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GENERAL GOVERNMENT
DIVISION

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JUN 27 1974

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.

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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.

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. 11,2306

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