

UNITED STATES POSTAL SERVICE

Strategy Needed to Address Aging Delivery Fleet



Highlights of [GAO-11-386](#), a report to congressional requesters

Why GAO Did This Study

The United States Postal Service (USPS) has the world's largest civilian fleet, with many of its delivery vehicles reaching the end of their expected 24-year operational lives. USPS is subject to legislative requirements governing the federal fleet, including a requirement in the Energy Policy Act of 1992, which provides that 75 percent of USPS's vehicle acquisitions be alternative fuel vehicles, capable of operating on a fuel other than gasoline. USPS is also facing serious cost pressures in maintaining a national network of processing and retail operations.

Asked to review USPS's delivery fleet, GAO (1) profiled the fleet; (2) assessed USPS's response to alternative fuel vehicle requirements and described its experiences with these vehicles; (3) identified USPS's approach for addressing its delivery fleet needs, including trade-offs; and (4) determined options to fund a major acquisition of delivery vehicles. GAO analyzed USPS data; visited USPS facilities in three locations; and interviewed officials from USPS, the Department of Energy, and other organizations, including fleet operators and manufacturers.

What GAO Recommends

USPS should develop a strategy for addressing its delivery fleet needs that considers the effects of likely operational changes, legislative fleet requirements, and other factors. USPS agreed with GAO's recommendation.

View [GAO-11-386](#) or key components. For more information, contact Phil Herr at (202) 512-2834 or herrp@gao.gov.

What GAO Found

USPS's delivery fleet is largely composed of custom-built, right-hand-drive vehicles designed to last for 24 years, including about 141,000 gasoline-powered vehicles 16 to 23 years old and 21,000 flex-fuel vehicles capable of running on gasoline or 85-percent ethanol (E85) that are about 10 years old. The fleet also includes 22,000 left-hand-drive minivans, many of which are also capable of running on E85, and 3,490 delivery vehicles capable of running on other alternative fuels. Delivery vehicles are driven an average of about 17 miles per day and cost about \$1 billion to maintain and fuel in fiscal year 2010.

Delivery Vehicles at a USPS Maintenance Facility (left) and Post Office (right)



Source: GAO.

USPS met the 75 percent acquisition requirement for alternative fuel vehicles by purchasing about 40,000 flex-fuel vehicles and minivans that can operate on E85 or gasoline. However, USPS does not always use E85 in these vehicles because E85 is not readily available and can cost more to use due to less fuel efficiency, according to USPS officials. USPS has a variety of limited experiences with other alternative fuel vehicles, such as compressed natural gas and plug-in electric vehicles, most of which have higher life-cycle costs than gasoline vehicles.

USPS's approach for addressing its delivery fleet needs is to maintain its current fleet until it determines how to address its longer term needs. USPS has incurred small increases in direct maintenance costs over the last 5 years, which were about \$2,600 per vehicle in fiscal year 2010. However, it is increasingly incurring costs for unscheduled maintenance because of breakdowns, which can disrupt operations and increase costs. In fiscal year 2010, at least 31 percent of USPS's vehicle maintenance costs were for unscheduled maintenance, 11 percentage points over USPS's 20 percent goal.

USPS's financial challenges pose a significant barrier to a major delivery vehicle replacement or refurbishment, estimated to cost \$5.8 billion and (in 2005) \$3.5 billion, respectively. USPS and other federal and nonfederal officials see little potential to finance a fleet replacement through grants or partnerships. GAO has reported that Congress and USPS need to reach agreement on a package of actions to move USPS toward financial viability. Depending on the specific actions adopted, USPS's follow-up, and the results, such an agreement could enhance its ability to invest in new delivery vehicles.