Yes	DRT
HALF MOON BAY POST OFFICE	AMS	-	-	AMS	-	-	AMS
LOYOLA CORNERS STATION	AMS	-	-	AMS	-	-	AMS
MENLO PARK MAIN POST OFFICE	Static	No	-	AMS	-	-	AMS
MOUNTAIN VIEW CARRIER ANNEX	AMS	-	-	AMS	-	-	AMS
NAPOLEON STREET CARRIER COMPLEX	Static	No	-	DRT	Yes	Yes	DRT
NOVATO MAIN POST OFFICE	Dynamic	Yes	Yes	DRT	-	-	AMS
PALO ALTO MAIN POST OFFICE	Static	-	-	AMS	-	-	AMS
PINE STREET STATION	Static	Yes	-	DRT	-	-	AMS
REDWOOD CITY MAIN POST OFFICE	AMS Dynamic	- No	- Yes	AMS DRT	- No	- -	AMS DRT
ROHNERT PARK POST OFFICE	AMS	-	-	AMS	-	-	AMS

* Half of the parcels were rejected.

Function 4 Distribution					Delivery		
Hub	Application Used to Scan	Route Written on Parcel	Sequence Written on Parcel	Containers Setup by	MDD Used to Scan While Loading	Sequence Written on Parcel	Method of Route Delivery
SAN BRUNO POST OFFICE	Dynamic*	Yes -	Yes -	DRT AMS = contingency	No -	-	DRT AMS = contingency
SAN MATEO MAIN POST OFFICE	Dynamic	Yes	Yes	DRT	No	-	DRT
SAN RAFAEL MAIN POST OFFICE	Dynamic	No	Yes	DRT	No	-	DRT
SANTA ROSA MAIN POST OFFICE	Static	Yes	-	DRT	Yes	Yes	DRT
STEINER STREET STATION	Static	Yes	-	DRT	-	-	AMS
SUNNYVALE MAIN POST OFFICE	Static	Yes	-	DRT	Yes	Yes	DRT
TOWNSEND CARRIER ANNEX	Static	Yes	-	DRT	-	-	AMS

Source: OIG Analysis of Observations.

* Half of the parcels were rejected.

Appendix C: Management's Comments

SAN FRANCISCO DISTRICT MANAGER



4/19/2018

LORI LAU DILLARD
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Sunday Operations – San Francisco (Report Number DR-AR-18-
DRAFT)

We have given your report a thorough review. Below you will find a summary of our responses to the report's cost assessment and recommendations.

The San Francisco District does not dispute that, during the quarters studied, the cost of the hours (straight time, overtime, and penalty overtime) used by regular carriers on Sundays would have cost approximately \$2M less if, instead, worked by CCAs. To restate, as covered in your report, that due to the availability of on-rolls CCAs, this would not have been 100% operationally possible.

We disagree with "Funds Put to Better Use" amount of \$3.3M. For the purpose of calculating future, potential savings, we do not think it reasonable to assume work hour amounts for the next nine quarters will be different than those demonstrated during the quarters studied. In terms of overall hours and relative workload, we cannot assume continued growth of the Sunday NSA product. In terms of the future, potential work hour amounts available to shift from regular carrier to CCA, the ratio and amounts should not change or assume growth. Lastly, it is important to add that that as we move into future FYs, it is not expected that the gap between the regular carrier cost-per-hour and the CCA cost-per-hour will grow. In fact, if the trend of the past few FYs continues, it will continue to narrow. This results in less of a financial impact when considering the cost differential between the two categories. That relationship does not appear to be represented in your projected future costs. When assuming a similar amount of hours will be available in the future to be worked by CCAs rather than regulars, and applying projected future hourly rates, we have a potential future cost of approximately \$1.7M.

Recommendation #1:

Manager, San Francisco District, Identify and implement efforts to increase the use and retention of CCA employees.

Management Response/Action Plan:

The San Francisco District agrees with the recommendation to identify and implement efforts to increase the use and retention of CCAs. The SF District has established

PO Box 889000
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FAX: 415-550-5283

Career/Job Fair events, 22 for FY 2018 as well as having had 40 events in FY 2017. The SF District will also mandate that every week by Friday, or before that, the Facility Head in every Sunday Hub will establish a thorough schedule with their staff to insure maximum utilization of ALL available CCAs for Sunday delivery but will use Full Time Regulars where absolutely necessary to maintain service.

Target Implementation Date:

April 2018

Responsible Official:

Manager Human Resources, San Francisco District
Manager Operations Program Support, San Francisco District

Recommendation #2:

Manager, San Francisco District, ensure hub personnel adhere to the Sunday dynamic routing tool process.

Management Response/Action Plan:

The San Francisco District agrees with the recommendation to ensure hub personnel adhere to the Sunday dynamic routing tool process. Offices are to use static/dynamic except in contingency scenarios (e.g. system is down). District will provide refresher training as needed to any personnel who do not know how to use static/dynamic routing process.

Target Implementation Date:

April 2018

Responsible Official:

Manager Operations Program Support, San Francisco District

Recommendation #3:

Manager, San Francisco District, develop a Sunday checklist/guide and provide training to all personnel in charge of Sunday operations at the hubs.

Management Response/Action Plan:

The San Francisco District agrees with the recommendation to develop a Sunday checklist/guide and provide training to all personnel in charge of Sunday operations at the hubs.

Target Implementation Date:

May 2018

Responsible Official:

Manager Operations Program Support, San Francisco District

Recommendation #4:

Manager, San Francisco District, require all hubs in the district submit appropriate escalation surveys and report any Sunday operational issues.

Management Response/Action Plan:

The San Francisco District agrees with the recommendation that requires all hubs submit appropriate escalation surveys and report any Sunday operational issues. The San Francisco District will establish a submission deadline for hubs to complete survey when schedule and/or operational variances occur. The District LOC will monitor for compliance and provide an executive summary of the day's escalation survey to the district operational leadership.

Target Implementation Date:

April 2018

Responsible Official:

Manager Operations Program Support, San Francisco District



Noemi Luna
District Manager
San Francisco District



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