



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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JUN 27 1974

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GENERAL GOVERNMENT  
DIVISION

B-114874

The Honorable Sam Nunn  
United States Senate

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Dear Senator Nunn:



In an April 2, 1974, letter, you asked us to consider a letter to you from Mr. J. G. Brooks containing a copy of an article on certain Postal Service expenses for outfitting its new headquarters building (commonly called the West Building) at L'Enfant Plaza and for travel by the Postmaster General. Mr. Brooks also questioned the Postal Service's advertising in newspapers. These areas are discussed in detail in the following sections of this report.

COST OF FURNISHINGS

The Postal Service spent about \$48,000 to furnish the Postmaster General's office area and \$130,600 to furnish the official reception, press conference, and Board of Governors' areas. The furnishings were purchased primarily on a sole-source or negotiated-contract basis because, according to Postal Service officials, there was not sufficient time to solicit competitive bids.

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The Postmaster General's office area, on the 10th floor, consists of the Postmaster General's office--which includes a lounge, a lavatory, a conference room, and a pantry--and four administrative staff offices, a reception room, a receptionist's area, and a lavatory. The Postmaster General and 10 other Postal Service employees occupy this area.

The Service spent about \$48,000 to furnish the Postmaster General's office area. (See enc. I.) These expenses are based on actual purchase order prices or contractor estimates.

The official reception, press conference, and Board of Governors' areas, on the 11th floor, consist of a lobby, a large reception area, a conference room, and a kitchen with

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the capacity to serve 300 people for any activities held in the reception and the Board of Governors' areas. The reception area will be used to host various business meetings, including meetings with regional postal officials and Postal Service customers.

The Service spent about \$130,600 to furnish these areas. (See enc. II.) These expenses also are based on actual purchase order prices or contractor estimates.

Certain additional furniture--including a desk, a table, a credenza, chairs, and paintings--for the Postmaster General's office was moved from the old headquarters building and therefore represents no additional expense to the Postal Service. All furniture used in three of the administrative staff offices was moved from the old headquarters building.

#### METHODS OF PROCUREMENT

The Postal Service used negotiated contracts to purchase the furniture, carpeting, carpet installation, and the walnut doors in the Postmaster General's and the Board of Governors' areas. Postal officials said these purchases had been negotiated because there was insufficient leadtime for advertising for bids due to the time the interior decorators needed to develop acceptable designs. This situation did not apply to other purchases, such as draperies and kitchen equipment, for which the Postal Service used competitive bidding. The purchase and installation of lavatory fixtures were a part of the overall contract for the interior construction of the entire West Building.

The interior-design package the Postal Service accepted resulted from coordination between the interior decorators and the Postal Service's Interior Design Review Committee.

The interior decorators started interior design work on the Postmaster General's and Board of Governors' areas in mid-1972. According to a Postal Service official, the interior decorators were asked to select specific furnishings on the basis of the Committee's general design requirements for the area.

They selected and recommended furnishings after reviewing catalogs of competing manufacturers that made quality furnishings which could be supplied within the Postal Service's time limits. The decorators' initial design proposal, submitted to the Committee in the summer of 1972, did not contain any alternatives. The Committee rejected the proposals, primarily because the furnishings did not coordinate esthetically with the overall design plan for the areas.

Early in calendar year 1973 the interior decorators submitted another design proposal which the Committee accepted. The Service began contract negotiations for furnishings in May 1973 and planned to complete the move to the West Building by July. Postal Service officials told us that, because 2 months was not sufficient time to develop specifications, review manufacturing samples, or advertise for bids, the Service entered into sole-source contracts with those firms which could meet its deadlines.

#### TRAVEL EXPENSES

During Postal Service fiscal year 1973 (June 24, 1972, to June 22, 1973) the Postmaster General spent about \$12,900 for 32 trips to 18 cities. (See enc. III.)

#### RECENT ADVERTISING PROGRAM

On October 23, 1973, the Service launched a nationwide advertising program to answer questions of major public interest about postal services and to provide information to postal customers on how to use postal products and services to their best advantage. The campaign, according to Service officials, was not intended to raise revenues.

The program provides for running advertisements in all daily newspapers printed in the 323 cities that have Postal Service Sectional Center Facilities--a mechanized mail-handling facility for processing incoming and outgoing mail for peripheral local post offices in a designated service area. In cities having newspapers with a daily circulation of 100,000 or more copies, the plan is to run 12 insertions in each such paper during fiscal year 1974. In cities having

newspapers with smaller circulations, the plan is to run six insertions.

Needham, Harper & Steers Advertising, Inc., is providing the advertising services. An existing contract with that firm was modified by increasing the funding by \$3,835,000 for the cost of the program. Media costs are expected to account for \$3,435,000 of the total program expense.

The advertising campaign was prompted by the results of a study conducted for the Service by Burke Marketing Research, Inc., and complaints received about service from postal users. As part of the Burke study, respondents were asked about the job being performed by both the Service and, as a comparison, the telephone company in providing general information to the public about the use of their services and in answering questions raised by the public about these services. The study showed that those queried thought the telephone company was performing better in both areas.

The study was based on probability sampling techniques. Burke selected 119 primary sampling areas throughout the contiguous 48 States. The sample was based on population and was obtained by using randomly generated telephone dialing sheets to dial into each sampling area. One thousand interviews were conducted.

Service records show that approximately 2 million complaints were received at postal field facilities and an additional 29,418 complaints were received by the Service Headquarters' Consumer Advocate during fiscal year 1973. A Service analysis, categorizes the complaints by major subject, such as delayed mail, lost articles, damaged mail, and personnel. A Service official informed us that many complaints about delayed mail can be attributed to a lack of consumer understanding of the various classes of mail and their respective service standards. We selected some consumer complaints and noted that the information required to answer them was generally of the type contained in the Service's recent newspaper insertions.

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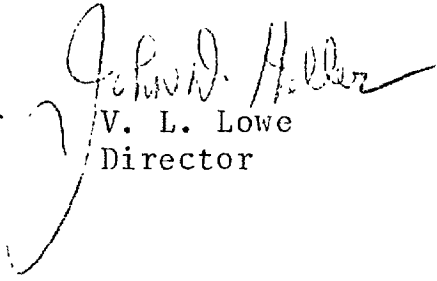
To date, 6 of the 12 planned insertions have appeared in daily newspapers. Service officials advised us that, in the near future, they plan to conduct a study similar to Burke's to evaluate the effectiveness of the advertising program.

As requested by your office, we did not ask the Postal Service to review or formally comment on this report. However, we did discuss it with Postal Service officials and they agreed with the accuracy of the facts.

As requested, we are returning the enclosure from your letter.

Sincerely yours,

Acting for

  
V. L. Lowe  
Director

Enclosures - 4

EXPENSES AND EXPENDITURES FOR THE  
POSTMASTER GENERAL'S OFFICE AREA

	Quantity	Unit Price	Estimated Unit Price	Item total	Expenditure total
Refrigerator	1	\$ 821.08	\$120.00	\$ 950.08	
Chair	8	142.50	6.00	1,990.00	
Chair case	1	549.00	11.00	549.00	
Chair till	2	155.00	17.00	345.00	
Converter	1	1,047.60	100.00	1,143.60	
Table	2	115.71	12.00	255.42	
Interference table	1	1,285.92	156.00	1,441.92	
Telephone table	1	178.50	16.00	194.50	
Chair	7	778.40	16.00	5,748.96	
Table	2	984.00	94.00	2,156.00	
Table	2	480.00	48.00	1,075.80	
Table	1	140.00	14.00	154.00	
Receptionist's desk	1	1,431.00	145.00	1,576.00	
Chair	1	138.60	16.00	155.19	
Secretary's desk	1	910.50	104.00	1,014.50	
Chair	2	138.00	16.00	303.00	
Chair	2	127.00	16.00	287.00	\$19,345.97
Lavatory fixtures (note b):					
Marble countertop and basin	1	1,435.00	-	1,435.00	
Water closet	1	310.00	-	310.00	
Basin	1	148.00	-	148.00	
Water closet	1	190.00	-	190.00	
Installation	-	-	-	-	2,083.00
Carpeting:					
202 sq. yds. (note c)		26.81	-	5,421.68	
Installation of 167 sq. yds.		4.22	-	704.74	
273.6 sq. yds. (note d)		16.60	-	4,541.76	
Installation of 273.6 sq. yds.		3.65	-	998.64	11,666.82
Draperies (note e):					
184.6 sq. yds.		32.50	-		5,999.50
Walnut doors:					
With postal seal	2	950.00	30.28	1,960.56	
Without postal seal	2	825.00	30.28	1,710.56	3,671.12
Pantry (note f)					
					5,280.00
					<u>\$48,046.41</u>

<sup>a</sup>None. Item purchased locally.

<sup>b</sup>Contractor's estimate of costs and installation costs.

<sup>c</sup>About 167 sq. yds. will be installed. The difference--about 35 sq. yds.--is extra carpeting for waste and for future needs, such as repairs.

<sup>d</sup>The approximate area of the rooms to be covered. Does not include extra carpeting for waste. Postal officials were unable to estimate the extra carpeting ordered for waste.

<sup>e</sup>Draperies for the West Building were purchased as a total package. Contractor's estimate for the draperies for the Postmaster General's office area includes fabric, fabrication, hardware, and installation.

<sup>f</sup>The price will include appliances and fabricating, delivering, setting, and erecting the entire pantry.

**BEST DOCUMENT AVAILABLE**

## ENCLOSURE II

FURNISHINGS AND EXPENDITURES FOR THE POSTAL SERVICEOFFICIAL RECEPTION, PRESS CONFERENCE AND THEBOARD OF GOVERNORS' ARIAS

<u>Item</u>	<u>Quantity</u>	<u>Unit price</u>	<u>Estimated unit transportation cost</u>	<u>Total</u>	<u>Expenditure Total</u>
Furniture:					
Dining table	13	\$ 525.00	\$ 52.50	\$ 7,507.50	
Dining chairs	52	212.40	(a)	11,044.80	
Drum table	1	1,685.00	150.00	1,835.00	
Settee	4	749.43	74.94	3,297.48	
Lounge chair	6	480.00	55.00	3,210.00	
Occasional chair	8	305.90	37.62	2,748.16	
Sofa	2	1,528.40	146.50	3,349.80	
Table, glass top	3	192.50	22.00	643.50	
Table, marble top	4	167.00	65.00	928.00	
Sideboard	2	1,895.00	225.00	4,240.00	
Conference chair	20	438.30	43.83	9,642.60	
Conference table	8	1,325.00	132.50	11,660.00	
Credenza	2	1,177.00	145.00	2,644.00	
Chandelier	1	3,718.80	(a)	<u>3,718.80</u>	
					\$66,469.64
Carpeting:					
567 sq. yds. (note b)		17.66	-	10,013.22	
Installation 567 sq. yds.		3.65	-	<u>2,069.55</u>	
					12,082.77
Draperies (note c):					
249 sq. yds.		14.90	-	3,710.10	
74 sq. yds.		13.60	-	<u>1,006.40</u>	
					4,716.50
Kitchen (note d):					
					44,909.00
Kitchen design consultant fees					
					<u>2,407.79</u>
					<u>\$130,585.70</u>

<sup>a</sup>None. Items purchased locally.

<sup>b</sup>The approximate area of the rooms to be covered. Does not include extra carpeting for waste.

<sup>c</sup>Draperies for the West Building were purchased as a total package. Contractor's estimate for the draperies for this area includes fabric, fabrication, hardware, and installation.

<sup>d</sup>Includes all appliances and fabricating, delivering, setting, and erecting the entire kitchen.

BEST DOCUMENT AVAILABLE

TRAVEL COSTS FOR POSTMASTER GENERAL  
DURING FISCAL YEAR 1973

Date	Cities visited	Costs incurred				Costs incurred		Purpose of trip
		Travel	Lodging	Meals (note a)	Representation (note b)	Other (note c)	Total	
1972:								
June 26	New York	\$ 68.00	\$ -	\$ -	\$ 53.18	\$ 1.10	\$ 122.28	Meeting and lunch with Chairman, Board of Governors.
July 7	Washington, D.C.	-	-	-	133.45	-	133.45	Meeting and dinner with Members of Congress.
July 18 to 20	Chicago and New York	176.00	171.82	19.70	-	2.60	370.12	Meeting with Mail Order Association in Chicago. Meeting with Board of Governors in New York.
July 27	New York	68.00	-	-	-	-	68.00	Meeting with president, New York Times.
Aug. 6 to 10	Phoenix, Ariz. and Kansas City, Mo.	366.00	-	-	82.00	-	448.00	Spoke at Postal Supervisors Convention in Phoenix. Spoke at Rural Letter Carriers Convention in Kansas City.
Aug. 13	New York	60.00	-	-	-	-	60.00	Interviewed prospective candidate for top-management job.
Aug. 16 to 20	Wichita, Kans. and Hartford, Conn.	267.00	103.00	63.89	-	97.99	531.88	Spoke at Farmers' Appreciation night and met with local postal officials.
Aug. 21 to Sept. 3	New York, Conn.	66.00	-	-	-	d 235.43	301.43	This trip involved changing his personal residence.
Sept. 11 and 12	Dallas	234.00	95.40	14.52	-	-	343.92	Toured Texas Institute of Technology and met with a member of Board of Governors.
Sept. 19 to 27	Salt Lake City, Los Angeles, Chicago, and Washington, D.C.	458.00	565.12	167.81	244.90	e 365.55	1,821.38	National Association of Postmasters Convention meeting and dinner. Meeting with a member of the Board of Governors.
Oct. 2	New York	68.00	-	-	85.37	.60	153.97	Meeting and dinner with Chairman, Board of Governors, and other officials.
Oct. 4 to 11	Buffalo and New York, N.Y., and Sarasota and Miami, Fla.	319.68	142.86	37.53	105.65	82.18	687.90	Meeting and dinner, Postal Service Miami District Manager and other postal officials. On personal leave Oct. 8 and 9.
Oct. 17 and 18	New York	68.00	55.50	63.58	-	1.76	188.84	Spoke at Commerce and Industry Association meeting.
Oct. 19	New York	-	-	-	118.85	-	118.85	No travel costs, was to host dinner party for Members of Congress but other business made it impossible for him to attend.
Oct. 20	Washington, D.C.	-	-	-	63.80	-	63.80	Meeting and dinner with postal officials.
Oct. 25 to 28	Los Angeles	414.00	159.00	74.06	76.53	.75	724.34	Dinner and meeting with Los Angeles District Manager.
Nov. 5 and 6	New York	68.00	55.50	65.31	57.47	1.38	247.66	Meeting with Chairman, Board of Governors.
Nov. 12 to 19	Sarasota, Fla., and Atlanta, Ga.	212.00	-	-	-	d 145.70	357.70	Visited local postal officials in Sarasota. Spoke at meeting of postal supervisors in Atlanta.
Nov. 22	New York	68.00	-	-	-	-	68.00	Meeting and discussion with postal customers.
Dec. 4	New York	-	-	-	98.98	-	98.98	Sponsored dinner for Members of Congress but was unable to attend.
Dec. 21	New York	-	-	-	41.80	-	41.80	Sponsored luncheon for Members of Congress but was unable to attend.
1973:								
Jan. 4	New York	60.00	-	-	-	-	60.00	Interviewed prospective candidate for top-management job.
Jan. 9	New York	68.00	-	-	73.89	.90	142.79	Meeting and luncheon with Chairman, Board of Governors.
Jan. 15 to 17	New York	68.00	121.70	124.71	101.98	.88	417.27	Meeting and luncheon with officials of the Western Co.
Jan. 25 to 31	Hartford, Conn. and Conway, Mass.	68.00	96.30	20.70	-	f 106.09	291.09	Meeting with officials of Travelers Insurance Co. Visited local postal installation.
Feb. 1 and 2	New York	68.00	60.85	11.96	79.65	22.08	242.54	Meeting with Chairman, Board of Governors.
Mar. 22 to 28	Jacksonville and Sarasota, Fla.	164.00	62.40	-	-	32.00	258.40	Visited computer installation at post office. Met with IBM officials and a member of Congress.
Apr. 9 to 13	Memphis, Tenn., and Chicago	211.11	236.94	69.00	-	1.30	518.35	Service Improvement Conference.
Apr. 16 and 17	New York	68.73	60.85	63.21	-	1.43	194.22	Visited IBM headquarters and viewed operations of Optical Character Readers.
Apr. 23 to 25	San Francisco	414.74	1,176.00	247.89	-	2.73	1,841.36	April management conference on service improvement.
May 1	Washington, D.C.	-	-	-	52.10	-	52.10	Dinner meeting with Board of Governors.
May 5 to 9	Chicago and Kansas City, Mo.	164.10	238.23	134.83	35.93	8.00	599.09	Spoke at Polish Constitution Day celebration and open house at O'Hare air mail facility. Spoke at Truman Stamp Ceremony.
May 13 to 17	New York	68.73	243.40	34.75	323.77	7.54	678.19	Dinner and meetings with postal officials.
June 4 and 5	New York	69.27	51.00	5.00	258.39	.60	384.26	Dinner and meeting with Board of Governors.
June 10 to 12	New York	69.27	109.00	-	58.63	1.80	238.70	Luncheon and meeting with postal supervisors.
Total		\$4,562.63	\$3,824.87	\$1,218.45	\$2,144.32	\$1,120.39	\$12,870.66	

<sup>a</sup>May include the meal cost for others. There is no documentation showing a detailed breakdown.

<sup>b</sup>Meals and related costs incurred in entertaining guests of the Postmaster General.

<sup>c</sup>Rental cars, cabs, phone calls, etc.

<sup>d</sup>Rental car costs.

<sup>e</sup>Includes \$340.00 for a round-trip airline ticket to Salt Lake City for Mrs. E. Klassen to attend the National Association of Postmasters Convention as the guest of honor.

<sup>f</sup>Local transportation, such as taxi cabs.

<sup>g</sup>Sleeping rooms for the Postmaster General and four postal executives and two parlors for meeting rooms.

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## ENCLOSURE III

<u>Costs Incurred</u>		<u>Purpose of trip</u>
<u>Other</u> <u>(note c)</u>	<u>Total</u>	
\$ 1.10	\$ 122.28	Meeting and lunch with Chairman, Board of Governors.
-	133.45	Meeting and dinner with Members of Congress.
2.60	370.12	Meeting with Mail Order Association in Chicago. Meeting with Board of Governors in New York.
-	68.00	Meeting with president, New York Times.
-	448.00	Spoke at Postal Supervisors Convention in Phoenix. Spoke at Rural Letter Carriers Convention in Kansas City,
-	60.00	Interviewed prospective candidate for top-management job.
97.99	531.88	Spoke at Farmers' Appreciation Night and met with local postal officials.
<sup>d</sup> 235.43	301.43	This trip involved changing his personal residence.
-	343.92	Toured Texas Instruments, Inc., and met with a member of Board of Governors.
<sup>e</sup> 365.55	1,821.38	National Association of Postmasters Convention meeting and dinner. Meeting with a member of the Board of Governors.
.60	153.97	Meeting and dinner with Chairman, Board of Governors, and other officials.
82.18	687.90	Meeting and dinner, Postal Service Miami District Manager and other postal officials. On personal leave Oct. 8 and 9.
1.76	188.84	Spoke at Commerce and Industry Association meeting.
-	118.85	No travel costs; was to host dinner party for Members of Congress but other business made it impossible for him to attend.
-	63.80	Meeting and dinner with postal officials.
.75	724.34	Dinner and meeting with Los Angeles District Manager.
1.38	247.66	Meeting with Chairman, Board of Governors.
<sup>d</sup> 145.70	357.70	Visited local postal officials in Sarasota. Spoke at meeting of postal supervisors in Atlanta.
-	68.00	Meeting and discussion with postal customers.
-	98.98	Sponsored dinner for Members of Congress but was unable to attend.
-	41.80	Sponsored luncheon for Members of Congress but was unable to attend.
-	60.00	Interviewed prospective candidate for top-management job.
.90	142.79	Meeting and luncheon with Chairman, Board of Governors.
.88	417.27	Meeting and luncheon with officials of the Westheim Co.
<sup>f</sup> 106.09	291.09	Meeting with officials of Travellers Insurance Co. Visited local postal installation.
22.08	242.54	Meeting with Chairman, Board of Governors.
32.00	258.40	Visited computer installation at post office. Met with IBM officials and a Member of Congress.
1.30	518.35	Service Improvement Conference.
1.43	194.22	Visited IBM headquarters and viewed operations of Optical Character Readers.
2.73	1,841.36	April management conference on service improvement.
-	52.10	Dinner meeting with Board of Governors.
8.00	599.09	Spoke to Polish Constitution Day celebration and open house at O'Hare air mail facility. Spoke at Truman Stamp Ceremony,
7.54	678.19	Dinner and meetings with postal officials.
.60	384.26	Dinner and meeting with Board of Governors.
1.80	238.70	Luncheon and meeting with postal supervisors.
<u>\$1,120.39</u>	<u>\$12,870.66</u>	

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DURING FISCAL YEAR 1973

Date	Cities visited	Costs incurred			
		Travel	Lodging	Meals (note a)	Representation (note b)
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June 26	New York	\$ 68.00	\$ -	\$ -	\$ 53.18
July 7	Washington, D.C.	-	-	-	133.45
July 18 to 20	Chicago and New York	176.00	171.82	19.70	-
July 27	New York	68.00	-	-	-
Aug. 6 to 10	Phoenix, Ariz. and Kansas City, Mo.	366.00	-	-	82.00
Aug. 13	New York	60.00	-	-	-
Aug. 16 to 20	Wichita, Kans. and Hartford, Conn.	267.00	103.00	63.89	-
Aug. 31 to Sept. 3	Hartford, Conn.	66.00	-	-	-
Sept. 11 and 12	Dallas	234.00	95.40	14.52	-
Sept. 19 to 27	Salt Lake City, Los Angeles, Chicago, and Washington, D.C.	458.00	585.12	167.81	244.90
Oct. 2	New York	68.00	-	-	85.37
Oct. 4 to 11	Buffalo and New York, N.Y., and Sarasota and Miami, Fla.	319.68	142.86	37.53	105.65
Oct. 17 and 18	New York	68.00	55.50	63.58	-
Oct. 19	New York	-	-	-	118.85
Oct. 20	Washington, D.C.	-	-	-	63.80
Oct. 25 to 28	Los Angeles	414.00	159.00	74.06	76.53
Nov. 5 and 6	New York	68.00	55.50	65.31	57.47
Nov. 12 to 19	Sarasota, Fla., and Atlanta, Ga.	212.00	-	-	-
Nov. 22	New York	68.00	-	-	-
Dec. 4	New York	-	-	-	98.98
Dec. 21	New York	-	-	-	41.80
1973:					
Jan. 4	New York	60.00	-	-	-
Jan. 9	New York	68.00	-	-	73.89
Jan. 15 to 17	New York	68.00	121.70	124.71	101.98
Jan. 25 to 31	Hartford, Conn. and Conway, Mass.	68.00	96.30	20.70	-
Feb. 1 and 2	New York	68.00	60.85	11.96	79.65
Mar. 22 to 28	Jacksonville and Sarasota, Fla.	164.00	62.40	-	-
Apr. 9 to 13	Memphis, Tenn., and Chicago	211.11	236.94	69.00	-
Apr. 16 and 17	New York	68.73	60.85	63.21	-
Apr. 23 to 25	San Francisco	414.74	176.00	247.89	-
May 1	Washington, D.C.	-	-	-	52.10
May 5 to 9	Chicago and Kansas City, Mo.	184.10	238.23	134.83	33.93
May 13 to 17	New York	68.73	243.40	34.75	323.77
June 4 and 5	New York	69.27	51.00	5.00	258.39
June 10 to 12	New York	69.27	109.00	-	58.63
Total		\$4,562.63	\$3,824.87	\$1,218.45	\$2,144.32

<sup>a</sup>May include the meal cost for others. There is no documentation showing a detailed breakdown.

<sup>b</sup>Meals and related costs incurred in entertaining guests of the Postmaster General.

<sup>c</sup>Rental cars, cabs, phone calls, etc.

<sup>d</sup>Rental car costs.

<sup>e</sup>Includes \$340.00 for a round-trip airline ticket to Salt Lake City for Mrs. E. Klassen to attend the National Association of Postmasters Convention as the guest of honor.

<sup>f</sup>Local transportation, such as taxi cabs.

<sup>g</sup>Sleeping rooms for the Postmaster General and four postal executives and two parlors for meeting rooms.

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