

LOGISTICS



April 7, 2009

AREA MANAGERS, DISTRIBUTION NETWORKS

SUBJECT: Postal Vehicle Service (PVS) Guidelines for Pilot Scheduling Flexibility

We have prepared the attached Postal Vehicle Service (PVS) guidelines for implementation of amended work schedules at the recommended pilot locations. Upon submission of a complete package, we will request headquarters Labor Relations to schedule a meeting with the union to provide the final proposal for review and consideration.

As you will note in the guidelines, total elapsed time for completing the entire process could take between 8-10 weeks. This assumes agreement with the union to proceed with the pilot. Should there be no agreement, we will proceed with the recommendation to outsource. Therefore, all pending Article 32 packages on file will be returned to the area DN for revision. It is critically important to ensure that Article 32 proposals incorporate the proposed pilot work schedules, amendments to the narrative justification and cost comparison. Article 32 proposals should not be finalized or submitted until after the PVS pilot schedules have been created.

If you have additional questions, please contact Cheryl Martin, Manager Surface Operations at (202) 268-4361.

A handwritten signature in black ink that reads "Cindy Mallonee".

Cindy Mallonee
Manager

Attachment

cc: Mr. Pajunas
Area Managers, Operations Support

PVS MOU Pilot Guidelines for Preparation and Submission of Pilot Proposals

On January 15, 2009, a Memorandum of Understanding (MOU) was signed between the Postal Service and the APWU to amend work rules for Postal Vehicle Service (PVS) at mutually agreed upon pilot locations. The MOU allows the Postal Service to establish work schedules that include split off-days, split work shifts and mixed duty assignments to improve operating efficiency. In the event that the APWU does not agree with implementing the pilot proposal, the Postal Service will proceed with the recommendation to outsource the work under Article 32 of the national agreement.

The purpose for issuing the following guideline is to provide direction to the Area Distribution Networks (DN) office on proper preparation and submission of amended PVS work schedule proposals. Furthermore, this guideline reiterates the steps that will be undertaken, as well as, the expected duration for completing the process by individual process owners (Area Distribution Networks, and headquarters Surface Operations, Labor Relations, Supply Management).

Area Distribution Networks (DN)

Each Area DN will be responsible for prepping PVS schedules for the PVS route and schedule optimization tool. The tool will be used to increase vehicle utilization through the formation of efficient, multi-stop trips that incorporate the flexible schedule work rules. The optimization tool will minimize the number of trips required at each PVS pilot site.

The Area DN will also prepare an Article 32 proposal for each pilot site recommended. Both packages will be submitted to Surface Operations to initiate the process.

Baseline Review – Cross Out Procedure

It will be necessary to update the baseline (current schedules) in VITAL before schedules are submitted to Surface Operations for optimization. In lieu of conducting a full zero-base exercise, the local TANS office and Area PVS Analyst will prepare transportation schedule requirements using the "cross out" procedure. The "cross out" procedure is defined as reviewing each line item on a PVS schedule (Form 4533) and making a decision to continue or delete that piece of transportation. If the local TANS manager decides that the service is not warranted, then the service should be crossed out.

The general "rule of thumb" for identifying trips that are candidates for "cross out" include:

- No service or minimal service between 10:00 a.m. and 2:00 p.m. To the maximum extent possible, all service between these hours should be identified for elimination.
- All Sunday service should be identified for elimination. Service sensitive transportation such as trips to/from THS facilities or AMCs should be evaluated and consolidated when possible.
- Multiple trips to/from the plant operating between the same service points with 50 percent or lower utilization should be deleted. Volume should be consolidated onto remaining trips to increase utilization. Attention must be given to low utilization transportation that transports Express Mail to meet service commitments.
- All Spotter service should be reviewed and actual need should be validated.
- Unassigned time should be severely reduced. Hours should remain in schedules for responding to on-demand service.
- All stops should be validated to ensure schedule accuracy. There should be continuity at all facilities for the amount of time allowed for each stop.

Volume Data Collection

The optimization tool needs volume data associated with each trip (per stop) for optimal scheduling. In order to realize benefit from the optimization tool in creating proposed pilot schedules, quantity data (defined as volume that is for delivery or pick up) will be needed for each outbound and inbound trip. The collection of quantity data should be accomplished in conjunction with completing the "cross out" procedure.

Since quantity data is not collected at service points via current transportation systems on a per stop basis, the local TANS manager should estimate the percentage of load for each stop by using the origin plant's trip utilization data recorded in Surface Visibility (SV) or Transportation Information Management Evaluation Systems (TIMES). In other words, if a PVS trip has four stops on a schedule to delivery points and total utilization of the outbound trip dispatched from the origin plant is 80 percent, quantity for each service point should be estimated but not exceed the total (80 percent). Conversely, the same methodology should be applied for inbound trips that transport collection mail volume; however, this may require conducting a survey to collect percent loaded from each service point to the host processing plant.

If surveys will be conducted, it is recommended that service talks be delivered to all PVS drivers on tour in addition to having the drivers complete a MVS Vehicle Survey for five days. The driver is responsible for determining the load factor for each segment of their assignment and marking the data on the surveys. Local transportation supervision must check the surveys for accuracy and completeness.

In calculating total volume, TANS managers and area PVS Specialists should assume that all volume dispatched on a trip is for drop off or pick-up and that trips are not being used for mail that is picked up mid-trip and transported to another stop along the way.

At the conclusion of the PVS optimization process, the output will be returned to the area DN for review by the local TANS manager to validate and create actual schedules (bid assignment). Area DN PVS Specialists should assist with this process to ensure timely completion. Post analysis must be conducted to ensure that schedules include sufficient time, including unassigned time, to efficiently operate the PVS unit.

Evaluating Expiring Highway Contract Route (HCR) Service

The MOU states that consideration will be given, upon the expiration of applicable highway contract routes (HCR), to returning the work that has been previously subcontracted to PVS, and the Postal Service will determine the efficiencies of combining such work. This means that the Area DN will identify all HCRs expiring during the calendar year of the proposed PVS pilot date and evaluate the feasibility of returning the work to PVS. Although analysis of cost may identify HCR service is more economical, this analysis may provide an opportunity to lower the number of impacted employees who would otherwise be excess.

Recommendation to Outsource – Article 32

Concurrent with the preparation of actual PVS schedules for the pilot, the area DN must complete an Article 32 (Request for Mode Conversion) package to enable submission of both proposals to the union. (See national policy on Mode Conversions for the required documentation.) Upon submission to headquarters, Surface Operations will present both proposals to Labor Relations for union review. If the union does not agree to go forward with the pilot, Surface Operations will request Labor Relations to notify the union of the intent to outsource.

For pending Article 32 packages on file, Surface Operations will return the packages for revision by the area DN. It is important to note that all packages must include the most current information – current and proposed PVS schedules, a proposed HCR schedule that is exactly the

same as proposed PVS schedules, any amendment to the five factor narrative and a revised cost comparison (PS 5505) prior to submission.

Finally, the area DN will prepare the HCR solicitation to advertise the service and post the solicitation at the pilot facility. The posted effective date of the service will be 75 days after the date of notice to the union (Article 32). Surface Operations will provide the effective date of service to Supply Management, who will in turn advise Area DN Contracting Officers of the actual effective date for implementing the HCR service.

Headquarters Surface Operations

Surface Operations will support the areas in the preparation of PVS schedules by providing training and/or by participating in unit review(s), if necessary. Overall, Surface Operations will be responsible for (1) pilot schedule reviews; (2) schedule optimization; (3) Article 32 review and clearance; and (4) as intermediary and process facilitator.

The Area DN and/or local TANS manager(s) may be called upon to participate in discussions with the union to clarify proposed schedule created for the pilot. When this occurs, Surface Operations will provide the area sufficient lead time.

Required Steps and Expected Duration

The table below summarizes the key steps involved in moving this entire process to completion.

Required Steps	Expected Duration
Area DN recommends pilot and submits baseline (cross-out schedules) with volume counts	2 weeks or less
Surface Operations reviews baseline; presents schedules for optimization	2-3 days
Optimization process proceeds for developing route, schedule and bid assignment models	2 weeks per site
Optimization model output is returned to the area for post review and creation of actual schedules	1-2 weeks
Area prepares Article 32 package; update to incorporate proposed PVS pilot schedules from the optimization model. (Note: Preparation of 32 should be concurrent with above)	1 week (update pending) 2 weeks (develop new) <u>(Concurrent w/above)</u>
Surface Operations and Labor Relations present completed proposals to union officials	1-2 days
Union reviews both Pilot proposal	2 weeks
Implement MOU Pilot	2 weeks after decision
If no pilot, union reviews recommendation to outsource (Article 32)	60 days
Implement HCR service at the direction of Supply Management (resulting from decision to outsource - Article 32)	75 days after notice



May 27, 2009

Mr. Robert C. Pritchard
Director
Motor Vehicle Service Division
American Postal Workers Union,
AFL-CIO
1300 L Street NW
Washington, DC 20005-4128

Certified Mail Tracking Number:
7099 3400 0009 5112 7443

Dear Bob:

Re: IR09-44, Postal Vehicle Service (PVS) Guidelines for Pilot Scheduling Flexibility

This letter is in response to your April 24 request for information, IR09-44. Enclosed is a copy of the PVS Memorandum of Understanding Pilot Guidelines for Preparation and Submission of Pilot Proposals.

If there are any questions, please contact Patrick Devine of my staff at (202) 268-5421

Sincerely,

A handwritten signature in cursive script that reads "John W. Dockins".

John W. Dockins
Manager
Contract Administration (APWU)

Enclosure

