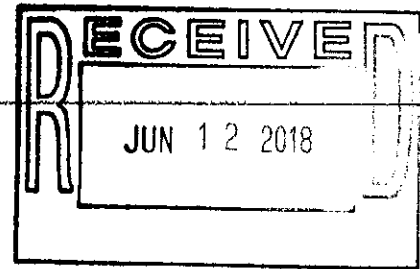


LABOR RELATIONS



June 12, 2018

Mr. Brian Wagner  
President  
National Association of Postal Supervisors  
1727 King Street, Suite 400  
Alexandria, VA 22314-2753

FAXED

Dear Brian:

As a matter of general interest, the Postal Service intends to issue Management Instruction (MI), *Administration of Contract Delivery Service Routes*.

The new MI provides guidance for the administration of Contract Delivery Service Routes after it has been established. The MI will replace and make obsolete current Handbook SP-1, *Highway Contract Routes – Contract Delivery Service*.

We plan to make the MI effective July 1.

Enclosed is a final draft copy of the new Management Instruction.

Please contact Bruce Nicholson at extension 7773 if you have questions concerning this matter.

Sincerely,



Alan S. Moore  
Manager  
Labor Relations Policies and Programs

Enclosure

# Management Instruction

## Administration of Contract Delivery Service Routes

This Management Instruction establishes guidelines for the administration of Contract Delivery Service (CDS) routes. These guidelines, as well as the supplemental policies included in the Postal Operations Manual (POM), Section 53, Highway Contract Service, and Section 66, Highway Contract Service, require close coordination among managers of various operations, including Mail Processing, Delivery Operations, and Supply Management's Surface Transportation Category Management Center (CMC).

### Responsibilities

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#### Contracting Officer

The Contracting Officer has sole authority to execute contracts on behalf of the Postal Service. The Contracting Officer is responsible for, among other tasks, negotiating changes, issuing terminations, and administering contract claims.

#### Administrative Official

The Administrative Official is a Postal Service employee designated by the District Manager to monitor and administer the performance of contract delivery services by suppliers. Each contract names the responsible Administrative Official. The Administrative Official must be familiar with the terms of the contract and all regulations and policies pertaining to CDS. The Administrative Official is responsible for ensuring supplier compliance with the operational requirements of contract delivery service routes and administering functions related to performance of that service. The Administrative Official is not authorized to agree to, amend, terminate, or otherwise change the terms of the contract.

Specifically, the Administrative Official is responsible for the following:

- a. Monitoring the supplier's contract performance daily to ensure compliance with contract requirements and Postal Service policy, including necessary recordkeeping and providing appropriate education to suppliers.
- b. Obtaining screening information from supplier and supplier's employees and verifying their eligibility in accordance with, Management Instruction PO-530-2009-4, *Screening Highway Transportation Contractor Personnel*.
- c. Investigating irregularities and complaints regarding service on the route, taking or recommending corrective action as necessary, and reporting to the Contracting Officer any full or partial trips not performed, including the miles of service omitted and the reason for omission, as well as any other serious operating failures.
- d. Recommending establishment of new routes and modifications (including discontinuance) to existing routes.
- e. Performing other administrative tasks as described in this Management Instruction.

#### District Manager

The District Manager (or designee) must:

- a. Approve the establishment of a CDS route at a Post Office not having any such service.

- b. Approve recommendations to eliminate a CDS route by consolidation.
- c. Approve recommendations to transfer territory between postal facilities.
- d. Approve recommendations to relocate a CDS route from one Post Office to another.
- e. Review and concur with any proposed route changes recommended by the Administrative Official. Upon district approval, the proposals will be submitted to the Contracting Officer for implementation.
- f. Provide the necessary support for the Administrative Official charged with the responsibility of day-to-day management of contract delivery operations.

## **Administrative Tasks**

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### **Screening**

The Administrative Official facilitates required screening in accordance with Management Instruction PO-530-2009-4, Screening Highway Transportation Contractor Personnel.

### **Education**

The Administrative Official is responsible for educating the supplier about delivery services in a manner conducive to supplier learning. Educational guidance will be provided as required when contracts are awarded or renewed. The Administrative Official will document educational guidance in a timely manner and file in the electronic contract files.

### **Electronic Contract Files**

The Administrative Official must maintain current electronic files for all contracts at their offices. The files must include the current contract Statement of Work (SOW) and a detailed record of the supplier's performance on the route, including all actions taken on the route (including PS Forms 5500, *Contract Route Irregularity Report*, and any corrective action). The Administrative Official prepares all reports requested by the Contracting Officer and District Manager (or designee), and maintains those reports in the electronic file folder.

### **Roster and Map**

The Administrative Official is responsible for maintaining a current route map indicating line of travel, residences, and box locations. The Administrative Official is responsible for maintaining a current line of travel and ensuring that the edit book is current.

The route map, line of travel, current schedule, training workbook, and all other tools necessary to promote consistent and efficient delivery are to be maintained at the supplier's case, preferably in the slot designated for such in the 124-D case.

### **Monitoring Performance**

The Administrative Official must monitor contract route operations and counsel suppliers on performance in accordance with the Statement of Work and the Postal Operations Manual. The Administrative Official should document performance problems by issuing a PS Form 5500 for each irregularity and record related interactions with suppliers as they occur. Responsibilities of the supplier can be found in the Statement of Work in the contract. For additional information on monitoring performance, refer to the POM, Section 534.

### **Extra Trips and Detours**

On the first business day of each month, the Administrative Official must submit certification for any late slips, extra trips, and detours, in the e5429 system, *Certification of Exceptional Contract Service Performed*.

In some instances, the Administrative Official may detain suppliers for mail from a connecting late trip or because of other unusual circumstances. When a supplier is held beyond the scheduled dispatch time the Administrative Official should issue a PS Form 5466, *Late Slip* to the supplier.

The Administrative Official is responsible for ordering any required extra trips by issuing a PS Form 5397, *Contract Route Extra Trip Authorization*.

The Administrative Official may determine that detours are compensable to the supplier if required to perform its daily functions. The supplier must report all detours to the Administrative Official and record such detours daily on the PS Form 5399, *Contract Route Performance Record*. The Administrative Official is responsible for validating the necessary detour and mileage required as well as ensuring that the alternate line of travel is safe for a carrier to traverse. The Administrative Official is then responsible for authorizing the detour via completion of a PS Form 5397, *Contract Route Extra Trip Authorization*, and for submitting certification through the e5429 system on the first business day of the month after the detour mileage was incurred. Payments for the preceding month are processed after the detour service has run.

### **Postal Service Staffing**

The Administrative Official must:

- a. Provide adequate Postal Service staffing to meet departure and arrival schedules and to process by clearance or dispatch times.
- b. Provide proper supervision of and training to Postal Service employees involved in monitoring and recording CDS performance.

### **Vehicle Inspections**

The Administrative Official must inspect all vehicles to be used in performance of the contract prior to the effective date of award or renewal and record the inspection on PS Form 8145, *Contract Vehicle Inspection Report*. The Administrative Official should also inspect the vehicle periodically during the year to ensure contract compliance.

The Administrative Official makes quarterly checks of the supplier's vehicle to ensure the following:

- a. No mail is being left in the vehicle.
- b. The vehicle meets or exceeds the requirements of the contract, and the supplier's use of any "U.S. Mail" signage is appropriate and limited to when the vehicle is actually carrying mail.
- c. The vehicle offers adequate protection against loss or damage of the mail, including possible damage due to adverse weather conditions.
- d. The supplier follows all anonymous mail procedures as required by the United States Postal Inspection Service, including identifying and isolating anonymous mail in the vehicle.

### **Supplier Work Area**

The Administrative Official periodically checks the supplier's work area to ensure that it is free of hazards, the route book is current and complete, and the case is properly labeled.

### **Relation to Rural Delivery Service**

Matters relating to route changes to or from Rural Delivery Service are subject to Postal Service Handbook M-38, *Management of Rural Delivery Services* and Handbook EL-902, *Agreement between USPS and National Association of Rural Letter Carriers*, Article 32, *Subcontracting*.

## Responsibilities to Customers

The Administrative Official is responsible for ensuring prompt and efficient service to the customer and that customer complaints are handled properly and expeditiously with prompt referral to the appropriate postal official.

## Service Changes

Postal Service policy is that service changes to CDS routes will be made in a timely manner. An extension will not be made until approved by the District Manager, Operations Programs Support. Centralized delivery is the preferred mode of delivery. Refer to POM Section 662.2, *Changes*, and Handbook M-38, *Management of Rural Delivery Services*, for more information on Extensions.

The Administrative Official should submit customer petitions for route extensions on PS Form 4027, *Petition for Change in Rural Delivery* to the District Manager, Operations Programs Support (or designee). Extensions should serve an average of at least one new residence per mile, including retrace. A new residence is defined as an address where delivery has not been established previously. The District Manager, Operations Programs Support (or designee) will not approve extensions merely to improve existing service, to provide door-to-door curbside service, or to provide service over private roads, driveways, or lanes.

The Administrative Official should assess whether a change to the number of boxes served on a route is substantial enough to require a change in the estimated hours or miles established in the contract schedule. If so, the Administrative Official may request a service change through the eSCR system. The daily estimates should reflect the average hours and miles needed to perform the route.

## Route Surveys

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This section establishes procedures for conducting surveys of CDS routes. The Contracting Officer may request a survey, or the Administrative Official may elect to conduct a survey, to verify requirements or to identify adjustments in route operations or equipment requirements that may better meet the specific needs of the facilities served. The Contracting Officer may also request a survey if a supplier challenges the accuracy of a contract schedule.

## Training

The District Manager, Operations Programs Support, must provide training for the individuals designated to conduct surveys for CDS routes. Training sessions should normally last from two to three hours and must cover the following:

- a. Purpose of the survey process.
- b. Approach to conducting a successful survey.
- c. Itemized discussion of the following survey forms:
  - (1) PS Form 5406, *Contract Delivery Service Route Survey*.
  - (2) PS Form 5407, *Highway Contract Route*.
  - (3) PS Form 5408, *Contract Delivery Service Route Description*.
  - (4) PS Form 5427, *Contract Route Review (Award)*.
  - (5) Any additional forms, designated for use in the route survey.

## Operational Preparations

To prepare for a specific survey, the surveyor must become familiar with the current contract schedule and equipment requirements. The surveyor should complete the following steps in preparation for conducting the survey:

- a. Review the contents of this MI.
- b. Review PS Forms 5406 and 5408-X. Review PS Form 5407, which is required for combination routes only.
- c. Review any PS Forms 5500, *Contract Route Irregularity Report*, on file for the route.
- d. Check the contract file to identify any problems that might exist with the daily route operations or the supplier's equipment.
- e. Confirm the survey date with the supplier, inform the supplier that the surveyor will be riding in the contract vehicle, and advise the supplier that the odometer must be working on the day of the survey. Alternatively, the surveyor may follow the supplier's vehicle.

### **Conducting the Survey**

The surveyor should use PS Form 5406 to collect service data for mail delivery routes. Questions concerning the route survey should be directed to the District Manager, Operations Programs Support (or designee).

The surveyor must arrive at the originating facility in time to observe the actual casing of mail and loading of the vehicle. The surveyor should use PS Form 5405-X, *Contract Route Mail Count Form*, to measure the amount of mail delivered on a route over a week.

### **Additional Data**

In addition to the information required on PS Forms 5405-X and 5406 (or 5407), the surveyor must provide the following information as appropriate:

- a. Names of all offices served by routes surveyed.
- b. Description of extraordinary physical characteristics of the office that may impede traffic flow (Use sketches as necessary).
- c. Recommendations from affected postmasters and supplier on changes that could improve service.
- d. Certification of all persons providing service, who must have: (a) passed all Inspection Service screening requirements; (b) been updated in the Employee Barcode System; and (c) been issued badges.

### **Concluding a Successful Survey**

At the conclusion of the survey, the surveyor should immediately document service recommendations and route observations on PS Form 5406 or PS Form 5407, and review all of the documents to ensure accuracy of the information.

After completing PS Form 5406, the surveyor should:

- a. Annotate any discrepancies on the form.
- b. Ask the supplier or supplier's employee for input about operational adjustments that they feel could improve service or make the route more cost effective. Include any recommendations suggested by the supplier or supplier's employee in the file submitted to the Contracting Officer.

- c. Ask the supplier to sign the form to indicate knowledge of the information.
- d. Provide a copy of the survey to the supplier.

Once signed, the survey should be submitted to the District Manager, Operations Programs Support through the electronic Service Change Request (eSCR) System.

### **District and Area Review**

The district Manager, Operations Programs Support (or designee), is to:

- a. Carefully review each survey for completeness.
- b. Note any missing, incomplete, or abnormal data and, if warranted, return the request to the Administrative Official.
- c. Take follow-up action to complete information or confirm its accuracy.
- d. Determine whether the surveyed route(s) should be modified, continued, or eliminated once the surveys have been completed.
- e. Enter the data into the electronic Service Change Request (eSCR) System and forward it to the Area Manager, Delivery Programs Support (or designee).

Upon approval, the Area Manager, Delivery Programs Support (or designee), will forward the survey through the eSCR System to the Contracting Officer for the appropriate action.

## **Appendix A – Instructions for Completing PS Forms Related to Route Surveys**

### **PS Form 5406 (Contract Delivery Service)**

The following items on PS Form 5406, *Contract Delivery Service Route Survey*, contain key information. It is important that the Administrative Official (or designee) complete the forms in a clear and precise manner.

- A.1–6 Items A.1 through A.6 (self-explanatory). Base Data is provided by Address Management System.
  - B.1–4 Items B.1 through B.4 (self-explanatory). B.2 references origin Post Office hours of operation.
- Section C is to be used for extensions only.*
- C.1 Provide total number of families served.
  - C.2 Provide total number of businesses served.
  - C.3 Indicate the current number of regular and central boxes and the proposed number of regular and central boxes.
  - C.4 Indicate the number of current and proposed vehicle stops.
  - C.5 Indicate the daily mileage added by the service change.
  - C.6 Provide the distribution of daily time added or subtracted as a result of the change.
  - C.7 Supplier or supplier's employee must sign, certifying that the data in Section C is accurate.
  - D. Line of travel for extension. Indicate only the additional lines of travel associated with the extension and where they fall on the present line of travel.
  - E.1–4 Administrative Official completes items 1–4.

- F.1-2 Administrative Official signs and provides request date.
- F.3-4 District approval and effective date.
- F.5-6 Other approval and effective date.
- G.1-5 Use for the outbound trip only; provide standard information — usually the trip listed on the left side of the schedule to a turnaround point on the contract, normally referenced as NO (no office).
- H.1-5 Use for the inbound trip only; provide standard information — usually the trip listed on the left side of the schedule and a turnaround point on the contract, normally referenced as NO (no office).
- I.1-8 Item I.1 indicates the number of boxes assigned out of the origin office; while Items 2-3 require yes or no answers. Items 4-8 "required" is based on information in present schedule and "actual" information is based on survey date documentation.
- J.1-6 Indicate the Post Offices en route and provide the time spent at each office. Determine if the scheduled times reflect actual times. If there is a specific problem, state the problem and proposed solution in Section N of this form. (Use additional sheets if necessary.) If delivery includes a locked pouch only, check J.2.
- K.1-5 Record in detail the number of boxes, stops, families, office time, route time, mileage, and vehicles used on the route. The "official" column refers to the present schedule while the "actual" column refers to documentation recorded on the day of the survey. The number of boxes includes only those boxes that are currently active (*An active box is one that has had delivery within the last 90 days*).
- L. Supplier uses this section to submit comments.
- M. Administrative Official (or designee) uses this section to submit comments.
- N. Proposed new schedule; use PS Form 5408-X to record the line by line, compass direction, and turn destination (left, right, etc.) and attach.

### **PS Form 5407 (Combination Routes)**

The following items on PS Form 5407, *Highway Contract Route*, contain key information. It is important that the Administrative Official (or designee) complete the forms in a clear and precise manner.

- A.1-5 Items 1 through 5 require standard information.
- A.6 Items 6a and 6b — Schedule Mileage. Enter the last approved mileage as shown on PS Form 7440, *Contract Route Service Order*. If there is any difference between the scheduled mileage and the actual mileage as indicated by the survey, identify and document the reason for the difference in Item 23 of the form.
- A.7-11 Items 7 and 11 require standard information. A.9 references road types.
- B.1-4 Items B.1-4 require standard information.
- B.5-13 Items B.5-13. Suppliers should maintain equipment in a manner that reflects favorably on the Postal Service; therefore, consider carefully and exercise prudent judgments in determining the appearance rating in Section B.5. Record the actual length, height, and width of the cargo space in Section B.6. Determine the adequacy of the cargo space based on your observations and the comments offered by any Administrative Official (or designee) and affected postmasters.



- C.1 Item C.1, Terminal Time. The "official" column data is taken from the present schedule while "actual" column data refers to day of survey. The survey indicates the actual time spent loading and unloading at the origin and destination offices. If it appears that the terminal time is insufficient, determine whether the Postal Service can make an adjustment to correct the problem, or if additional time needs to be added to the schedule.
- C.2-5 Indicate number of vehicles, boxes, collections, or miles to be added or deducted from the service. The surveyor is to complete the "actual" column only.
- D.1-3 If any type of action is being proposed, check the appropriate box and explain. Use an additional sheet of paper to describe, if necessary.
- E.1-3 Reaction to Proposed Changes. Identify whether the supplier, affected postmasters, and customers (if appropriate) agree to the proposed changes.
- F.1-6 Service on Day of Survey. If the Administrative Official has not performed the survey, the surveyor and the Administrative Official review the entries in this item and ensure that they are correct and consistent with the actual operation of the route.
- G. Attach a preprinted map showing the recommended changes. Follow the instructions for completing this section carefully.
- H. Statement of Proposed Service/Remarks. Include comments on the proposed schedule and equipment requirements. Also, use this section to summarize comments from other sections. If additional space is needed, attach a separate sheet.
- I. Official Making Survey. If the Administrative Official has not performed the survey, the surveyor and the Administrative Official must conduct a final review of the survey documents and give approval by signing their names in Item J.
- J. Administrative Official. The Administrative Official must sign and date the document certifying that all of the information is correct.