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GENERAL GOVERNMENT
DIVISION

B-114874

JANUARY 11, 1979

See Form #115 for title

The Honorable Barry Goldwater
United States Senate

AS 12/20/78

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Dear Senator Goldwater:

AGC 00052

This is in response to your February 17, 1978, letter, requesting us to (1) identify new town developments in Arizona and other high growth areas where residents are being denied home mail delivery service and (2) evaluate the reasonableness of the Postal Service's criteria for denying delivery service at those locations.

To keep delivery costs down the Postal Service has been slow in meeting the mail delivery service needs of many Arizona residents. The Sunland District Office ^{1/} estimates that while the post offices in the District provide delivery service to about 6.1 million residents in Arizona and parts of southern California and Nevada, about 77,000 other residents are not receiving the home delivery service they are entitled to under Postal Service regulations.

We did not determine the extent to which other areas of the country are experiencing delays in obtaining delivery services because the responsibility for initiating new delivery service or extending existing services generally rests with local postal officials throughout the country. However, indications are that the same type situation likely exists in other areas of the country.

^{1/}The Sunland District Office is administratively responsible for all postal operations in Arizona as well as parts of southern California and Nevada.

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For this reason we recommended that the Postmaster General reemphasize to management officials at all levels the importance of preparing for and providing delivery services on a timely basis when the residents of new and expanding communities become eligible for and desire upgraded delivery service. In commenting on our report, the Postmaster General outlined actions the Service has taken to implement our recommendation. We believe these actions should help residents obtain the delivery services they are entitled to in a more timely manner.

Our findings are discussed in detail in the following sections.

INTRODUCTION

Mail delivery services can be provided in a variety of ways. Residents can receive their mail either at post offices or by city or rural carriers in mailboxes at or near their homes.

Both city and rural carriers provide the same basic delivery services to postal patrons on their routes. Rural carriers, however, provide more than just delivery services-- they provide the same services as patrons get at local post offices, i.e., sell stamps, accept parcels, and arrange for the purchase of money orders.

The requirements for establishing carrier routes differ for city and rural route. The most significant requirements for establishing city routes include:

- A population of 2,500 or more within the area to be served.
- Improvement of 50 percent of the building lots in the area to be served.
- Paved or improved streets to permit travel of post office vehicles at all times without damage or delay.
- Displaying of street signs and house numbers.

Once city delivery is established, extensions of this service into adjacent areas are provided when these requirements, except population, are met.

Generally all that is required to establish or extend a rural delivery route is enough patrons to provide an average of one delivery point for each route mile, proper mail receptacles, and adequate roads.

POSTAL SERVICE IS SLOW IN MEETING
MAIL DELIVERY NEEDS IN ARIZONA

As new housing developments spring up in Arizona, the Postal Service provides some sort of mail service to the new residents. Often, because there are only a few patrons initially, service is provided through post offices that may be located several miles away or through mailboxes placed along major highways. Although Postal Service officials in Arizona have recognized that the needs of communities have changed, the mail services provided, particularly delivery services, have not kept pace. The primary reason given for not upgrading service is lack of funds.

At our request, the Sunland District Office questioned management sectional center officials about the needs for home delivery services (either city or rural delivery) in communities within their geographic boundaries. The results showed that about 77,000 residents in 5 management sectional center areas qualified for better delivery services than they were receiving. The estimated number of delivery points and the number of residents qualified for better service in each management sectional center area is shown in the following table.

<u>Management sectional center</u>	<u>Estimated delivery points</u>	<u>Estimated number of residents a/</u>
Phoenix, Arizona	7,886	23,658
Flagstaff, Arizona	5,727	17,181
San Bernardino, California	7,243	21,729
Palm Springs, California	2,636	7,908
Tucson, Arizona	2,196	6,588
Total	<u>25,688</u>	<u>77,064</u>

a/District officials estimate an average of 3 residents per delivery point.

Sunland District officials estimate it would cost the Service about \$1 million annually to provide delivery service to these 77,064 residents.

We identified six developments in Arizona which actively sought upgraded delivery services but had not received it.

These included Fountain Hills, Arizona; and five areas just outside of Sedona, Arizona--Oak Creek Village, Chapel Hills, Chapel Bells, Chapel Vista, and Sky Mountain. Although postal officials acknowledge that the developments qualify for rural delivery, such service had not begun at the time we started our review in March 1978--as much as 1 year after the citizens of the communities had requested upgraded services. As of August 1978, the Service had initiated rural home delivery to the five communities around Sedona, but had not determined what type of delivery service would be provided to Fountain Hills.

Fountain Hills, Arizona

Fountain Hills is a community of about 3,000 people near Phoenix, Arizona. The residents of this community qualify for rural delivery, but as the following chronology will show, the Postal Service has been unresponsive to their efforts to obtain better delivery service.

In July 1972, the community developer began operating a post office at Fountain Hills under contract to the Postal Service for a fee of \$1 a year. At the time about 100 people lived in Fountain Hills. Residents received their mail in post office boxes or through general delivery at the contract post office which provided all the same services as a post office run by the Postal Service.

In the years that followed, Service officials recognized that the mail service needs of Fountain Hills residents were changing. In October 1973, a District official questioned the Scottsdale Postmaster, who had administrative responsibility for the Fountain Hills contract post office, about expanding mail service in Fountain Hills. While we found no direct response to the District official's inquiry, on March 26, 1974, the Scottsdale Postmaster made a proposal to the Phoenix Management Sectional Center for upgraded mail service to Fountain Hills. He proposed a new post office facility at Fountain Hills effective July 1, 1974, with a supervisor, a clerk, and a letter carrier.

On April 2, 1974, the Director of Operations of the Phoenix Management Sectional Center informed the Scottsdale Postmaster that the contract post office at Fountain Hills should remain at least until June 30, 1975. He stated that additional lockboxes being supplied by the contractor should give the Service time to act on the situation. He concluded that city delivery service for Fountain Hills was not economically feasible.

In January 1974, just before the Scottsdale Postmaster made his proposal to the Phoenix Management Sectional Center, the Director of Operations requested the Center's industrial engineer to conduct a site and facility survey on Fountain Hills contemplating the need for a larger post office. The request stated that:

"* * * the residents are clamoring for city delivery.
* * * Action toward the construction of a building should enable us to placate the demands for city delivery."

During 1975 and 1976 little if anything was done to meet the expanding mail delivery needs of the Fountain Hills residents. The only significant event was in the summer of 1975 when the contract for providing postal services was rebid. The community's developer won the contract again, but the price was increased from \$1 to \$21,000.

In March 1977, the contract was again rebid and a new contract awarded. The new contractor was not the community's developer. According to Fountain Hills Chamber of Commerce officials, from this point on mail services in Fountain Hills deteriorated--they said that the contractor could not handle the responsibilities of running a post office. Mail piled up. Residents were not getting their Social Security checks. A local bank reportedly did not receive mail for a week. The officials also told us that some residents entered the back room of the post office in search of their mail.

The contractor was changed again a few months later. Again the Sunland District Office recognized that Fountain Hills residents qualified for better mail services than that being provided. A District official wrote to the Scottsdale Postmaster telling him that the service at the Fountain Hills contract post office must be highly satisfactory so that the Service can prevent petitions for a post office operated by postal employees and/or rural delivery service that would evolve should there be an erosion of service.

Late in the summer of 1977 residents started complaining about mail service again. They complained about unkempt conditions at the post office and delays in forwarding mail.

On August 29, 1977, the Fountain Hills Chamber of Commerce spearheaded a move to get home delivery service. A petition for house-to-house mail delivery signed by 577 residents was sent by the Chamber of Commerce to the Service's Western Region. The Chamber of Commerce letter transmitting the

petition also asked that the contract post office at Fountain Hills be replaced with a post office operated by postal employees.

On September 29, 1977, the Western Region sent the petition to the Sunland District manager asking for advice on whether Fountain Hills met the conditions required for city delivery service. Rural delivery was not mentioned.

The Western Region official that reviewed the petition told us that the Region asked for advice on Fountain Hills' eligibility for city delivery to the exclusion of rural delivery because it was assumed that Fountain Hills was applying for city delivery and that the community had monolithic sidewalks--the curb and sidewalk abut--which would have required that boxes be placed at the property line rather than at the curb line. Such placement would require carriers to dismount from their vehicles to place mail in the boxes and thus would constitute city delivery.

The assumption as to mailbox placement was erroneous, however. Further, we found no indications that the Service communicated with the petitioners or other residents after the petition was filed to (1) clarify the petition and determine the type of service requested, or (2) explain the types of service available and the criteria for establishing each service type. A District official told us that he assumed the residents of Fountain Hills knew the difference between the types of services because he had explained it to a group of about 75 Fountain Hills businessmen in the summer of 1977.

Also, about the same time the Region and District were considering the petition, the Scottsdale Postmaster wrote to the District Office about the "heat being generated" by some of the Fountain Hills residents for delivery service. The postmaster thought rural delivery service might be the most cost-effective means of providing better delivery services to the residents.

On October 11, 1977, an official of the Sunland District Office advised the Western Region that (1) there were about 640 delivery points in Fountain Hills, (2) Fountain Hills was about 20 to 30 percent developed, (3) street names would present a problem for distribution of mail, and (4) although residents had to drive to the contract post office to pick up their mail, most of the people were going to other places so picking up the mail was not an inconvenience. The District official concluded that Fountain Hills did not qualify for city delivery, but made no reference to what

service the community did qualify for, such as rural home delivery.

On October 28, 1977, the Western Region advised the Fountain Hills Chamber of Commerce that Fountain Hills did not qualify for city delivery because it did not meet the population requirement of 2,500 residents, or the requirement that 50 percent of the building sites be improved.

After our review began, Sunland District officials familiar with Fountain Hills acknowledged to us that it met the eligibility requirements for rural delivery. Service officials met with the Fountain Hills Chamber of Commerce on May 22, 1978, and explained to them that if rural service was initiated, it would no longer be economically feasible to maintain the existing contract post office.

As of October 4, 1978, the Service was in the process of polling the residents of Fountain Hills to determine if a significant percentage would use rural delivery. According to district officials, if the residents want rural delivery it will be provided. A Western Region official told us that it was his opinion that a contract post office would also be maintained in Fountain Hills.

Sedona, Arizona

Five developments near Sedona, Arizona--Oak Creek Village, Chapel Hills, Chapel Bells, Chapel Vista, and Sky Mountain--all qualify for rural delivery. The Postal Service, however, had not provided delivery service until after we began a review in the area.

In the early stages of these developments, residents received mail delivered by a highway contract route carrier 1/ in mailboxes along the main highway or at the post office in Sedona. Over the years the number of residents in these developments has grown substantially--the population is currently estimated at about 1,200 residents.

In April 1977, residents of Oak Creek Village petitioned the Postal Service for rural delivery. Although the Sedona Postmaster recognized that the 750 residents probably qualified for rural delivery, plans for rural service had not been initiated at the time our review began in March 1978. Instead, the

1/Highway contract route carriers generally transport mail among post offices and some provide the same services as rural route carriers.

residents continued to receive mail delivery from highway contract route carriers along the main highway. At one spot there were as many as 100 rural mailboxes lined up along State Highway 179. Some residents had to travel as far as 3 miles roundtrip to get their mail at the highway. Other residents traveled even further to Sedona to pick up mail in lockboxes or through general delivery because they felt the boxes along the highway lacked proper security.

After our review was underway, Sunland District Office officials took action to have rural delivery to Oak Creek Village started to the residents' homes. In August 1978, the Sedona Postmaster told us that rural delivery had been started and that residents were receiving mail in mailboxes in front of their houses.

The three developments of Chapel Hills, Chapel Bells, and Chapel Vista have approximately 375 residents in total and according to the Sedona Postmaster meet the requirements for rural delivery. In April 1977, these communities petitioned the Service for rural delivery. Because of budgetary constraints, however, the Postmaster recommended against providing the service.

At the time our review began, no plans had been made by the Postal Service to begin rural delivery service to the residents of Chapel Hills, Chapel Bells, or Chapel Vista. Some residents had to travel as much as 2 miles roundtrip to get their mail at the highway where mailboxes were grouped. As was the case in Oak Creek, after our review was underway, the Sunland District Office took action to have rural delivery service initiated to the residents' homes. During our review, we were told that as of August 14, 1978, some residents of Chapel Hills, Chapel Bells, and Chapel Vista were receiving mail delivery to mailboxes in front of their houses and that other residents would also receive this service if they erected mailboxes along the curblane.

The residents of Sky Mountain petitioned the Service for rural delivery in April 1977 because receiving their mail along State Highway 179 was inconvenient and lacked security.

In considering the petition, the Sedona Postmaster thought the residents met the population requirements for rural delivery, but questioned whether the Service could legally deliver mail on the privately owned road that is the only access to Sky Mountain. He recommended to the Management Sectional Center that the residents' mailboxes be moved off State Highway 179 and be located at the community's main entrance.

The Sedona Postmaster's recommendation had not been implemented when our review began in March 1978. However, we were later told by the Sedona Postmaster that the residents of Sky Mountain were eligible to receive rural delivery and that such service was begun to some houses on August 14, 1978.

INITIATION OF DELIVERY SERVICES
AT OTHER LOCATIONS DELAYED

As in Arizona, residents of other high growth areas of the country are not being provided the delivery services they are entitled to. The lack of adequate funds seems to be the predominant reason delivery services are not being provided.

Postal Service regulations governing the initiation of delivery services are general because conditions vary from one community to another. Consequently, local officials are inconsistent in providing delivery services to new developments. For example, Service regulations for establishing city delivery require that 50 percent of the lots in a new development be improved with houses or business places before delivery services are provided. Headquarters officials told us that "improved" means construction has begun with foundations having been laid on the lots.

Service officials in many of the areas we visited were aware that the regulations required an area to be 50 percent improved but interpreted or applied the requirement more stringently than required. One District official in Southern California told us he held out for 50 to 80 percent occupancy before authorizing new delivery services. He said he operates this way to keep his costs down for budget purposes and will continue to do so unless the new residents complain or make a major issue of the delayed service.

A postmaster in Florida told us he interprets the 50 percent requirement to mean 50 percent occupancy. He said that if asked about delivery services by residents of a new development, he tells them that there must be 60 to 70 percent occupancy. If pushed for delivery, however, he said he falls back to 50 percent occupancy. He also told us that some delivery supervisors tell residents they need 75 percent occupancy to get mail delivery.

Withholding mail delivery services from residents outside Arizona who are entitled to such services does not seem to be limited to the application of the 50 percent improved

regulations under city delivery. For example, Sunland District Office officials estimate that there are about 30,000 residents within two southern California management sectional center areas that are eligible for delivery services--either rural or city delivery--they are not receiving.

In addition, we asked an official of the Bakersfield, California, Management Sectional Center--which is not part of the Sunland District Office--whether five communities we identified qualified for improved mail delivery service. The Postmaster advised us that all of these communities are qualified for either city or rural service, but they are not getting it. He said that in some cases, however, the residents do not seem to want home mail delivery.

CONCLUSIONS

The Postal Service has been providing mail delivery to an ever increasing number of addresses. Local postal officials are generally aware of newly developing communities and expansions of existing communities. These local officials have the responsibility for initiating delivery services and also operating in a financially responsible manner. In some instances, such as those discussed in this report, local officials delay initiation of new delivery services in favor of keeping delivery costs to a minimum.

While Service officials should be alert to the changing needs in the communities they serve, we believe it is unreasonable to expect the Service to immediately upgrade service regardless of the cost simply because an area meets the Service's general criteria without first having some indications that the community is dissatisfied with the existing service. On the other hand, once Service officials are aware that communities are seeking the improved service they are entitled to, then such service should be provided.

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↘ We recommended that the Postmaster General reemphasize to management officials at all levels the importance of preparing for and providing delivery services on a timely basis when the residents of new and expanding communities become eligible for and desire upgraded delivery service. In commenting on our report in a letter dated December 20, 1978 (see enclosure I), the Postmaster General outlined actions the Service has taken to implement our recommendation. We believe these actions should help residents obtain delivery services they are entitled to in a more timely manner.

As agreed with your office, no further distribution of this report will be made until 5 days from the date of the report unless you publicly release its contents earlier. At that time, copies will be sent to the Postal Service, the House Committee on Government Operations, the Senate Committee on Governmental Affairs, and the House and Senate Committees on Appropriations.

We will be pleased to meet with you or your staff to discuss the matters contained in this report if you so desire.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "A. R. Voss".

Allen R. Voss
Director

Enclosure



THE POSTMASTER GENERAL
Washington, DC 20260

December 20, 1978

Mr. Allen R. Voss
Director, General Government
Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Voss:

This is in response to your proposed report entitled "Evaluation of the Postal Service's Efforts to Meet Mail Delivery Needs of Arizona and other High Growth Areas."

The report cites several locations where postal officials have been slow in meeting delivery service needs. In some instances, this slowness was attributed to budgetary constraints. In others, there were inconsistencies in the application of the Service's requirements for the extension of delivery service.

It is the Postal Service's policy to establish or extend city or rural delivery within a reasonable time after local managers determine that the customers qualify, desire and will use the service. Delays may sometimes occur while equipment or facilities are being obtained, but they should not occur because of local budgetary constraints or inconsistencies in the application of requirements.

In keeping with your recommendations, we have issued instructions to our regions apprising them of your findings, restating our policy on the establishment or extension of delivery service, reminding them that service extensions should be anticipated, and that delays should not occur because of budgetary constraints, clarifying our 50% improved criteria on the extension of delivery routes and instructing them to so advise their field managers, and to take prompt corrective action regarding the locations cited in your report.

Thank you for calling these situations to our attention and for affording us the opportunity to comment on your report.

Sincerely,



William F. Bolger