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CLPR The Honorable Alan Cranston
United States Senate

Dear Senator Cranston:

Your November 15, 1973, letter requested, among other things, that we investigate the Postal Service's expenditures for a kitchen for its Board of Governors and furnishings and a private kitchen for the Postmaster General in its new headquarters building (commonly called the West Building). Before we received your request, other Members of Congress asked us for specific information on the costs of furnishing certain areas of the headquarters building and on travel costs incurred by the Postmaster General. In accordance with agreements reached with your office, this report is based on information obtained as a result of our work performed in response to these requests and we did not draw any conclusions or make any recommendations. We shall report separately on the other information you requested. ⁵²

COST OF FURNISHINGS

The Postal Service will spend about \$48,500 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 are being 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.

The Postmaster General's office area, on the 10th floor, consists of (1) the Postmaster General's office, which includes a lounge, a lavatory, a conference room, and a pantry, and (2) four administrative staff offices, a reception room, a receptionist's area, and a lavatory. The Postmaster General and 10 other Postal Service employees will occupy these areas.

The Postal Service has spent or will spend about \$48,500 to furnish the Postmaster General's office area. (See enc. I.) These expenses are based on actual purchase order prices or contractor estimates.

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The official reception, press conference, and Board of Governors' areas, on the 11th floor, consist of a lobby area, a large reception area, a conference room, and a kitchen with the capacity to serve 300 people to meet the needs of any activities held in the reception area and the Board of Governors. The reception area will be used to host various business meetings, including meetings with regional postal officials and Postal Service customers.

The Postal Service has spent or will spend 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 will be moved from the old headquarters building and therefore represent no additional expense to the Postal Service. All furniture to be used in three of the administrative staff offices will also be moved from the old headquarters building.

METHODS OF PROCUREMENT

The Postal Service used the negotiated-contract method to purchase the furniture, carpeting, carpet installation, and the walnut doors in the Postmaster General's and the Board of Governors' areas. Postal officials stated that these purchases had been negotiated because there was insufficient leadtime for advertising for bids due to the amount of 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 Postal Service, at the time of our review, had not purchased the lavatory fixtures.

The interior-design package the Postal Service accepted was the result of a coordinated effort 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 areas.

The interior decorators selected and recommended furnishings on the basis of a review of catalogs of competing manufacturers that made quality furnishings which could be supplied within the Postal Service's time limits. The decorators' initial design proposal, which they submitted to the Committee in the summer of 1972, did not contain any alternatives. The Committee rejected the proposal, 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 Postal 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 the time available (2 months) was not sufficient to develop specifications, review manufacturing samples, or advertise for bids, the Postal 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.)

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We discussed the information in this report with Postal Service officials, who agreed with the accuracy of the facts presented. We do not plan to distribute this report further unless you agree or public announcement has been made concerning the contents.

Sincerely yours,



Deputy Comptroller General
of the United States

Enclosures - 3

FURNISHINGS AND EXPENDITURES FOR THE
POSTMASTER GENERAL'S OFFICE AREA

<u>Item</u>	<u>Quantity</u>	<u>Unit price</u>	<u>Estimated unit transportation cost</u>	<u>Item total</u>	<u>Expenditure total</u>
Furniture:					
Sofa	1	\$ 821.08	\$129.00	\$ 950.08	
Chair	8	242.50	6.25	1,990.00	
Bookcase	1	549.00	(a)	549.00	
End table	2	155.00	17.50	345.00	
Convertible couch	1	1,043.60	100.00	1,143.60	
Table	2	115.71	12.00	255.42	
Conference table	1	1,285.92	156.00	1,441.92	
Telephone table	1	178.50	16.00	194.50	
Chair	7	778.40	46.88	5,748.96	
Sofa	2	984.00	94.00	2,156.00	
Table	2	489.00	48.90	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	138.69	16.50	155.19	
Secretary's desk	1	910.50	104.00	1,014.50	
Chair	2	138.00	16.50	309.00	
Chair	2	127.00	16.50	287.00	\$19,345.97
Lavatory fixtures (note b):					
Marble countertop and basin	1	800.00	-	800.00	
Water closet	1	340.00	-	340.00	
Basin	1	180.00	-	180.00	
Water closet	1	180.00	-	180.00	
Installation	-	-	-	1,062.00	2,562.00
Carpeting:					
202 sq. yds. (note c)		26.84	-	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>\$48,525.41</u>

^aNone. Item purchased locally.

^bContractor's estimate of costs. Items had not been purchased or installed at the time of our review.

^cAbout 167 sq. yds. will be installed. The difference--about 35 sq. yds.--is extra carpeting for waste and for future needs, such as repairs.

^dThe 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.

^eDraperies 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.

^fIncludes all appliances and fabricating, delivering, setting, and erecting the entire pantry.

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FURNISHINGS AND EXPENDITURES FOR THE POSTAL SERVICE
OFFICIAL RECEPTION, PRESS CONFERENCE AND THE
BOARD OF GOVERNORS' AREAS

<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>

^aNone. Items purchased locally.

^bThe approximate area of the rooms to be covered. Does not include extra carpeting for waste.

^cDraperies 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.

^dIncludes all appliances and fabricating, delivering, setting, and erecting the entire kitchen.

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TRAVEL COSTS FOR POSTMASTER GENERAL

DURING FISCAL YEAR 1973

Date	Cities visited	Costs incurred			
		Travel	Lodging	Meals (note a)	Representation (note b)
1972:					
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	§1,176.00	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		<u>\$4,562.63</u>	<u>\$3,824.87</u>	<u>\$1,218.45</u>	<u>\$2,144.32</u>

^aMay include the meal cost for others. There is no documentation showing a detailed breakdown.

^bMeals and related costs incurred in entertaining guests of the Postmaster General.

^cRental cars, cabs, phone calls, etc.

^dRental car costs.

^eIncludes \$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.

^fLocal transportation, such as taxi cabs.

§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 (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.
^d 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.
^e 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.
^d 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.
^f 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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