

DOCUMENT RESUME

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[Reasonableness of U.S. Postal Service Decisions to Pay for Renovating Leased Facilities which Were Scheduled to Be Vacated and to Contract with the Lessor to Perform the Renovations]. GGD-77-91; E-114874. September 14, 1977. 2 pp.

Report to Rep. Stephen J. Solarz; by Victor L. Lowe, Director, General Government Div.

Issue Area: Facilities and Material Management: Building, Buying, or Leasing Federal Facilities and Equipment (706). Contact: General Government Div.

Budget Function: General Government: Other General Government (806).

Organization Concerned: Postal Service; New York, NY.
Congressional Relevance: Rep. Stephen J. Solarz.

Under the Postal Service's Working Conditions Improvement Program, improvements were made to both Service owned and leased facilities. Four specific instances in which the Service decided to pay for renovating leased facilities which were scheduled to be vacated and to contract with the lessor to perform the renovations were investigated in the New York City area. Findings/Conclusions: Service policies and procedures authorized limited improvements to leased facilities even though the buildings were scheduled to be vacated and provided that the lessor be given first option to perform the renovations. Service officials stated that only limited improvements were made to the facilities investigated, and that at the time there were no immediate plans to vacate the facilities. The Northeast Region of the Postal Service has canceled 104 leases since July 1974, and plans to cancel 18 during fiscal year 1978. There were six instances in which the Services paid for improvements to facilities which have been or are scheduled to be vacated. The Service policies and procedures in this area were reasonable and there is no indication that violations to these policies and procedures occurred in the four cases investigated. (SC)

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WASHINGTON, D.C. 20548



GENERAL GOVERNMENT
DIVISION

SEP 14 1977

8-114874

The Honorable Stephen J. Solarz
House of Representatives

Dear Mr. Solarz:

Your May 5, 1977, letter expressed concern about the reasonableness of U.S. Postal Service decisions to (1) pay for renovating leased facilities which were scheduled to be vacated, and (2) contract with the lessor to perform the renovations. In discussions with your staff, we agreed to examine four specific instances in the New York City area and also determine whether these practices were widespread.

We found that the facilities you mentioned were improved under a nationwide Service program called the Working Conditions Improvement Program. This was a \$400 million effort which began in 1972 to respond to Congressional, postal labor union, and senior postal management concern over inadequate employee working conditions. Under the Program, improvements to both Service owned and leased facilities were made.

Service policies and procedures authorized limited improvements to leased facilities even though the buildings were scheduled to be vacated. The procedures also provided that the lessor be given first option to perform the renovations. Of the facilities in question, Service officials stated that only limited improvements were made and that at the time there were no immediate plans to vacate the facilities.

The rationale behind offering the lessor first option is that if the lessor makes, or at least approves the renovations, the Service would not face the possibility of having to restore the facility to its original condition when the lease expires. The General Services Administration follows the same procedures in offering the lessor first option to make renovations.

In regard to renovations to leased facilities being widespread, we found that the Service's Northeast Region had cancelled 104 leases since July 1974, and plans to cancel 18 during fiscal year 1978. There were six instances where the Service paid for improvements to facilities which have been or are scheduled to be vacated.

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In summary, we believe the Service policies and procedures in this area were reasonable and we found no indication that violations to these policies and procedures occurred.

We have provided your staff with details on the results of our work and they have informed us that further assistance was not necessary.

Sincerely yours,


Victor L. Lowe
Director