

DOCUMENT RESUME

04038 - [B3054298] (~~Restricted~~)

Released 10/28/77

[The Status of Urban Post Offices in the Nation's Five Largest Cities]. GGD-78-7; B-114874. October 21, 1977. 1 pp. + 2 enclosures (11 pp.).

Report to Sen. Charles H. Percy; by Victor I. 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: Commerce and Transportation: Postal Service (402); General Government: Other General Government (806).
Organization Concerned: Postal Service.
Congressional Relevance: Sen. Charles H. Percy.

A review was conducted of the reorganization, closure, and transfer of urban post offices to the suburbs and the effect such actions have on the general profile of urban areas. Information was also obtained on the Postal Service's proposed relocation of the Chicago South Suburban Sectional Center Facility to the Village of Forest Park. Findings/Conclusions: Transfers of postal operations from the Nation's five largest cities to the suburbs have not been extensive. The postal functions transferred primarily involved bulk mail operations. The number of employment positions eliminated in the five cities as a result of these moves was about 7,342. Service officials maintained that no employees lost their jobs as a result of relocations to the suburbs. The Service generally did not have records showing the cost savings resulting from these moves. During the period from June 1973 to September 1977, total postal employment in the five cities declined from 106,517 to 83,960 or about 21.2%; possible reasons for the decline include mechanization and declining mail volumes. Except for New York City, Service officials expect employment levels in the five largest cities to remain fairly stable for the foreseeable future. It appears unlikely that the South Suburban facility will be moved to Forest Park because of opposition by city officials, postal unions, and postal employees. From an economic standpoint, the decision to relocate the facility to Forest Park appeared justified. (SW)

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



GENERAL GOVERNMENT
DIVISION

B-114874

*Released
10/28/77*

OCT 21 1977

04038
The Honorable Charles H. Percy
United States Senate

Dear Senator Percy:

Your July 26, 1977 letter expressed concern about the reorganization, closure, and transfer of urban post offices to the suburbs and the effect such U.S. Postal Service actions are having on the general profile of urban areas. You asked that we compile the following information for the Nation's five largest cities:

- How many post offices, branch offices or other postal facilities during each of the past 5 years have been either closed, merged, or transferred to outside each city?
- How many employment positions have been either eliminated or transferred as a result of the above mentioned actions?
- What cost savings have resulted from these actions?

Your office also requested us to examine the Service's economic justification for the proposed relocation of the Chicago South Suburban Sectional Center Facility to the Village of Forest Park, a suburb of Chicago.

The results of our work were provided to your office on October 11, 1977. Copies of the material presented are enclosed. As arranged with you, we will not make this information available to interested parties upon request until 7 days after the date of this letter.

Sincerely yours,

Victor L. Lowe

Victor L. Lowe
Director

Enclosures - 2

GGD-78-7
(22482)

CHICAGO SOUTH SUBURBAN
FACILITY RELOCATION

- I. Purpose of GAO review
 - A. Obtain information on the Postal Service's proposed relocation of the Chicago South Suburban Sectional Center Facility to the Village of Forest Park.
 - B. Analyze the economic justification supporting the move.
- II. Summary
 - A. From an economic standpoint, the Service's decision to relocate the South Suburban Sectional Center Facility to Forest Park appeared justified.
 - B. Because of the opposition to the proposed move, the Service has begun considering other potential locations for the facility.
 - C. It appears unlikely that the Service will move the South Suburban facility to Forest Park.
 - D. The Service has not yet determined when or where the South Suburban facility will be relocated.
- III. Background
 - A. The Service moved into the leased facility at South Suburban in 1961. Initially, it was used as an annex to the Chicago General Post Office. In 1964, the facility became a sectional center serving 98 post offices for the western and southern suburbs of Chicago.
 - B. The facility is located within the city limits of Chicago but serves suburban communities. The geographical separation is a unique situation for the Nation's five largest cities.
 - C. The present lease expires in August 1979, but contains a 5-year renewal option. Under the option, the Service can cancel the lease with 60 days written notice.

- IV. Why the Service wants to relocate the South Suburban facility.
- A. The building contains numerous deficiencies, including the lighting, heating, air conditioning and ventilation systems which make employee working conditions sub-standard.
 - B. The facility is not near major highways which causes inefficient transportation and adversely affects the Service's ability to meet mail delivery standards.
 - C. There are problems in getting the lessor to satisfactorily perform maintenance and repair work.
 - D. The facility would require extensive upgrading of electrical and mechanical systems for the planned installation of mechanized mail processing equipment.
- V. The Service's approach for selecting alternative locations for detailed economic analysis was as follows.
- A. In August 1973, a transportation study was completed which identified the preferred geographical area for a new facility. This preferred area was the Willow Springs suburb located about 15 miles southwest of Forest Park.
 - B. In April 1974, Service real estate specialists began looking for available sites in the preferred area and identified four potential sites.
 - C. In addition to these four sites, the Service identified six other potential alternatives.
 - D. The 10 alternative solutions identified were:
 - 1. Purchase vacant land at Hinsdale Airport (in preferred area) and build a facility.
 - 2. Purchase vacant land at West 79th Street and I-55 (in preferred area) and build a facility.
 - 3. Purchase vacant land at 100th Place and Harlem Avenue (in preferred area) and build a new facility.
 - 4. Purchase vacant land at City of Chicago Correctional Farm (in preferred area) and build a new facility.

5. Build a facility on owned property across the street from the South Suburban facility.
 6. Renovate an owned facility at Forest Park.
 7. Renovate an owned facility at the Chicago General Post Office.
 8. Purchase a site at Midway Airport and build a facility.
 9. Have lessor renovate the existing South Suburban facility.
 10. United States Postal Service renovate the existing South Suburban facility.
- E. The Service awarded a contract to a private firm to determine the most economical solution. The criteria used to narrow the alternatives for detailed economic analysis were:
1. Accessibility to major highways.
 2. Availability of utilities.
 3. Zoning restrictions.
 4. Adequacy of site topography.
 5. Time necessary to obtain the site.
 6. Availability of public transportation.
 7. Ability to expand beyond existing needs.
 8. Disruption to existing operations.
 9. Potential housing and commuting problems.
 10. Estimated cost.
- F. The contractor for the Service screened the alternatives and selected the top three for a detailed economic analysis. The three alternatives were:
1. Renovate owned facility at Forest Park.
 2. Have lessor renovate the existing South Suburban facility.

3. Purchase a site at Hinsdale Airport and build a facility.

VI. The Service's economic analysis evaluated, in detail, the top three alternatives as compared to the existing unmechanized operations at the South Suburban facility.

A. The Service's economic analysis indicated that the alternative to renovate the Forest Park facility was the best economical solution.

1. Relocating the facility in Forest Park would save the Service about \$15 million (in 1975 dollars) over a 14-year period.
2. The other two alternatives would cost the Service either \$1.4 million or \$1.9 million (in 1975 dollars) over a 14-year period.
3. The Forest Park alternative provided the highest rate of return on investment--12 percent.

B. Our limited review of the Service's economic analysis and supporting documentation did not disclose any major problems, errors, or inconsistencies which would have affected the Service's selection of the Forest Park alternative.

VII. Objections raised to the proposed relocation to Forest Park.

A. The Village of Forest Park objects to the proposed relocation on the following grounds.

1. The relocation would result in increased intensity of land use and population density in Forest Park.
2. The relocation would increase the existing traffic congestion and transportation problems.
3. The relocation would have a negative impact on the Village's tax base and would result in reduced property values in the vicinity.
4. The village could not render municipal services such as police and fire protection to the site without curtailing services to the Village taxpayers or raising their taxes to provide more personnel and equipment.

5. The relocation would be in diametric opposition to the Village's comprehensive land use planning objectives which would have used the site for recreational purposes.
 6. The Village feels that the Postal Service was uncooperative and did not inform the Village of the plans at an early stage of development.
- B. The city of Chicago objects to the proposed relocation because it may result in the loss of about 1,000 jobs in the city and thus contribute to economic decay.
 - C. The postal unions want to move from the present sub-standard facility but would prefer staying within the Chicago city limits at a location near the present site.
 - D. The postal employees, most of whom commute by automobile, would have increased commuting costs due to the greater distance. A study showed over 90 percent of the employees would have a greater commuting distance.

VIII. Status of the relocation, as of October 21, 1977.

- A. The Service presented the Village Council with a formal written option to sell the subject property to the Village of Forest Park at an October 11, 1977, council meeting. The option period with extensions would be for 9 months. The option was signed by Village officials on October 18.
- B. According to officials of the Service and the Village of Forest Park, resolution of the proposed sale of the Forest Park property is expected within 3 to 6 months. The property has been appraised at about \$1.4 million.
- C. The Service is currently performing preliminary site investigations on a new list of 25 alternatives--excluding Forest Park. The list includes sites in the city and suburbs.
- D. The Service would like to vacate the South Suburban facility by the expiration of the present lease (August 1979). But since the Service has an option to extend the South Suburban lease and only has to give 60 days notice to terminate the lease, it has not set any deadlines or target dates for selecting another site.

U.S. POSTAL SERVICE TRANSFERS OF OPERATIONS
FROM THE NATION'S FIVE LARGEST CITIES

I. Purpose of GAO audit

- A. Determine the number of postal facilities that were closed, merged, or transferred outside the cities.
- B. Determine how many employment positions were eliminated or transferred outside the cities.
- C. Determine the cost savings resulting from these closings, mergers, or transfers.

II. Summary

- A. The transfers of postal operations from the Nation's five largest cities to the suburbs have not been extensive. The postal functions transferred primarily involved bulk mail operations.
- B. The number of employment positions eliminated in the cities as a result of these moves was about 7,342. When Postal Service operations were transferred to the suburbs, postal personnel could voluntarily transfer to the new location or other postal facilities if they elected not to transfer, management attempted to locate them in other postal jobs in the cities. Service officials maintained no (full-time or part-time) employees lost their jobs as a result of relocations to the suburbs.
- C. The Service generally did not have records showing the cost savings resulting from these moves.
- D. During the period from June 1973 to September 1977, total postal employment in the five cities has declined from 106,517 to 83,960 or about 21.2 percent. Service officials cite a number of reasons for the decline in postal employment including mechanization, declining mail volumes, and various cost reduction efforts.
- E. Except for New York City, Service officials expect employment levels in the Nation's five largest cities to remain fairly stable for the foreseeable future.

III. Summary of postal relocations from the cities to the suburbs during the last 5 years

- A. USPS facilities/operations closed, merged or transferred to the suburbs have not been extensive.

<u>City</u>	<u>Total Facilities</u>	<u>Facilities/Operations Relocated</u>			
		<u>Total</u>	<u>City to Suburb</u>	<u>Within the city a/</u>	<u>Suburb to city b/</u>
Chicago	111	12	6	5	1
Detroit	41	7	2	4	1
Los Angeles	63	7	-	7	-
New York <u>c/</u>	241	29	4	25	-
Philadelphia	<u>61</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total	<u>517</u>	<u>58</u>	<u>12</u>	<u>44</u>	<u>2</u>

a/These involve relocations/mergers of post office stations, air mail facilities, and a bulk mail facility.

b/These were actions in which some mail processing functions were transferred from suburban facilities to the city post offices. In Chicago, 12 full-time employees transferred to the South Suburban facility. While in Detroit the action resulted in the creation of about 20 part-time positions in the Main Post Office.

c/Does not include Staten Island.

- B. The transfer of postal operations to the suburbs has caused employment positions to be eliminated, but according to data provided by the Service, most employees fill other postal jobs in the city.

	<u>Chicago</u> ^{a/}	<u>Detroit</u> ^{a/}	<u>Los Angeles</u>	<u>New York</u>	<u>Philadelphia</u>	<u>Total</u>
Number of positions eliminated b/						
Full-time	2,082	419	-	3,664	-	6,165
Part-time	<u>719</u>	<u>141</u>	<u>-</u>	<u>317</u>	<u>-</u>	<u>1,177</u>
Total	<u>2,801</u>	<u>560</u>	<u>-</u>	<u>3,981</u>	<u>-</u>	<u>7,342</u>
Personnel transferred to suburban facilities						
Full-time	589	419	-	677	-	1,685
Part-time	<u>71</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>
Total	<u>660</u>	<u>560</u>	<u>-</u>	<u>677</u>	<u>-</u>	<u>1,897</u>
Personnel remaining in other postal jobs in the city						
Full-time	1,487	-	-	2,987 ^{c/}	-	4,474
Part-time	<u>640</u>	<u>-</u>	<u>-</u>	<u>317</u>	<u>-</u>	<u>957</u>
Total	<u>2,127</u>	<u>-</u>	<u>-</u>	<u>3,304</u>	<u>-</u>	<u>5,431</u>
Personnel who left the Service						
Full-Time	6	-	-	-	-	6
Part-Time	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>

^{a/}When actual personnel figures were not available estimates or work hour equivalents were used.

^{b/}Service officials stated that the transfer of operations were usually known well in advance and occurred over a period of time. During these periods, postal vacancies were filled with temporary employees in anticipation of the moves. When the moves occurred, the excessed regular employees were placed in the positions which temporaries had been occupying. No regular (full-time or part-time) employees were found to leave the Service as a result of the moves.

^{c/}Service officials said this figure included 96 people who could have transferred to either the suburbs or other city postal jobs.

C. The Service did not have savings data readily available for most of the moves made from the cities to the suburbs.

IV. Postal employment in the Nation's five largest cities

A. Employment in the cities has declined over the last 4 years.

<u>City</u>	<u>Employment</u> <u>FY73</u>	<u>Ending</u> <u>FY77</u>	<u>Net</u> <u>Decrease</u>	<u>Percent</u> <u>Decrease</u> <u>(increase)</u>
Chicago:				
Full-time	19,615	15,576	4,039	20.6
Part-time	3,187	2,286	901	28.3
Other	<u>1,388</u>	<u>306</u>	<u>1,082</u>	<u>78.0</u>
Total	<u>24,190</u>	<u>18,168</u>	<u>6,022</u>	24.9
Detroit:				
Full-time	6,753	5,525	1,228	18.2
Part-time	606	971	(365)	(60.2)
Other	<u>425</u>	<u>157</u>	<u>268</u>	<u>63.1</u>
Total	<u>7,784</u>	<u>6,653</u>	<u>1,131</u>	14.5
Los Angeles:				
Full-time	10,756	8,962	1,794	16.7
Part-time	38	91	(53)	(139.5)
Other	<u>2,311</u>	<u>1,119</u>	<u>1,192</u>	<u>51.6</u>
Total	<u>13,105</u>	<u>10,172</u>	<u>2,933</u>	22.4

New York: a/

Full-time	46,374	37,902	8,472	18.3
Part-time	4,426	2,257	2,169	49.0
Other	<u>405</u>	<u>213</u>	<u>192</u>	<u>47.4</u>
Total	<u>51,205</u>	<u>40,372</u>	<u>10,833</u>	<u>21.2</u>

Philadelphia:

Full-time	8,970	7,519	1,451	16.2
Part-time	1,206	977	229	19.0
Other	<u>57</u>	<u>99</u>	<u>(42)</u>	<u>(73.7)</u>
Total	<u>10,233</u>	<u>9,595</u>	<u>1,638</u>	<u>16.0</u>
Total	<u>106,517</u>	<u>83,960</u>	<u>22,557</u>	<u>21.2</u>

B. Service officials cited a number of reasons for the decline of postal employment including:

- Transfer of bulk mail operations to the suburbs;
- Mechanization of mail processing operations and other productivity improvement programs;
- Decline in mail volumes;
- Hiring freeze during which attrition losses were not replaced one for one; and
- Budget reductions.

a/Does not include Staten Island

- C. Except for New York City, Service officials maintain that total employment positions in the five cities are expected to remain fairly stable in the future. The only moves officials told us were planned at this time which could impact on employment levels are:
- The potential transfer of the Chicago South Suburban facility which would eliminate about 1,000 city jobs; and
 - The transfer of some suburban Detroit mail processing operations to Detroit which could increase city jobs by about 60.