

**United States Postal Service  
Office of Inspector General  
Delivery Directorate**

**Benchmarking Large Fleet Maintenance Management  
Statement of Work**

**1. Introduction**

The United States Postal Service Office of Inspector General (OIG) is awarding a contract to a Supplier with specific subject matter expertise in vehicle maintenance operations, supporting technology and performance measures with large-size fleets. The study will benchmark best practices in these areas with large fleet organization maintenance in comparison to the Postal Service.

There is an expectation for the supplier to have vehicle maintenance management operations knowledge and skills to identify private companies, federal, state, city or local governments with fleets similar in size to the Postal Service's primary delivery and collection vehicle, Long Life Vehicle (LLV) and other delivery and collection vehicles used by the Postal Service.

In addition, these expectations include knowledge and skills in identifying standards for vehicle maintenance operations to perform vehicle maintenance, (vehicles maintenance and parts inventory management, performance measures and emerging technologies) best practices used by these large entities that could benefit the Postal Service Fleet Management program.

This is a firm fixed price contract.

**2. Background/Objective**

- The Postal Service operates one of the world's largest transport and delivery fleets, which includes 214,933 delivery, transport, and administrative vehicles. The Postal Service maintains a diverse fleet of delivery and collection vehicles including Long Life Vehicles (LLV), as well as delivery vans and light trucks. The Postal Service has 311 vehicle maintenance facilities (VMFs) located throughout the country to manage the vehicle fleet. These VMFs have diagnostic equipment, tools, supplies, parts, staff, etc. to perform preventative and unscheduled maintenance. VMFs are located in postal owned and leased buildings across the United States. They also contract with commercial garages throughout the U.S. for maintenance and repair on these vehicles.
  
- The Postal Service established a preventative vehicle maintenance program to ensure safe, dependable, and economical performance of Postal-Service owned vehicles through periodic systematic scheduled maintenance of Postal Service

vehicles. Scheduled maintenance ensures that vehicles are available for delivery services. Vehicles will experience some degree of unscheduled repair. The better the scheduled maintenance program is, the fewer unscheduled repairs will occur.

- The Postal Service established its vehicle parts purchasing program in 1997 to use two consignment suppliers to acquire repair parts. Through the consignment process, selected vehicle repair parts are ordered, received, and stocked at the VMFs and remain the property of the consignor until used to repair a vehicle, at which time the Postal Service pays for the part.
- The Postal Service uses the Solution Enterprise Asset Management (SEAM) system to monitor vehicle maintenance and manage vehicle parts required to maintain the vehicle fleet and to track maintenance service for each vehicle. SEAM is an Oracle web-based application designed to improve inventory tracking and visibility, implement forecasting and automatic replenishment capabilities, and standardize asset tracking and maintenance/repair functions.
- The Postal Service established performance indicators to gauge the effectiveness and efficiency of the vehicle maintenance program. These indicators include scheduled and unscheduled maintenance and overhead and workload allocation (see Table 1).

**Table 1. Postal Vehicle Maintenance Operations Performance Measurements**

<b>Performance Measure</b>	<b>Description</b>
Scheduled Maintenances Undone	Scheduled maintenance delinquent by 2 or more weeks.
Authorized Maintenance Reserve %	Sum of 4% of rural vehicle routes plus 3% of city vehicle routes divided by total delivery vehicle routes.
Actual Maintenance Reserve %	Vehicle reserve divided by the sum of rural and city delivery vehicle routes.
Total Distributed Cost Labor to Total Vehicle Cost/Ex Labor	Distributed labor cost divided by total labor cost.
Scheduled Maintenance Labor to Direct Maintenance Labor	Scheduled VMF maintenance labor cost divided by total direct VMF maintenance labor cost.
Scheduled Maintenance Labor & Contract Labor to Total Direct Maintenance Labor & Contract Labor	Scheduled VMF and contract maintenance labor cost divided by total direct VMF and contract maintenance labor cost.
Total Direct Maintenance Labor to Total Direct Costs Labor	Total direct maintenance labor costs divided by total direct labor costs.
Delinquent Scheduled Maintenance	Scheduled maintenance delinquent by 15 or more days.

Undistributed Labor Hours %	Difference between sum of time card hours and sum of work order hours divided by sum of time card hours.
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Source: Vehicle Maintenance Standard Operating Procedures, VMB 02.97.

**Objective**

The United States Postal Service, Office of Inspector General, Delivery Directorate, has initiated a benchmarking study of best practices in vehicle maintenance operations, supporting technology and performance measures for large fleets. To accomplish our objective for the best practices benchmarking study, the supplier in conjunction with OIG will identify entities that meet the following criterion:

1. Federal agencies, state, city and/or local governments, shipping/delivery companies, and other companies with a maintenance operations for large fleet similar in size to the Postal Service.
2. Fleet maintenance management program/operations/ emerging technologies used in vehicle maintenance management for owned and leased vehicles including internal and external maintenance resources,
3. Vehicle Parts Inventory Management for maintenance.
4. Performance measures and best practices in fleet maintenance management.

**3. Scope of Work**

The supplier will perform the following tasks:

1. Conduct a kick-off teleconference discussion with the OIG within one week.
2. Within two week of the kick-off meeting (in person meeting), the supplier will meet with members of the OIG team on the implementation of the contract. During this meeting, the supplier will brief, both orally and in writing, the specific proposed methodologies for completing the items outlined in the scope of work section of this task order.
3. Identify federal agencies, state, city and/or local governments, shipping/delivery companies, and other companies in conjunction with OIG vehicle maintenance operations for organizations with a large fleet size similar to the Postal Service and VMF locations. (See [Appendix A](#) for an Example of Agencies, Companies, Cities, and VMFs).
4. Conduct site visits to gather information using the jointly developed questionnaire. Prior to the site visit, OIG will provide a questionnaire for your review and input. This survey/questionnaire will be used in subsequent site visits. The questionnaire should document the current state of selected VMF sites when compared to entities identified in section 3.2. Use questionnaire in [Appendix B](#) to identify and compare how entities identified in 3.2:

- i. Fleet maintenance management program/operations/emerging technologies for owned and leased vehicles, including internal and external maintenance resources.
- ii. Vehicle Parts Inventory Management for vehicle part used for maintenance.
- iii. Performance measures and best practices in fleet management.

5. Reporting:

- A. Develop a report consistent with OIG format to report the conclusion, findings (criteria, cause, recommendations, and impact), objectives and sub objectives along with background, rationale and references. Include in the report:
  - a. A written synopsis by objective including a summary based on questionnaire results for the companies, agencies and VMFS.
  - b. Include assessment to address whether the Postal Service's vehicle maintenance, technologies, parts management practices and performance measures are aligned with industry standards/best practices?
  - c. Compare the Postal Service current maintenance operations, technology, parts, and performance measures for current operations and for the future, and outline any potential cost saving measures/opportunities.
- B. Provide supporting documentation used to develop the report information outlined in 5A above.

6. Communications:

As needed throughout the project, meet with the designated Delivery Operations team member(s) to discuss any concerns, delays or problems developing the report as well as provide team members on project status.

7. Submit to OIG:

- A. Provide completed questionnaire and supporting documentation as sites are completed.
- B. Within 100 days of contract award, Supplier will submit a draft report along with supporting documentation.
- C. Within 125 days of contract award, Supplier will submit a final report along with supporting documentation.

#### 4. Deliverables

The Supplier shall deliver the following supplies and/or services, by the dates specified in the table below:

<b>Deliverable Number</b>	<b>Description</b>	<b>Due Date(s)</b>	<b>Reference SOW Section</b>
4a	Kick-Off Meeting	Two (2) weeks ACA	3.2
4b	Identify Sites and Review site survey	14 days after kick-off meeting	3.2
4c	Site Visits	No later than 28 days after kick-of meeting.	3.4
4d	Communications	As needed or requested	3.6
4e	Reporting	As defined	3.5
4f	Draft Repot	100 days ACI	3.7
4g	Final Report	125 days ACA	3.7

Note: Report and supporting documentation will become the property of the OIG

**Appendix A**  
**Example of Agencies, Companies and Cities**  
**By Regional Areas**

Type/Postal Region	Example – Agency Company, VMF.	Metropolitan Area	Estimated <sup>1</sup> Vehicles
<b>Federal Agencies</b>	General Services Administration	Washington, D.C	79,529
	Department Homeland Security	Washington, D.C	52,189
	Department of Justice	Washington, D.C	43,541
<b>Delivery Companies</b>	United Parcel Service (UPS)	Atlanta, GA	104,172 (ground vehicles)
	FedEx Corporation	Memphis, TN	43,000 (delivery vans)
	AT&T	Dallas	73,330
	Hewlett Packard (Anaheim, CA-Los Angeles)	Los Angeles and San Francisco	9,513
<b>City Government</b>	City of Los Angeles Police, Fire, School, and Airport Vehicles (some)	Los Angeles, CA	11,000
	City of New York	New York City	29,000
<b>Western</b>	VMF	Phoenix AZ	3,376
<b>Great Lakes</b>	VMF	St Louis, MO	3,198
<b>Southern</b>	VMF	Miami, FL	2,338
<b>Pacific</b>	VMF	San Diego, CA	2,323
<b>Northeast</b>	VMF	Hicksville, NY	2,009
<b>Out Sourced</b>	VMF	Sioux Falls, SD	938

<sup>1</sup> Estimated vehicles as of September 2016.

## Appendix B

### Large Fleet Maintenance Questionnaire Project Number 17RG0XXDR000

**Site/Company Name:**

**Site Location Address:**

**Date of Site Visit:**

**Hour of Operations:**

**Staff/Contractor Conducting Site Visit:**

**Name and Title of Individual Interviewed:**

#### Demographics (Fleet, Staffing, Facilities)

**1. Agency/Company/VMF Fleet Size:**

- A. Number of Vehicles
- B. Average Age of Vehicles?

**2. Agency/Company/VMF Vehicle Ownership:**

- A. Number of vehicles owned
- B. Number of vehicles leased
- C. What type of maintenance services included in the lease contract?
- D. For Government Agencies – Determine if lease through GSA or through a vendor?

**3. Agency/Company/VMF Fleet Staffing, Certifications**

- A. Number of technicians/mechanics
- B. Number of supervisor technicians
- C. Number of clerks/stockroom
- D. What type Professional/Technical Certifications required mechanics/technicians.
- E. How does the other entities manage staff training and identifying training opportunities?

**4. Management Structure (Management Comparable to Personnel (Right Size)**

**5. How many management levels are within the entities/organizations?**

- A. How many people or resources is management responsible for managing within their organization?
- B. How many people should be in each management level (right size)? (The quality of management and the right amount of the personnel at each level.)

#### Fleet Maintenance Management (Internal/External Services)

**6. Vehicle Maintenance Services:**

- A. What type of maintenance services are provided (maintenance examples scheduled, unscheduled, paint, major or minor repairs)
- B. How does a vehicle receive maintenance internally by staff or externally by commercial vendors?

- C. What is the entity/organization's scheduled maintenance program (frequency of occurrence)?
- D. How does the entity monitor or ensure timely repairs and maintenance service is performed?
- E. What is the average cost of maintenance per vehicle per year?
- F. Why are vehicle services outsourced?
- G. How many vehicles are service externally by third party providers?
- H. Who are these service providers?
- I. What type of tools are generally used for maintenance and repair of vehicles?
- J. What is the age and type of diagnostic equipment used for maintenance?
- K. Does the company own or lease the tools used for maintenance.
- L. How does the staff/technicians receive training and certification on the various types of tools?

#### **7. Vehicle Maintenance Technologies:**

- A. What type of technologies (computers, database, monitoring software, etc.) are used to perform and monitor vehicle maintenance services?
- B. Is the system commercial/off the shelf or customized?
- C. What features does the software include (scheduling, vehicle diagnostics, tracking, routing)?
- D. How does the software monitor fleet locations Wi-Fi/GPS, etc.?
- E. What is the average cost of maintaining maintenance software?
- F. What type of database/platform is the information stored?
- G. How long is information stored in database?
- H. Why does the company use this software/database to perform and management vehicle operations?
- I. Do the systems monitor the total cost of ownership ( i.e.charge the cost of all work done on the vehicles from the total investment cost?
  - o The type of work performed.
  - o Hours Used
  - o Parts usage
  - o The optimum time to replace the vehicle.
  - o Range of miles - percentage of time on the road compared to the percentage of time in shop.

#### **8. Vehicle Parts Management:**

- A. What type of vehicle parts management does the company/agency use to manage parts or does the company/agency outsource this function?
- B. Why does the company, agency, VMF rely on this type vehicle parts service?
- C. What are the average costs of parts per vehicles per year?

### **Performance Measures and Best Practices**

#### **9. Performance Measures:**

- A. What type of performance measures are in place to monitor vehicle maintenance service?

- B. What type of performance measures are in place to monitor vehicle maintenance cost?
- C. How does the performance measures compare to industry standards?
- D. What type of performance measures are used to monitor parts turnover?
- E. What type of performance measures are used to monitor mechanic/technician performance?
  
- F. When developing performance measures to manage maintenance operations, what factors are considered and included in developing measures ( i.e. those listed below and any additional factors?)
  - a. Age and type of vehicle
  - b. Type of services performed
  - c. Service cost to maintain vehicles
- G. What adjustments are made for these factors?

**10. Best Practices:**

- A. What industry best practices have been identified for fleet management and performance measures?
- B. What are the emerging technologies used in fleet management?
- C. How can the Postal Service implement the best practices identified?