

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268

DSCF - STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**DIRECT TESTIMONY OF
MARK H. ANDERSON
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE**

(USPS-T-2)

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Autobiographical Sketch

1
2 My name is Mark H. Anderson. I am the District Manager for the South
3 Jersey District. I have served in this capacity since April 2013. I previously
4 served as Postmaster of Los Angeles, California for five years. I have been
5 employed with the Postal Service for approximately 35 years.

6 I began my employment with the Postal Service in 1978 as a Letter Carrier
7 in San Diego, California. I held several Station Manager positions in the
8 San Diego District. I also served as a Manager, Customer Service Operations in
9 San Diego from 1988-1991. I left San Diego in 1991 and served as Manager,
10 Customer Service in the Riverside Post Office in Riverside, California. In 1992, I
11 was promoted to Postmaster of Oceanside, California. I held this position for
12 approximately eight years. In 2002, I was promoted to Postmaster of St. Louis,
13 Missouri, and I held this position for approximately six years. In 2008, I was
14 promoted to Postmaster of Los Angeles, California, the largest Post Office in
15 California. In that position, I managed approximately 5,000 employees who
16 serviced the Los Angeles metropolitan area.

17 In my current position, as District Manager for the South Jersey District, I
18 have primary responsibility for three mail processing plants; approximately 300
19 Post Offices, Stations and Branches; \$1.15 billion in total revenue; \$857 million in
20 total operating expenses; 7,400 employees; 1,417,000 City delivery points;
21 506,300 Rural delivery points; and 3,400 Routes (City and Rural).

1 **I. Purpose and Scope of Testimony**

2 The purpose of my testimony is to explain the Destination Sectional
3 Center Facility (DSCF) Standard Mail Load Leveling Plan (Load Leveling Plan)
4 and its expected implications on the South Jersey District. My testimony begins
5 by describing the postal demographics of the South Jersey District. The
6 testimony then summarizes the load leveling test performed in September 2013
7 as it related to district level operations. Finally, my testimony describes the
8 implications of the Load Leveling Plan on future operations and service in the
9 South Jersey District.

10 There are no Library References associated with my testimony.

11 **II. Overview of the South Jersey District**

12 The South Jersey District is 6,342 square miles and encompasses
13 63 percent of the state of New Jersey and all of Delaware. Three mail
14 processing plants and more than 300 Post Offices, Stations and Branches serve
15 the district and employ more than 7,400 employees. Those employees support
16 approximately 2,500 city routes with approximately 1,400,000 delivery points,
17 and approximately 940 rural routes with approximately 506,000 delivery points.
18 Collectively, these result in more than 2.8 billion pieces of mail delivered annually
19 in the district. Those employees also collect mail from more than 2,870 street
20 mail collection boxes. In addition to delivery operations, over 57,000 customers
21 visit the South Jersey District's Post Offices, Stations and Branches each day for
22 their postal needs. The district also strongly supports alternative access
23 locations, including over 328 automated teller machines that sell stamps, 588

1 commercial retail outlets, 15 contractor-operated retail units and 31 USPS Self-
2 Service Kiosks.

3 In 2013, the South Jersey District accounted for approximately \$1.15
4 billion in total revenue against approximately \$857 million in total operating
5 expenses. Those operating expenses include approximately \$720 million in
6 annual employee salaries and benefits.

7 The communities served by the South Jersey District are diverse and
8 range in size from the two state capitals of Trenton, New Jersey, and Dover,
9 Delaware, to more than 9,800 farms covering 790,000 acres. The South Jersey
10 District is also home to numerous tourist communities along more than 150 miles
11 of Atlantic coastline.

12 **III. Local Manager's Ground-Level View of Test Results**

13 From September 10, 2013, through September 26, 2013, Postal Service
14 Headquarters ran an operations test (South Jersey Operations Test) at the South
15 Jersey Processing and Distribution Center (South Jersey Plant) to simulate load
16 leveling by specifying processing days for DSCF Standard Mail letters and flats
17 entered after the Critical Entry Time (CET) on Thursday and before the CET on
18 Saturday. The testimony of witness Malone describes the South Jersey
19 Operations Test procedures, implementation and results. The purpose of my
20 testimony with respect to the test at the South Jersey Plant is to describe the
21 ground-level quantitative and qualitative effects on operations at the South
22 Jersey Plant and at those delivery facilities served by the South Jersey Plant. I

1 will describe the effects of the South Jersey Operations Test on plant operations
2 and delivery facility operations separately.

3 **A. Effect on Plant Operations at the South Jersey Plant**

4 During the South Jersey Operations Test period, operations at the South
5 Jersey Plant resulted in increased productivity. As indicated in the testimony of
6 Postal Service witness Malone, delivery overtime hours across the South Jersey
7 District were reduced by approximately 35 percent. Carriers completed their
8 routes and came back to their delivery units earlier, which resulted in collection
9 mail reaching the South Jersey Plant earlier.

10 In addition to those results, the South Jersey Operations Test also
11 provided plant managers and supervisors with an increased ability to manage
12 staff, equipment and transportation resources. The more balanced and
13 predictable day-to-day volumes of Standard Mail allowed managers the ability to
14 schedule resources more precisely to meet requirements in opening units and
15 processing operations. The South Jersey Operations Test also confirmed that
16 managers could save weekend work hours by implementing the Load Leveling
17 Plan, especially in Delivery Point Sequence (DPS) operations as a result of
18 reduced staffing on Saturday night and reduced work hours on Sunday night.
19 The effects of the test were not only observed at the plant on the weekend. The
20 shift in delivery day also increased productivity on Monday and Tuesday nights,
21 especially with respect to DPS operations, because of the South Jersey Plant's
22 ability to use available equipment capacity to absorb additional volume without a
23 commensurate increase in staffing.

1 Transportation of mail between the South Jersey Plant and delivery
2 facilities also improved through better utilization of morning and afternoon
3 dispatches. This change in transportation reduced the plant workload and
4 provided carriers and clerks at delivery locations more time to prepare mail for
5 the next delivery day. The ability to stage mail on the plant floor also improved
6 visibility of volume to be processed the next day and reduced congestion on the
7 tour 1 platform.

8 Overall, the South Jersey Operations Test had overwhelmingly positive
9 results with respect to operations at the South Jersey Plant. The increase in
10 productivity, the rise in employee morale, and the potential reduction in costs
11 during the South Jersey Operations Test indicate the possible gains that may
12 occur at the South Jersey Plant as a result of the Load Leveling Plan.

13 **B. Delivery Operations Affected by the South Jersey**
14 **Operations Test**

15 The South Jersey Operations Test resulted in similar responses and
16 increases in efficiencies for delivery operations. The quantitative results of the
17 test are provided in connection with the testimony of Witness Malone, but I will
18 highlight those results with respect to delivery operations in the South Jersey
19 District.

20 For example, at the Ocean City, New Jersey Post Office, Monday
21 overtime hours were reduced for carriers from fourteen hours the week prior to
22 just two hours during the first week of the South Jersey Operations Test and four
23 hours during the second week of the test. Additionally, there were nine carriers
24 out past 1700 on Monday of the week before the South Jersey Operations Test,

1 compared to zero carriers out past 1700 during the first and second week of the
2 test. The leveling of the mail volume at Ocean City did not result in problematic
3 volume increases later in the week, as there were zero carriers out past 1700 for
4 the entire first week of the South Jersey Operations Test and only four for the
5 second week, compared with seventeen the week prior to the test. With carriers
6 able to return before 1700, mail for delivery the following day was prepared,
7 which allowed carriers to begin and end the following day in a timely manner.
8 The on-time arrivals of all of the carriers also resulted in earlier dispatch of
9 collection mail being sent to the South Jersey Plant for processing because
10 transportation did not have to wait for late carrier returns.

11 In Voorhees, New Jersey, the results of the test were even more
12 significant. Voorhees used 100 fewer overtime hours during the first week of the
13 South Jersey Operations Test and 93 fewer overtime hours during the second
14 week of the test as compared to the week prior to the test. Monday overtime
15 hours were cut from more than forty hours for the week prior to the South Jersey
16 Operations Test to less than five hours for each of the Mondays during the test.
17 While the Tuesday volume was slightly higher than previous weeks, the reduced
18 volume on Monday as a result of load leveling boosted morale for both clerks and
19 carriers. The South Jersey Operations Test again resulted in no carriers
20 returning after 1700 on Monday during either week, which not only resulted in
21 earlier processing for collection mail and preparation for the next day's delivery,
22 but also meant that customers received their mail prior to 1700, thereby
23 increasing customer satisfaction.

1 Qualitatively, the responses of carriers, delivery facility clerks, supervisors
2 and postmasters to the South Jersey Operations Test were also positive and
3 indicated increased productivity, a more consistent and even workload, and a
4 general increase in employee morale. In several Post Offices and delivery
5 facilities, both management and craft employees requested that the process
6 continue after the two week South Jersey Operations Test concluded because of
7 its success.

8 While the South Jersey Operations Test was positively received, we also
9 learned that we would have to monitor the shift of Friday-entered DSCF mail from
10 Monday to Tuesday to ensure that mail volume is appropriately balanced for both
11 Monday and Tuesday delivery. Certain locations indicated that the increase in
12 Tuesday Standard Mail volume resulted in increased Tuesday workload.
13 Although the quantitative results did not indicate a significant increase in work
14 hours or late carrier returns on Tuesday during the South Jersey Operations
15 Test, Postal Service management in the South Jersey District will evaluate the
16 qualitative information received about Tuesday workload with the quantitative
17 data to ensure balanced delivery loads.

18 Ultimately, the South Jersey Operations Test was well received by Postal
19 Service employees in the South Jersey District and indicated gains in efficiency
20 and productivity for both processing plant and delivery operations.

21

1 **IV. Implications of Service Change for Future Operation and Service**
2 **in the South Jersey District**

3 If implemented, the proposed Load Leveling Plan would result in
4 increased productivity and cost savings throughout the South Jersey District.

5 The results of the South Jersey Operations Test provide a baseline expectation
6 of how the Load Leveling Plan would impact the three mail processing plants in
7 the South Jersey District and the more than 300 Post Offices, Stations and
8 Branches those plants service.

9 With respect to plant operations, these long term benefits include better
10 and more consistent scheduling of career and non-career employees, as well as
11 reduced overtime hours, based on a more balanced mail level. The Load
12 Leveling Plan is a significant tool for plant supervisors to assess mail volume for
13 delivery facilities and manage plant operations to result in better scheduling and
14 utilization of personnel and equipment. As demonstrated in the South Jersey
15 Operations Test, when fully implemented across the South Jersey District, the
16 Load Leveling Plan will result in more effective processing operations at reduced
17 costs, while meeting the expectations of mailers.

18 For delivery operations, the Load Leveling Plan will be expected to
19 significantly reduce carrier workload on Mondays, allowing carriers to finish their
20 routes earlier, prepare mail for the next day's delivery and reduce overtime. The
21 time for transportation of collection mail will also be advanced, resulting in an
22 earlier arrival of mail at processing plants and an increase in processing plant
23 productivity. The Load Leveling Plan will also permit personnel at delivery
24 facilities to prepare Standard Mail more efficiently, allowing for the timely

1 sortation of packages. In combination, these gains will enhance delivery
2 operations in the South Jersey District.

3 **V. Conclusion**

4 The Load Leveling Plan will directly impact plant operations and delivery in
5 the South Jersey District by providing an effective means to increase operational
6 productivity and efficiencies through the leveling of DSCF Standard Mail.