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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

RELEASED



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GENERAL GOVERNMENT DIVISION

MAR 16 1976

B-114874

The Honorable Christopher J. Dodd
House of Representatives

Dear Mr. Dodd:

Your letter of December 16, 1975, requested that we study the fiscal effects of the Postal Service's decision to relocate the distribution of nonpreferential second-class (newspapers and magazines) and third-class (circulars and pamphlets) mail for Connecticut from the Terminal Annex in New Haven, Connecticut, to the Tapley Street Annex in Springfield, Massachusetts.

On January 3, 1976, the State distribution center--a post office designated to receive and distribute mail destined for specific ZIP code areas--for Connecticut was relocated to the Tapley Street Annex in Springfield. This was part of the overall consolidation of distribution center functions for Connecticut, Massachusetts, New Hampshire, and Vermont at the Tapley Street Annex.

Based on our review of Service records and on discussions with Service officials, we believe the relocation should save money and improve operations for the Postal Service and improve mail delivery in the affected States. However, since the relocation to Tapley Street is in the transition phase, we cannot determine the actual savings at this time.

Personnel savings should be attained by eliminating a number of clerk and mailhandler positions. In Connecticut, affected employees would be reassigned to other Connecticut post offices. Transportation savings should be realized by more efficiently using the Springfield Bulk Mail Center (BMC) transportation system, by eliminating several truck routes from the Terminal Annex in New Haven, and by using smaller trucks. The transportation improvements, coupled with a more detailed sorting of some letters too large to be distributed in a regular letter case, should reduce by 1 day the delivery time for postal customers in Connecticut.

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Additionally, the Service plans to move the New Haven main post office mail processing and administrative operations to the Terminal Annex. This would combine the mail processing operations of both facilities. Further savings, as well as greater efficiency in processing New Haven mail should result.

WHY THE RELOCATION TOOK PLACE

The Postal Service's nationwide bulk mail system is designed to process all fourth-class mail (parcels) and to sort sacks of nonpreferential second- and third-class mail. Each Bulk Mail Center serves as a transfer point for sacks of inbound mail. The sacks are sent from the BMC to State distribution centers for sorting and distribution to sectional centers--mechanized post offices that process mail for local post offices in a designated area. When the Springfield BMC opened, all parcel post functions and sack sorting operations were transferred there from the Tapley Street Annex.

Before the BMC was opened, nonpreferential second- and third-class mail for Connecticut flowed into the Tapley Street Annex and then to the State distribution center at New Haven for processing and distribution to Connecticut sectional centers. Similarly, mail for Vermont flowed into the Tapley Street Annex and was dispatched to White River Junction for processing.

During the summer of 1974, the Postal Service decided to consolidate all Connecticut and Vermont nonpreferential second- and third-class mail processing at the Tapley Street Annex, to take advantage of (1) the space available as a result of transferring parcel post processing to the BMC and (2) the transportation system developed to serve the Springfield BMC. By this consolidation, Connecticut and Vermont nonpreferential second- and third-class mail would come into the Springfield BMC, be shuttled to Tapley Street for processing, and dispatched directly from Tapley Street or the BMC to all Connecticut and Vermont sectional centers. This eliminated the need to send mail to New Haven and White River Junction for sorting and distribution to sectional centers.

PERSONNEL SAVINGS

The Postal Service estimates \$310,000 will be saved by eliminating 21 full-time positions as a result of the consolidation at the Tapley Street Annex.

Positions required to handle the mail:	
New Haven Terminal Annex	70
white River Junction	<u>17</u>
	87
Positions required to handle the mail:	
Tapley Street Annex	<u>66</u>
Net reduction	<u>21</u>

Elimination of these positions has been taking place since early 1975. As vacancies occurred, temporary employees were hired to fill them. As the relocation to Tapley Street was begun, these temporary employees were released. No new employees were required at the Tapley Street Annex because (since parcel post processing was transferred to the BMC) employees at the Tapley Street Annex could handle the nonpreferential second- and third-class mail. According to Postal officials, the precise number of positions to be eliminated was not known as of January 29, 1976 since the relocation was still going on and recent mail volumes were running abnormally high, primarily due to mailers trying to avoid postal rate increases.

129 The Postal Service began discussing the impact of the relocation on those employees employed at the Terminal Annex with national, regional, and local representatives of the American Postal Workers Union in April 1975. In October 1975, the Unions were informed that the reassignments would be accomplished in accordance with the provisions of the National Agreement and that no employees would be transferred out of the Hartford District, which encompasses Connecticut. Most of the affected employees would be reassigned to other post offices at their present pay levels. Some would remain in the New Haven area to replace employees lost through normal attrition. DP 779

Although 70 positions were declared excess at the Terminal Annex as a result of the relocation, only 62 full-time employees were affected, since 8 positions had been filled by temporary employees who were released before the relocation. Other jobs have been identified for 41 of these 62 employees. Five of the 62 employees retired, leaving only 16 excess employees. According to Postal officials, these employees would remain in New Haven until other jobs became available.

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Personnel cost at New Haven would temporarily increase during the transition, due to transferring some employees from the day to the night tour. This situation would last until all excess employees could be relocated.

TRANSPORTATION SAVINGS

By increasing the use of the existing BMC transportation system in Connecticut, by eliminating several truck trips, and by using smaller trucks on some of the remaining trips the Postal Service estimates it would save about \$128,000 annually.

Reduction in Transportation Costs

	<u>Daily trips required</u>		<u>Estimated annual savings</u>
	<u>SDC function at New Haven</u>	<u>SDC function at Tapley St. Annex</u>	
Springfield to New Haven	1	7	\$ 50,452
Springfield to Waterbury, CT	2	2	
New Haven to Waterbury, CT	1	0	16,146
Springfield to Willimantic, CT	1	1	
New Haven to Willimantic, CT	1	0	8,152
Springfield to Hartford, CT	7		
New Haven to Hartford, CT	2	0	41,391
Springfield to Stamford, CT	5	5	
New Haven to Stamford, CT	1	0	<u>12,163</u>
			<u>\$128,310</u>

All Connecticut nonpreferential second- and third-class mail would come to the Springfield BMC, be transported to the Tapley Street Annex for processing, and then either dispatched directly from Tapley Street or sent back to the BMC to be dispatched to the Connecticut sectional centers, using the BMC's transportation network. No new routes would be added to accommodate mail shipments to Connecticut sectional centers. In addition, backhauling mail from New Haven to Hartford, New London, and Waterbury sectional centers would be eliminated; the trips from Springfield to New Haven, from New Haven to Stamford, and New Haven to Willimantic would be reduced. (See enc.)

SERVICE IMPROVEMENTS

The consolidation is expected to reduce by 1 day the delivery time in Connecticut, due to improved mail flow and more detailed sorting of some mail at Tapley Street.

With the relocation, nonpreferential mail would be unloaded at the BMC and shuttled to the Tapley Street Annex to be processed in the morning. Then it would either be returned to the BMC throughout the day to be transported to Connecticut sectional centers, or be transported directly from Tapley Street to the Connecticut sectional centers. Previously, nonpreferential mail was unloaded at the BMC, reloaded on trailers going to New Haven to be processed later that day or the next, and then transported to the Connecticut sectional centers.

At Tapley Street, flats, letters too large to be distributed in a regular letter case, would be sorted for 70 post offices rather than the 42 offices as done in New Haven. Flats could then be transported directly from Tapley Street to some major cities in Connecticut and reduce the need for sorting this mail at sectional centers.

POTENTIAL SAVINGS THROUGH PLANNED CONSOLIDATION IN NEW HAVEN

Postal Service plans called for vacating the New Haven main post office by January 31, 1976, and moving operations into the Terminal Annex. This should save about \$90,000: \$60,000 by eliminating three supervisory positions and \$30,000 by eliminating the need to haul mail between the two facilities then in use. Additional benefits resulting from the move into the Terminal Annex would include increased funds from selling the old post office building for use by the U.S. court system; increased flexibility and managerial control over the work force by having all operations in one building; and increased efficiency through greater use of letter sorting machines already installed at the Terminal Annex.

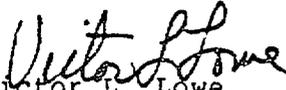
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We believe the Postal Service decision to relocate the State distribution center for Connecticut to the Tapley Street Annex will provide the Service the opportunity to save money and improve operating efficiency.

The Postal Service has reviewed the report and concurs with its findings.

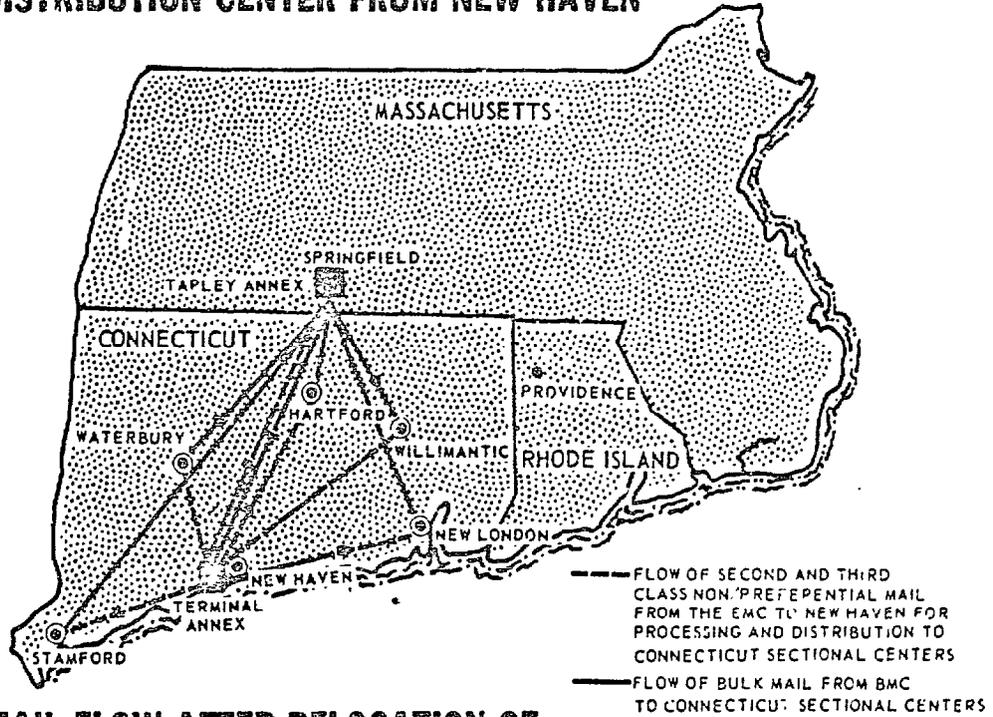
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As agreed with your staff, a copy of this letter will be sent to Congressman Robert N. Giaimo.

Sincerely yours,


Victor L. Lowe
Director

Enclosure

MAIL FLOW BEFORE RELOCATION OF STATE DISTRIBUTION CENTER FROM NEW HAVEN



MAIL FLOW AFTER RELOCATION OF STATE DISTRIBUTION CENTER TO TAPLEY ANNEX

