

DOCUMENT RESUME

05395 - [B0765638]

RELEASED

Review of the Closure of the Rockville Centre, New York, Postal Annex. GGD-78-49; B-114874. March 15, 1978. Released March 22, 1978. 8 pp. + 2 enclosures (2 pp.).

Report to Rep. John W. Wydler; Rep. Norman F. Lent; 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.

Congressional Relevance: Rep. John W. Wydler; Rep. Norman F. Lent.

The Postal Service believed it could reduce costs by closing the Rockville Centre, New York, Postal Annex and moving operations performed there to other locations. Outgoing mail was transferred to the Jamaica Post Office where it can be handled more efficiently by machines. The Annex is scheduled to close by June 30, 1978. The closing is economically justified--cost reductions of \$281,627 were realized in the 1-year period following the transfer to Jamaica, and further reductions are anticipated. Measurements based on success in meeting mail delivery goals indicated that the quality of mail service is unchanged. Employees affected by the changes have been dealt with fairly and in accordance with the national labor agreement. (HTW)



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

RELEASED
3/22/78

March 15 1978

B-114874

The Honorable John W. Wydler
The Honorable Norman F. Lent
House of Representatives

On September 16, 1977, you requested that we study the scheduled June 30, 1978, closing of the Rockville Centre, New York, Postal Annex. We agreed to review the economic justification for the closing and analyze its impact on postal employment and the quality of mail service.

We reviewed Service records and interviewed Service and union officials from the Long Island District, Queens Management Sectional Center, and Jamaica and Rockville Centre Post Offices. We also spoke to the three largest mailers in Rockville Centre.

We concluded that

- the Annex closing is economically justified;
- the quality of mail service is unchanged; and
- affected employees have been dealt with fairly and in accordance with the national labor agreement.

Our findings are discussed in detail in the following sections.

WHY THE ANNEX IS CLOSING

The Service leases the Annex at which Rockville Centre's outgoing and incoming mail had been manually processed. The Service believed it could reduce costs by moving Annex operations to other locations and closing the Annex facility. Service officials told us that Rockville Centre's outgoing

GGD-78-49
(22483)

mail can be processed more efficiently by machines at the Jamaica Post Office and adequate space is available at the Rockville Centre office and its Oceanside branch for the processing of incoming and local mail.

Rockville Centre's outgoing mail was transferred from the Annex to Jamaica for processing as part of the Service's Area Mail Processing Program. The Service has been implementing area mail processing on a nationwide basis since 1971. Under this program, mail originating at post offices within an area is consolidated at major facilities for processing and dispatch to its destination. By consolidating mail at mechanized facilities the Service is able to reduce personnel costs and increase worker productivity. Of the 157 post offices in the Long Island District only 1 has not been consolidated under the Area Mail Processing Program.

Plans for the Rockville Centre consolidation began on July 1, 1976, when the Long Island District Manager requested a review of the possibility of transferring the processing of Rockville Centre's outgoing mail through the Area Mail Processing Program as a step towards the closing of the Annex. In August 1976, the Queens Management Sectional Center, which has management responsibilities for the Rockville Centre Post Office, proposed a transfer of Rockville Centre's outgoing mail to the mechanized Jamaica Post Office. Originating mail volumes at Jamaica had declined to such an extent that its letter sorting machines were underutilized. The Service believed this transfer would result in more efficient processing of Rockville Centre's outgoing mail, assure better utilization of Jamaica's equipment, and be a major step towards vacating the Annex facility. The transfer was implemented on November 20, 1976.

In order to vacate the Annex by June 30, 1978, the Service

--transferred incoming and local mail processing to the Oceanside branch and main Rockville Centre office on August 6, 1977, and November 29, 1977, respectively, and

--plans to transfer bulk mail acceptance operations to the main Rockville Centre office by June 30, 1978.

THE CLOSING IS ECONOMICALLY ADVANTAGEOUS

The Service's feasibility study for the transfer of Rockville Centre's outgoing mail from the Annex to Jamaica, projected annual net savings of \$309,652. In the 1-year period following the transfer the Service realized actual cost reductions of \$281,627.

The Service did not prepare feasibility studies for the transfer of remaining Annex operations. We believe, however, that transferring incoming and local mail sorting operations to the main Rockville Centre and Oceanside offices did not change the cost of performing these functions. An additional net annual savings of about \$71,000 will result when the Annex is closed. Transferring bulk mail operations will result in a one-time expenditure of \$41,200 for a platform extension at the main Rockville Centre office.

Additional personnel savings of about \$10,000 annually could accrue to the Service because certain Rockville Centre Post Office management positions were downgraded. The incumbents' salaries will not be reduced and, therefore, the savings will not be realized until the incumbents leave and replacements are selected.

Consolidating outgoing mail processing in Jamaica reduced costs

The Service's feasibility study for the consolidation projected annual savings of \$309,652, but as shown below it actually saved \$281,627 for the year following the consolidation.

<u>Cost savings</u>	<u>Projected</u>	<u>Actual</u>
Work hour reductions at Rockville Centre	<u>\$495,000</u>	<u>\$488,586</u>
<u>Additional costs</u>		
Work hour increases at Jamaica	\$172,000	\$184,534 _{a/}
Transportation	<u>13,348</u>	<u>22,425</u>
Total additional costs	<u>185,348</u>	<u>\$206,959</u>
Net savings	<u>\$309,652</u>	<u>\$281,627</u>

_{a/}Computed using Service budgeting assumption of 18,000 annual work hours for 10 clerks and actual reported clerk hourly rates.

Transportation costs were higher than expected after the consolidation. The Service projected the consolidation would require the addition of three mail collection trips between Jamaica and Rockville Centre at an annual cost of \$13,348. Four daily trips were actually required at an annual cost of about \$22,400. A Service official said the additional trip was necessary to accommodate Pockville Centre's largest mailer and to avoid mail delays.

No cost change associated with transfer of incoming and local mail processing

Incoming and local mail for both the Oceanside branch and main Rockville Centre offices, was processed at the Annex prior to being returned to these offices on August 6, 1977, and November 29, 1977, respectively. Since the nature of the mail processing operations did not change, only the location, no additional costs should be incurred to perform these operations.

Service officials told us, and we observed, that sufficient space was available at both locations to perform the processing operations. Some minor costs were incurred in moving mail sorting cases. Postal personnel and trucks were used for the move.

Cost and savings from future changes

Acceptance of bulk mail is the only operation currently being performed at the Annex. The Service plans to transfer this operation to the main Pockville Centre Post Office by June 30, 1978. To accommodate the transfer a loading platform extension is required at the main office. A \$41,200 contract was awarded to build the platform extension which should be completed by mid-May 1978.

The Service's lease on the Annex expires June 30, 1980. The Service can, however, terminate the lease any time after June 30, 1978, with 90 days notice. Terminating the lease will result in savings of about \$71,000 a year--\$50,000 for rent, \$12,000 for utilities, and \$9,000 for custodial services.

Additional personnel savings of about \$10,000 annually will also result from the consolidation since the postmaster and three supervisory positions at the main Rockville Centre Post Office were downgraded. While the salaries of the employees currently occupying these positions were not reduced, their replacements will be paid lower rates.

LITTLE OR NO IMPACT ON THE
QUALITY OF MAIL SERVICE

Postal Service mail delivery performance statistics, consumer complaints, and comments from large volume mailers indicate that mail service quality in Rockville Centre has not deteriorated since the consolidation.

The Service measures the quality of mail service largely in terms of its success in meeting mail delivery goals for first-class stamped mail. For example, the Service's goal is to provide overnight delivery for 95 percent of Rockville Centre's first-class mail destined to such areas as Stamford, Connecticut; Dover, New Jersey; Poughkeepsie, New York; and all of New York City.

The Service's Origin-Destination Information System collects and analyzes statistics showing whether the Service is achieving its goals. Under this system, delivery time is measured from the date mail is postmarked to the date it reaches the last delivery unit before being placed in the addressee's mailbox. Delays which would not be recognized by the system can occur before postmarking and in delivery.

The Service's measurement system provides delivery performance statistics for both outgoing and incoming mail. However, the system does not accumulate individual performance statistics for Rockville Centre mail. Rockville Centre is included as part of larger mail processing offices. Before the consolidation, Rockville Centre's statistics were included with Mineola's; subsequent to the consolidation, statistics were included with Jamaica's.

A comparison of Mineola's overnight delivery performance statistics for a 10-month period in 1976, the year prior to the consolidation, to Jamaica's overnight performance statistics for the same period in 1977, the year subsequent to consolidation, showed that both locations averaged 93 percent ontime delivery (see enclosure I). Although overnight delivery performance levels were below regional averages and the Service's goal of 95 percent ontime delivery, it appears that delivery performance for Rockville Centre has not changed as a result of the consolidation. Service officials told us that since Rockville Centre's overnight delivery area is very large, it is difficult to achieve the Service's goal of 95 percent ontime delivery.

We examined consumer complaint files at the main Rockville Centre Post Office. Virtually all of the complaints for the period January 1, 1976, through December 28, 1977, pertained to problems unrelated to the Annex closing.

The three largest mailers in Rockville Centre told us that mail service is good and that there has been no deterioration in service since the consolidation. The largest mailer indicated that service may have improved since Jamaica began processing Rockville Centre's outgoing mail.

Since the consolidation a minor service decline resulted from the rescheduling of mail pick-up from a collection box located outside the Annex. Prior to the consolidation the box had a late pick-up of 7 p.m. At the time of the consolidation the late pick-up was changed to 5.30 p.m. which still betters the 5 p.m. national standard. Service officials estimate about 200 pieces of mail a day are adversely affected.

Service improved, however, by the addition of local drop boxes in the Rockville Centre area. The Service provides local cancellation, sorting, and delivery of mail that is deposited in specially marked local drop boxes. Prior to the consolidation there were five local drop boxes in the Rockville Centre service area, three in Rockville Centre and two in Oceanside. On March 28, 1977, two additional boxes were placed in Oceanside according to a Service official as a result of community requests. The local drop box located outside the Annex was removed on November 30, 1977. However, this should cause no major problem to patrons because the main post office has two local collection boxes and it is located within one-quarter mile of the Annex.

IMPACT ON EMPLOYMENT

The feasibility study for the Rockville Centre Annex to Jamaica consolidation projected eliminating 29 occupied clerk and 1 unoccupied supervisory positions. The consolidation actually resulted in eliminating 33 clerk and 1 unoccupied supervisory positions. In accordance with the provisions of the national labor agreement, the clerks had the following options open to them:

- applying for vacancies at other postal facilities within the Long Island District, or
- accepting a downgrading to part-time flexible clerks, working a minimum of 4 hours biweekly and remaining at Rockville Centre.

The table below shows the options chosen by Annex employees.

Full-time regular employees

Retired	6
Downgraded to part-time flexibles	5
Transferred to other offices	<u>17</u>
Total full-time employees	<u>28</u>

Part-time flexible employees

Transferred to Rockville Centre	3
Transferred to other offices	<u>2</u>
Total part-time flexible employees	<u>5</u>

Total employee positions eliminated	<u>33</u>
-------------------------------------	-----------

Full-time clerks work regular 40-hour weeks on specified shifts. Part-time flexible clerks are guaranteed 4 hours of work per 2-week period. Full-time employees who chose to accept a downgrading to part-time flexible clerks were obligated to share the hours of work available with incumbent part-time flexible clerks at Rockville Centre. A Service official told us that those full-time clerks who transferred to the main Rockville Centre Post Office as part-time flexible clerks usually work 40 hours a week. Of those who chose to transfer to other offices we noted that some were able to transfer to work sites closer to their homes.

Thirty-seven additional employees were moved from the Annex to the main Rockville Centre and Oceanside Post Offices to handle incoming and local mail distribution. The impact of this move on employees was minimal because distances between the Annex and the two other offices are less than two miles. The remaining three employees at the Annex will move to the main Rockville Centre office when bulk mail operations are transferred there.

The President of the American Postal Workers Union, Rockville Centre local, told us that all employees were generally satisfied with the Service's handling of the transfers.

MAIL PROCESSING LOCATION MAY CHANGE

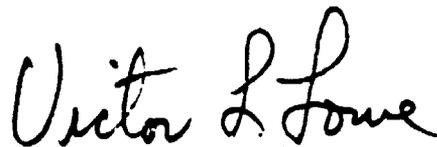
Processing of Pockville Centre's mail may change in the future. As we reported to the Honorable Robert N.C. Nix, (GGD-77-89, October 18, 1977) on May 27, 1976, the Service purchased a building on Stewart Avenue, in Garden City, New York, to replace the Garden City Post Office. However, late in 1976, Service officials proposed a major mechanized mail facility for the Garden City area. In March 1977, the Service inquired into the availability of a 22.5 acre site at Mitchell Field. This site is owned by the General Services Administration and was declared surplus in September 1977. The Service asked General Services to delay further action until April 1978, allowing the Service more time to study the desirability of obtaining the property.

Service officials were optimistic that the property would be purchased and a new mechanized facility would be built. When built, mail processing for many post offices including Garden City and Pockville Centre will be consolidated. A decision by the Service's Board of Governors is expected by April 1978. If the property is not purchased, the building originally bought would be demolished and a new Garden City Post Office would be constructed on this site. If this occurs, Pockville Centre's mail will not be affected.

- - - -

The Postal Service reviewed this report and agreed with our analysis. Its comments are included as enclosure II.

As arranged with your offices, copies of this report will be made available upon request 7 days from the date of the report unless you publicly release its contents earlier.



Victor L. Lowe
Director

Enclosures - 2

COMPARISON OF FIRST-CLASS MAIL
OVERNIGHT DELIVERY PERFORMANCE

<u>1976</u>			<u>1977</u>		
<u>Period</u>	<u>Mineola</u>	<u>Region</u>	<u>Period</u>	<u>Jamaica</u>	<u>Region</u>
1/03 - 1/16	93	93			
1/17 - 1/30	94	95	1/01 - 1/28	87	91
1/31 - 2/13	93	95			
2/14 - 2/27	91	96	1/29 - 2/2	92	94
2/28 - 3/12	95	96			
3/13 - 3/26	95	96	2/26 - 3/25	95	94
3/27 - 4/09	94	96			
4/10 - 4/23	94	94	3/26 - 4/22	95	94
4/24 - 5/21	93	96	4/23 - 5/20	93	95
5/22 - 6/18	97	95	5/21 - 6/17	92	95
6/19 - 7/16	91	93	6/18 - 7/15	90	94
7/17 - 8/13	92	93	7/16 - 8/12	92	94
8/14 - 9/10	95	94	8/13 - 9/09	96	94
9/11 - 10/08	88	93	9/10 - 10/07	95	94
10/9 - 11/05	84	92	10/08 - 11/04	92	92
 <u>Monthly average</u>					
	<u>93</u>	<u>94</u>		<u>93</u>	<u>94</u>



THE POSTMASTER GENERAL
Washington, DC 20260

March 8, 1978

Mr. Victor L. Lowe
Director, General Government
Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

Thank you for the opportunity to comment on your proposed report to Representatives John W. Wydler and Norman F. Lent concerning closing of the Rockville Centre, New York, Postal Annex.

This report accurately reflects the circumstances surrounding the Service's decision to close the Annex facility.

We wish to commend your staff for their in-depth analysis and evaluation of this matter.

Sincerely,


Benjamin F. Bailar