



HIGHLIGHTS

BACKGROUND:

The U.S. Postal Service developed the route optimization concept to respond to declining mail volume. The concept restructures city letter carrier assignments by separating a delivery unit's office and street duties.

Traditionally, a carrier cases (or sorts) in the office and then loads and delivers the mail on the assigned route. Under the route optimization concept, the carrier with the office assignment cases mail on multiple routes, while other carriers only assigned to the street load and deliver the mail on one route.

The Postal Service implemented the route optimization pilot initiative in two phases, with Phase 1 beginning in October 2011 and Phase 2 in February 2012. The U.S. Postal Service Office of Inspector General issued a report supporting a business case for the concept in March 2011.

This report responds to a request from the postmaster general and chief executive officer. Our objective was to validate savings from the pilot.

WHAT THE OIG FOUND:

Our assessment of the route optimization pilot indicated there is an unfavorable business case for proceeding with the pilot. For the eight sites we reviewed during the pilot, office and street workhours increased with no efficiency improvements.

Vehicle mileage did not meet targets and the units incurred additional implementation costs. The increased workhours and related costs exceeded the gains achieved by reducing routes and vehicles.

These conditions occurred because of the difficulties in casing mail and mail fluctuations; reluctance in some carriers participating in the pilot; increased vehicle usage; lack of management oversight; and unplanned costs to implement the pilot. Consequently, the workforce structure and rules limited the success of the pilot, and it did not yield a material net savings.

This review also identified assets at risk totaling \$23,735 in one delivery unit due to inadequate asset safeguards. Management immediately initiated corrective actions on these security matters.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Delivery and Post Office Operations, discontinue the route optimization pilot under the existing work environment and work rules and execute a new initiative to maximize savings by using lessons learned and results data from the pilot to optimize the full- and part-time staff mix.