September 28, 2005

DAVID L. SOLOMON
VICE PRESIDENT, NEW YORK METRO AREA OPERATIONS

MEGAN J. BRENNAN
VICE PRESIDENT, NORTHEAST AREA OPERATIONS

SUBJECT: Audit Report – Mail Transport Equipment Service Center Network – Highway Transportation Routes – New York Metro Area (Report Number NL-AR-05-014)

This is one in a series of reports and presents results from our self-initiated nationwide audit of the mail transport equipment service center (MTESC) network (Project Number 04YG003NL004).

The objective of our audit was to determine whether audit recommendations from our report, Mail Transport Equipment Service Center Decision Analysis Report, Performance and Financial Benefit (Report Number TR-AR-01-003, dated May 4, 2001), were implemented and effective. The May 4, 2001, report, initiated in response to a Board of Governors request, concluded the network would not achieve the financial benefits anticipated by the 1997 Decision Analysis Report. We recommended, in part, that management reduce cost by analyzing transportation requirements and other costs associated with the network.

The Long Island MTESC provides service to mail processing facilities in New Jersey, New York, and Connecticut. The transportation contract to service the Stamford, Connecticut, Processing and Distribution Center is administered by the Northeast Area. This follow-up report focuses on whether there were opportunities for the Postal Service to save money by reducing the number of highway round-trips originating at the Long Island MTESCs.

We concluded that the Postal Service could attain savings or cost avoidances totaling approximately $741,000 over the term of existing contracts by eliminating 49 round trips originating at the Long Island MTESC. The trips could be eliminated without affecting customer service by consolidating loads to more fully utilize trailer capacity, and by stopping the inappropriate shipment of serviceable over-the-road containers. Further, we concluded that during 2004 and 2005, the Postal Service may have missed an opportunity to save about $285,000 because management did not comply with the

Postal Service over-the-road container processing policy. These amounts represent funds put to better use and questioned costs and will be reported as such in our Semiannual Report to Congress.

We recommended management evaluate the 49 trips we recommend for termination, terminate the trips, or document the reasons for retaining the trips.

Management agreed with our recommendation. They stated that they had already terminated certain trips we proposed for elimination, that they believed our other proposals may have merit, and that they were considering our proposals. Management also stated that they would document their decisions not later than October 14, 2005. Management's comments and our evaluation of these comments are included in this report.

The Office of Inspector General (OIG) considers the recommendation significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when actions are completed. This recommendation should not be closed in the follow-up tracking system until the OIG provides written confirmation the recommendation can be closed.

We appreciate the cooperation and courtesies provided by your staff during the review. If you have any questions or need additional information, please contact Joe Oliva, Director, Transportation, or me at (703) 248-2300.

/s/ Mary W. Demory

Mary W. Demory
Deputy Assistant Inspector General
for Core Operations

Attachments

cc: Paul E. Vogel
Anthony M. Pajunas
Dana L. Austin
Stuart Gossoff
Robert M. Koestner
Steven R. Phelps

# INTRODUCTION

## Background

The mail transport equipment service center (MTESC) network is a system of 22 contractor operated service centers designed to supply mailbags, carts, hampers, and other mail transport equipment to mail processing facilities nationwide. The service centers deliver equipment to users with dedicated transportation.

The original plan to create the network was presented to the Postal Service Board of Governors (BOG) in Decision Analysis Report (DAR), Mail Transport Equipment Service Center Network, dated May 13, 1997. The DAR forecast costs exceeding $3.6 billion over 10 years, and was approved by the BOG in June 1997. The new network became fully operational in January 2000. From the outset, the new network was troubled by allegations of poor performance and excessive costs. As a result, the BOG asked the Office of Inspector General (OIG) to evaluate the program.

**Our 2001 audit report identified $1 billion in potential MTE transportation cost overruns.**


Our audit report, Mail Transport Equipment Service Center Decision Analysis Report, Performance and Financial Benefit (Report Number TR-AR-01-003, dated May 4, 2001), concluded the network would not achieve the financial benefits anticipated by the DAR. We recommended, in part, that management reduce cost by analyzing transportation requirements and related costs associated with the network.

Postal Service Headquarters is aggressively pursuing opportunities to reduce MTESC network costs. Network Operations Management transportation assessment teams, supplemented by area personnel, are currently analyzing network transportation costs in order to reduce operating expense and improve efficiency.

## Objective, Scope, and Methodology

This audit is a follow up to our May 4, 2001, report. Our objectives were to determine if management implemented our recommendations and whether there were additional opportunities to save money. This report focuses on New York Metro Area MTESC transportation requirements.

New York Metro Area MTESCs provide service to mail processing facilities in New Jersey, New York, and Connecticut. The transportation contract to service the Stamford, Connecticut, Processing and Distribution Center is administered by the Northeast Area. This report was developed in close coordination with the Network Operations Management transportation assessment team and area personnel. During our work, we interviewed Postal Service Headquarters officials in Network Operations Management and Supply Management; officials in the New York Metro and Northeast Areas; and officials, managers, and employees at the New Jersey and Long Island MTESCs.

We used Postal Service computer-generated data to determine trip dispatch, arrival, and load efficiency, and to identify potential trips for consolidation or elimination. We observed and photographed operations and examined applicable Postal Service policies, procedures, and directives. We consulted with statisticians and other subject-matter experts. We also discussed our observations and conclusions with management officials and included their comments where appropriate.

During our audit, the Postal Service awarded a new contract for the New Jersey MTESC and relocated the site. Consequently, trip distance and cost data obtained from the original site was outdated, and data from the new site was unavailable or insufficient for audit. As a result, trip analysis for the New Jersey site is not included in this report.

We conducted work associated with this report from May 2004 through September 2005,[1] in accordance with generally accepted government auditing standards and included tests of internal controls considered necessary under the circumstances.

Data Limitations

During our audit, we examined computer data in management's Mail Transport Equipment Support System and noted several control weaknesses that constrained our work. For example, the system had missing or incomplete records and inaccurate trailer load volume data.

**Prior Audit Coverage**

Our audit report, Mail Transport Equipment Service Center Network – Equipment Processing (Report Number NL-AR-05-006, dated March 31, 2005), concluded the Postal Service saved more than $7.2 million in processing costs from March 2002 through September 2004, in-part because headquarters took aggressive and positive action in response to OIG recommendations. (See Appendix C.) Our report also concluded that the Postal Service missed an opportunity to save an additional $1.4 million because all mail processing facilities did not quickly comply with headquarters' implementing instructions, and that the Postal Service could save $628,000 over the next 2 years if all facilities implement headquarters' policy.

We recommended management reemphasize Postal Service over-the-road (OTR) processing policy to all mail processing facilities. Management agreed with our recommendation and issued additional instructions on March 23, 2005. (See Appendix D.)

[1]MTESC realignment initiatives and other priorities delayed project completion.

# AUDIT RESULTS

**Highway Contract Management**

The Postal Service could attain savings or cost avoidances totaling approximately $741,000 over the term of existing New York Metro Area MTESC highway contracts by eliminating or not renewing 49 unnecessary round trips. Further, during 2004 and 2005, the Postal Service may have missed an opportunity to save about $285,000 because the New York Bulk Mail Center did not comply with the Postal Service OTR container processing policy. The affected trips originated and returned to the Long Island MTESC.

Postal Service policy requires transportation managers to balance service and cost and precludes managers from sending serviceable OTR containers to equipment service centers. The 49 trips could be eliminated without affecting service because:

- Some trailer loads were not optimized and equipment could be consolidated on other trips.
- Some trips were scheduled primarily to return serviceable OTR containers inappropriately sent to the MTESC by the New Jersey Bulk Mail Center.

**The interior of an underutilized trailer arriving at the Long Island MTESC, May 1, 2004.**

The Postal Service could attain savings or cost avoidances by not renewing unnecessary trips scheduled to expire within one year, or by canceling unnecessary trips currently contracted to continue beyond one year. See Figure 1 on the following page.

**PROPOSED NONRENEWALS AND CANCELLATIONS BY REMAINING CONTRACT TERM**

| TRIP CATEGORY | AFFECTED TRIPS | NUMBER OF TRIPS | ESTIMATED SAVINGS |
|---|---|---|---|
| Contracts expiring within one year | 33 percent | 16 | $459,250 |
| Contracts with more than one year remaining | 67 percent | 33 | $281,502 |
| All terminated trips | 100 percent | 49 | $740,752 |

**Figure 1**

Officials agreed they would consider 17 of our proposals, but disagreed with 32 others. They asserted the trips were needed for service or flexibility. In 10 of the 32 cases, officials explained that trips were needed to return serviceable OTR containers sent to the MTESC by the New Jersey Bulk Mail Center. However, Postal Service's March 2002 policy states that serviceable OTRs are to remain exclusively within the bulk mail center network, and only OTRs requiring repair are to be shipped to service centers. (See Appendices C and D.) Our trip cancellation proposals are summarized below:

**Area position conflicts with Postal Service policy (See Appendices C & D)**

**PROPOSED TRIP ELIMINATIONS BY ELIMINATION CATEGORY**

| ELIMINATION CATEGORY | NUMBER OF TRIPS | APPENDIX | SAVING* |
|---|---|---|---|
| Proposed eliminations with which area officials agreed | 17 | A | $115,413 |
| Proposed trip eliminations area officials agreed to consider | 22 | B | $272,779 |
| Proposed trips officials felt may be needed to return serviceable OTR containers | 10 | B | $352,560 |
| Total | 49 | | $740,752 |

* Savings and cost avoidance

**Figure 2**

During our on-site inspection of the Long Island MTESC on May 11 through May 15, 2004, we inspected incoming OTRs to determine compliance with Postal Service OTR policy. We did not observe any arriving OTRs that required repair. However, we did observe 210 serviceable OTRs arrive for storage and reissue.

Our examination of Postal Service records indicated that from January 1, 2004, through August 14, 2005, the Long Island MTESC operated at least ten trips per week to return OTR containers inappropriately sent to the MTESC. Postal Service may have missed an opportunity to save at least $285,060 because the New Jersey Bulk Mail Center did not quickly comply with headquarters OTR container policy. (See Figure 3 below.)

**MISSED OTR TRIP SAVINGS OPPORTUNITY**

| Highway Contract Route | Contract Term | Contract Rate | Weekly OTR Round Trips From MTESC | Weeks Identified on Contract | Total Cost |
|---|---|---|---|---|---|
| 117AK | 1/1/2004 through 7/30/2004 | $340 | 10 | 30 | $102,000 |
| 117DK | 7/31/2004 through 8/14/2005 | $339 | 10 | 54 | $183,060 |
| | | | | | $285,060 |

Figure 3

Although Network Operations Management officials continually strive to optimize transportation with aggressive cost-cutting efforts such as their MTESC network cost and efficiency assessments, transportation requirements are dynamic and constantly change. We discussed each of the trips with area officials and reconsidered service requirements.

Based on our examination of scheduled shipments and our physical examination of trailer utilization for the proposed trip eliminations, we continue to believe the potential for trip cancellation and savings exists, without jeopardizing service or operational flexibility. The savings we identified are net of $5,581 in cancellation fees. (See Appendix B.)

**Recommendation**

We recommend the vice president, New York Metro Area Operations, and the vice president, Northeast Area Operations, coordinate to:

1. Evaluate the 49 trips we recommend for termination, terminate the trips, or document the reasons for retaining the trips.

**Management's Comments**

New York Metro Area management agreed with our recommendation. They stated that they had already terminated certain trips we proposed for elimination, that they believed our other proposals may have merit, and that they were considering our proposals. Management also stated that they would document their decisions not later than October 14, 2005.

Northeast Area management initially disagreed with the proposed trip eliminations that pertained to their area. However, on September 21, 2005, they revised their response, stated that they believed our proposals may have merit, and that they were considering those proposals. They also stated that they would document their decision not later than October 14, 2005.

Management requested that in certain cases we refer to the monetary impact of our proposals as a "cost avoidance." Accordingly, we modified our report to accommodate their request. Management's comments, in their entirety, are included in Appendix E of this report.

**Evaluation of Management's Comments**

Management's comments are responsive to our recommendations. We consider the actions management has taken or planned sufficient to address the proposals we identified in our report.

# APPENDIX A. TRIP ANALYSIS DETAIL
# PROPOSED ELIMINATIONS WITH WHICH POSTAL SERVICE MANAGEMENT AGREED

| Highway Contract Route | Destination Point | Contract Term | Origination or Destination Trip Number | OIG Proposed Weekly Round Trip Eliminations | Total Projected Savings on Contract |
|---|---|---|---|---|---|
| 112VS | Brooklyn, NY Processing and Distribution Center | | 868 | 1 | |
| 112VS | Brooklyn, NY Processing and Distribution Center | | 878 | 6 | |
| 112VS | Brooklyn, NY Processing and Distribution Center | | 882 | 5 | |
| | TOTALS FOR 112VS | 01/01/2003- Indefinite[2] | | 12 | $100,801 |
| | | | | | |
| 117VS | Mid Island, NY Processing and Distribution Center | 01/01/2003- Indefinite | 8016 | 5 | $14,612 |
| | | | | | |
| | TOTALS FOR 112VS and 117VS | | | 17 | $115,413 |

[2]Area personnel agreed to a two-year contract saving calculation on MTESC trips services by Postal Service owned vehicle service, denoted by "VS" in the above contract numbers.

# APPENDIX B. TRIP ANALYSIS DETAIL
# PROPOSED ELIMINATIONS POSTAL SERVICE MANAGEMENT AGREED TO CONSIDER

## Proposed Service or Flexibility Trip Eliminations:

| Highway Contract Route | Destination Point | Contract Term | Origination or Destination Trip Number | OIG Proposed Weekly Round Trip Eliminations | Indemnity Fees | Total Projected Savings on Contract |
|---|---|---|---|---|---|---|
| 068AK | Stamford, CT Processing and Distribution Center | | 2 | 1 | | |
| 068AK | Stamford, CT Processing and Distribution Center | | 4 | 3 | | |
| 068AK | Stamford, CT Processing and Distribution Center | | 6 | 1 | | |
| | TOTALS FOR 068AK[3] | 07/01/2003 - 06/30/2007 | | 5 | $5,581 | $133,942 |
| | | | | | | |
| 110AK | Queens, NY Processing and Distribution Center | 05/31/2004 - 06/09/2006 | 20 | 6 | | $106,690 |
| | | | | 6 | | $106,690 |
| | | | | | | |
| 117VS | Mid Island, NY Processing and Distribution Center | 01/01/2003- Indefinite | 8018, 8064 | 11 | | $32,146 |
| | | | | 11 | | $32,146 |
| | | | | | | |
| | TOTALS FOR 068AK, 110AK AND 117VS | | | 22 | | $272,779 |

## Proposed OTR Trip Eliminations:

| Highway Contract Route | Destination Point | Contract Term | Origination or Destination Trip Number | OIG Proposed Weekly Round Trip Eliminations | Indemnity Fees | Total Projected Cost Avoidance |
|---|---|---|---|---|---|---|
| 117DK | New Jersey Bulk Mail Center | | 8079 | 5 | | |
| 117DK | New Jersey Bulk Mail Center | | 9063 | 5 | | |
| | TOTALS FOR 117DK[4] | 06/15/2004 - 07/29/2006 | | 10 | | $352,560 |

[3] Trip 068 AK is a Northeast Area contract.
[4] Ten OTR's standing orders to be eliminated from Highway Contract Route 117DK to the New Jersey Bulk Mail Center.

# APPENDIX C. OTR CONTAINER POLICY LETTER

PATRICK R. DONAHOE
CHIEF OPERATING OFFICER
AND EXECUTIVE VICE PRESIDENT

UNITED STATES
POSTAL SERVICE

March 1, 2002

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO OPERATIONS

SUBJECT: Bulk Mail Center (BMC) Over-The-Road Container (OTR) Management

Control of bulk mail center (BMC) over-the-road containers (OTR) is being transferred from the mail transport equipment service center (MTESC) network to the BMC network. These containers will either be in continuous use during the normal part of the year or they will be stored when necessary. This will eliminate the redistribution of BMC OTRs by the MTESC network. The MTESC network will retain the responsibility for repair of OTRs. All processing operations must be vigilant about red-tagging damaged and unsafe containers (in accordance with Postal Operations Manual paragraph 583.11).

With more than 216,000 OTRs in service, there is a sufficient supply of containers for each BMC to manage its local operations. Over-the-road containers are for the exclusive use between the BMCs and the processing and distribution centers/facilities (P&DC/F) within the BMC service area. An exception to this rule is the newer P&DC/F sites, which have BMC/OTR processing equipment. Inter-BMC or inter-area dispatches are not authorized, unless adequate and workable "closed loops" have been established. Where imbalances exist, the BMC network will be responsible for relocating OTRs from surplus areas to deficit ones using existing transportation. Transporting mail in OTRs instead of Postal Paks to deficit BMCs will also help to relocate surplus units. Reciprocal agreements also exist between BMCs to exchange non-machineable outsides either in OTRs or cardboard boxes. The MTESC network can provide order information and data to BMC managers concerning "leakage" of OTRs to other operations. Over-the-road containers should not be used for merchandise return operations.

The MTESC network sorts used cardboard boxes in two sizes, small and large. All processing operations should attempt to take advantage of this resource. The MTE organization encourages the return of raw MTE to the MTESC network using these boxes. Using a combination of unprocessed MTE types can maximize truck density.

The MTESC network has previously supplied OTRs nationwide, but the costs (over $9 million for standing transportation and more than $4 million for processing BMC containers) have become prohibitive. Every effort must be made to keep OTRs circulating for the benefit of the entire mail processing and distribution network. The distribution network office must make the appropriate MTESC standing order and highway contract changes. This transfer will be effective March 18.

If you should have further questions, please contact Regina Wesson at (202) 268-4376.

Patrick R. Donahoe

cc: Managers, Operations Support (Area)
Managers, Bulk Mail Centers

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-0080
www.usps.com

# APPENDIX D. REEMPHASIS OF OVER-THE-ROAD CONTAINER POLICY LETTER

Attachment #1

PATRICK R. DONAHOE
CHIEF OPERATING OFFICER
AND EXECUTIVE VICE PRESIDENT

UNITED STATES
POSTAL SERVICE

March 23, 2005

VICE PRESIDENTS, AREA OPERATIONS
MANAGER, CAPITAL METRO OPERATIONS

SUBJCT: Compliance of Bulk Mail Center, Over-The-Road Container Management

The Office of Inspector General recently completed an audit of OTR container usage throughout the Mail Transport Equipment Service Center (MTESC) network. The audit was undertaken to measure compliance to the policy letter issued on March 1, 2002. The policy states that the OTR was designed to be used exclusively within the bulk mail center network and only OTRs requiring repair (those red tagged) should be shipped to the MTESC. The audit completed in February 2005, shows the MTESC network and the percent reduction in OTRs process as of September 2004 (see attached data).

Overall, the data depicts a positive trend in compliance; however, there is still room for improvement and a savings within your areas. Please review the data and ensure postal plants within your area are in compliance with the national policy for OTR usage.

Patrick R. Donahoe

Attachment

cc: Paul Vogel
Tony Pajunas
Walter OTormey
Jaime Fuentes

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-0080
www.usps.com

# APPENDIX E. MANAGEMENT'S COMMENTS

VICE PRESIDENT, AREA OPERATIONS
NEW YORK METRO AREA

UNITED STATES
POSTAL SERVICE

September 19, 2005

MARY W. DEMORY

SUBJECT: Audit Report #NL-AR-05-Draft – Mail Transport Equipment Service Center Network Transportation Routes – New York Metro Area

This memorandum contains our response and planned actions to be taken in response to the Office of Inspector General (OIG) audit report dated August 30, 2005 (referenced above). The New York Metro Area (NYMA) supports reviews such as the one listed above and sees such reviews (and other NYMA-initiated similar BPI initiatives) as a means of continuing our established process of optimizing the transportation network.

If you require any additional assistance, please contact Hector M. Martinez at 646-473-3719.

David L. Solomon

cc: Megan J. Brennan
Paul E. Vogel
Anthony M. Pajunas
Dana L. Austin
Stuart D. Gossoff
Robert M. Koestner
Joseph K. Moore, Audit Response Analyst, Corporate Audit and Response Management
Hector M. Martinez
Kim H. Stroud, Director, Audit Reporting – Office of Inspector General

142-02 20TH AVENUE, ROOM 318
FLUSHING, NY 11351-0001
(718) 321-5823
FAX: (718) 321-7150

The following listing includes all actions to be taken regarding the recommendations contained in Report Number NL-AR-05-DRAFT.

Office of Inspector General Recommendations:

1) PVS Route 112VS– Eliminate/Amend trips 868, 878, 882 and 8016 (12 trips)
2) PVS Route 117VS– Eliminate trip 8016 (5 trips).

The NYMA concurs with the intent of these recommendations. The Transportation Managers at the Brooklyn and Mid-Island P&DCs have already eliminated these trips from their PVS schedules. We will forward copies of the new PVS transportation schedules (PS Form 4533) showing the adjusted frequencies or removal from the schedule to Joseph K. Moore, Audit Response Analyst, by October 14, 2005.

3) PVS Route 117VS- Eliminate/Amend trips 8018/8064 (11 trips).

Management at the Mid-Island P&DC initially disagreed with the OIG regarding the intent of this recommendation. They initially felt that elimination of this trip containing MTE to support plant/mailer operations would have lead to disruptions of those operations.

However, a full year has elapsed since this recommendation was proposed by the OIG audit conducted in May 2004. Several operations have changed since that time. One, the processing of mailer presort mail from mailers in Long Island, was transferred from the Mid-Island P&DC to the New York L&DC in October 2004. We believe that operational transfer may have resulted in a lower requirement demand for MTE at the Mid-Island plant.

We will revisit this recommendation again, as we believe it may now have some merit based on the above changed condition. We will communicate our intended actions through Joseph Moore by October 14, 2005.

4) HCR Route 117DK- Eliminate MTESS designated trips 8079/9063

The NYMA agrees with the intent of this OIG recommendation.

The NYMA was puzzled by the identification of these trip numbers as this route operates as an on-demand, per-trip basis and has no trip numbers. Later, we discovered that the trip numbers had been created to support the MTESS system at the MTESC.

While we agree with the intent of the OIG recommendation, we must point out that these trips were never part of any scheduled HCR service and, therefore, not a component of the NYMA's budget transportation model. We do not believe the elimination of this service can be classified as a projected HCR contract savings (as the OIG has classified). We believe it is more correct to classify it as a <u>cost avoidance</u> of unnecessary transportation extra service expenditures. This unnecessary expenditure was caused by the unplanned and improper accumulation of OTR containers at the MTESC dispatched from our area P&DCs. We will reissue and reinforce the policy memorandum drafted by HQ in 2002 prohibiting the dispatching of serviceable OTR containers to the MTESC. We will forward a copy of that memorandum to Joseph Moore with our other October 14th deliverables.

5) HCR Route 110AK – Eliminate Trip 20 (20 trips)

Management at the Queens P&DC initially disagreed with the OIG regarding the intent of this recommendation. They initially felt that elimination of this trip containing MTE to support plant operations would have lead to disruptions of those operations.

However, nearly a full year has elapsed since this recommendation was proposed by the OIG audit conducted in May 2004. Several operations have changed since that time.

We will revisit this recommendation again, as we believe it may now have some merit based on changed conditions. We will communicate any intended actions through Joseph Moore by October 14, 2005.

6) HCR Route 068AK – Eliminate/Amend trips 2, 4 and 6 (5 trips).

The Northeast Area does not concur with the intent of this recommendation. We have attached their response.

We recommend that the OIG follow up directly with the Northeast Area if it requires further

**From:** Woods, Joseph P - Windsor, CT
**Sent:** Friday, September 09, 2005 2:36 PM
**To:** Gossoff, Stuart D - New York, NY; Martinez, Hector M - New York, NY
**Cc:** Brennan, Megan J - Windsor, CT; Uluski, Richard P - Windsor, CT; Koestner, Robert M - Windsor, CT; Scotia, Kirk P - Windsor, CT; Pinto, Rocio A - Wallingford, CT; Woods, Joseph P - Windsor, CT
**Subject:** FW: OIG New York MTESC Network Recommendations

Stu/Hector,

Provided below is our feedback on the subject OIG MTESC audit relative to recommendations to eliminate three Stamford trips to include as part of the official response. As you will note, we do not agree with the elimination of these trips. Attached is the documentation from TIMES to support the utilization figures stated below.

Please advise if you need any additional feedback or documentation.

-----Original Message-----
**From:** Scotia, Kirk P - Windsor, CT
**Sent:** Thursday, September 08, 2005 12:33 PM
**To:** Woods, Joseph P - Windsor, CT; Koestner, Robert M - Windsor, CT
**Cc:** Buzzeo, Pat X - Stamford, CT; Pinto, Rocio A - Wallingford, CT
**Subject:** OIG New York MTESC Network Recommendations

Joe -

As requested, I had Steve Martin, NEA Networks Specialist take a look at the OIG proposal to eliminate MTE trips on HCR 068AK (Stamford P&DC-Long Island,NY MTESC). In developing our response, Steve canvassed input from Pat Buzzeo, Stamford P&DC as well as the use of TIMES Data, see attached.

FINDINGS and RECOMMENDATIONS
==========================

The TIMES data (Feb. 1, 2005 thru September 1, 2005) revealed the originating trips, which are the odd number trips (1,3,5) out of Stamford to 11MTE (Long Island MTESC) average utilization for that time period were as follows:

| ROUTE-TRIP | FREQ. | UTILIZATION |
|---|---|---|
| 068AK -1 | (K7) | 93.3% |
| 068AK -3 | (X7) | 97.2% |
| 068AK -5 | (X7) | 96.5% |

Let it be noted, there was an additional (44) forty-four extra trips run from the Stamford P&DC to the Long Island MTESC, during that same time period. The average utilization on those extras run was 98%.

We do agree, the utilization of the return trips from 11MTE (Long Island,NY MTESC) to Stamford P&DC during that same time period were "under utilized". The utilization on the return trips which were the even number (2,4,6) were as follows:

| ROUTE-TRIP | FREQ. | UTILIZATION |
|---|---|---|
| 068AK - 2 | (K7) | 10.7% |
| 068AK - 4 | (X7) | 45.2% |
| 068AK - 6 | (X7) | 46.1% |

In summary, although collectively, the total roundtrip utilizations appear to afford opportunity to eliminate and/or combine service on this route, we are recommending no change to the service, at this time. This recommendation is base upon Stamford's need for the service on their outbound side.

If you have any further questions and/or concerns, please advise.

Kirk

Kirk P. Scotia
Senior Networks Operations Analyst
Northeast Area DN
Office: 860-285-7059
Cell: 860-490-6979

**From:** Scotia, Kirk P - Windsor, CT [mailto:kirk.p.scotia@usps.gov]
**Sent:** Wednesday, September 21, 2005 9:42 AM
**To:** Woods, Joseph P - Windsor, CT; Gossoff, Stuart D - New York, NY; Martinez, Hector M - New York, NY; Walker, Victoria
**Cc:** Brennan, Megan J - Windsor, CT; Uluski, Richard P - Windsor, CT; Koestner, Robert M - Windsor, CT; Pinto, Rocio A - Wallingford, CT
**Subject:** RE: OIG New York MTESC Network Recommendations

To all concerned -
Update on the below subject.

After a conversation yesterday with Victoria Walker, OIG office I have agreed to revisit their recommendation. I feel that their recommendation may have merit based upon my revised understanding of the OIG's MTE trip elimination methodology, which was based on cube space (rolling stock not filled 100%, single stacking of pallets,etc.) rather than floor space utilization.

I am requesting that the Stamford P&DC respond to this email addressing the practically of consolidating MTE per the OIG recommendations. I also will be sending a team member to Stamford, to observe the consolidation and dispatching of the MTE as well.

I will communicate my findings through Joseph Moore by October 14, 2005.

If you have any questions or concerns pertaining to this matter, please advise.

thank you....Kirk