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Investigation Of The Closing Of  
The St. Louis Field Office,  
Eastern Area, Military Traffic  
Management And Terminal  
Service B-177602

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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095654

MAY 20, 1971



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-171602

DLG 02511

Dear Mr. Price:

In your letters of December 4, 1970, and February 8 1971, you requested our comments on statements made by one of your constituents concerning the closing of the St. Louis Field Office, Eastern Area, Military Traffic Management and Terminal Service.

We have reviewed personnel data, technical shipping information, and cost estimates concerned with the closing. We have also discussed the closing with officials of the Military Traffic Management and Terminal Service. On the basis of information developed, we believe that the transfer of the St. Louis, Missouri, office functions will result in significant economies without impairing the overall traffic management ability of the Military Traffic Management and Terminal Service.

We believe that the technical competence of the transportation personnel is the critical determinant of their effectiveness. The Eastern Area Office has a staff of qualified transportation personnel, and information we developed indicates that the Eastern Area Office staff will be augmented by the transfer of qualified personnel from the St. Louis office. Most of the positions to be abolished as a result of the closing of the St. Louis office are considered nontechnical. Also, our review showed that the Eastern Area Office staff had been handling the vast majority of the traffic within its jurisdiction and that the staff--augmented by personnel from the St. Louis office--should have little difficulty in absorbing the work load of the St. Louis office. We believe that the physical location of the personnel should make little difference in their effectiveness.

The Bulk Liquids and Rail Fleet Management Division of the St. Louis Field Office does have a unique mission within the Military Traffic Management and Terminal Service. If the transportation personnel experienced in these important functions did not transfer to the Eastern Area, it would be possible that management effectiveness might suffer until new personnel gained the necessary experience. Our study showed, however, that more than half the technical staff of that

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division had indicated that they would transfer to Brooklyn, New York, N.Y. This cadre of experienced people should provide the continuity necessary for effective management of the functions.

Details of our finding follow in the order established in your constituent's letter. We shall be glad to discuss this matter with you or members of your staff.

As agreed by your staff, we are today furnishing Senator Stuart Symington a copy of our reply to you. The correspondence you enclosed with your initial inquiry is returned as requested.

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Axtell". The signature is written in dark ink and is positioned above the typed name and title.

Comptroller General  
of the United States

The Honorable Melvin Price  
House of Representatives

SPECIFIC COMMENTS  
OF THE GENERAL ACCOUNTING OFFICE  
TO STATEMENTS MADE CONCERNING THE CLOSING  
OF THE ST. LOUIS FIELD OFFICE OF  
THE MILITARY TRAFFIC MANAGEMENT AND TERMINAL SERVICE

Following are the comments of the General Accounting Office (GAO) on the points raised by Mr. Harry E. Hampe in letters dated December 2, 1970, and February 3, 1971, to Congressman Melvin Price. Our comments are numbered to correspond with the numbered enclosures to Mr. Hampe's December 2, 1970, letter.

1. Authorized and actual strength

The enclosure submitted by Mr. Hampe showed that 176 positions had been authorized and 156 had been filled. According to the official weekly strength report of the Military Traffic Management and Terminal Service (MTMTS), however, the civilian strength of the St. Louis Field Office on November 20, 1970, was 191 positions authorized and 179 filled. MTMTS officials informed us that some of the positions were located physically in Chicago, Illinois, and other points but were assigned to the St. Louis office for administrative purposes. Mr. Hampe's listing may not have included the positions outside the St. Louis area, which fact would account for the discrepancy in the number of positions.

2. Estimate of savings

The \$1.06 million savings reported by MTMTS would not be in salaries alone but would include other costs. There are 63 civilian positions to be abolished; 13 of them are at Eastern Area, MTMTS, and 50 are at the St. Louis Field Office. Of the 50 positions to be abolished at the St. Louis office, 32 are considered nontechnical. The following table shows the 50 civilian positions to be abolished at the St. Louis office.

Grade	Office of Com- mander	Admin- istra- tive ser- vice	General freight	Traf- fic ser- vice	BL& RFM (note a)	Data proc- ess- ing	Total
GS-14	-	-	-	1	-	-	1
GS-13	-	-	1	-	-	-	1
GS-12	-	-	1	-	-	-	1
GS-11	-	-	2	-	-	-	2
GS-10	-	-	6	2	-	-	8
GS- 9	-	1	2	-	-	-	3
GS- 7	-	1	1	-	-	2	4
GS- 6	-	-	-	1	-	-	1
GS- 5	1	5	3	-	-	4	13
GS- 4	-	2	3	1	2	2	10
GS- 3	-	<u>1</u>	-	<u>1</u>	<u>1</u>	<u>3</u>	<u>6</u>
Total	<u>1</u>	<u>10</u>	<u>19</u>	<u>6</u>	<u>3</u>	<u>11</u>	<u>50</u>

<sup>a</sup>Bulk Liquids and Rail Fleet Management Division.

The estimated net savings of \$1,060,000 to be achieved by closing the St. Louis office is made up of the following items, including the savings from the 50 positions shown in the above table.

Item	Amount
Labor	\$ 682,022
Benefits	70,162
Supplies	9,005
Temporary duty (TDY) travel	51,110
General and administrative (G&A) overhead	208,448
Contracts, space charges, telephone	<u>39,253</u>
Total	<u>\$1,060,000</u>

Our analysis of the grade levels and the number of positions to be eliminated indicates that the estimated labor and benefits cost savings are reasonable.

The G&A cost saving consists of the amounts that were budgeted for support of the St. Louis Field Office offset by an estimated increase in such expenses at Eastern Area, MTMTS. These expenses consisted of such

nonmission functions as administrative services, finance and accounting, judge advocate services, and personnel services.

The maximum one-time closing costs estimated by MTMTS were \$231,000, depending on the number of employees who transfer to Eastern Area, MTMTS, or other Government agencies. The savings that would be realized during the first few months the St. Louis office is closed would more than offset these one-time costs.

3. Relocation of Eastern Area, MTMTS,  
from Brooklyn to Bayonne, New Jersey

The plan to relocate Eastern Area, MTMTS, was approved by the Congress, but no funds have been provided. MTMTS officials advised us that it would take at least 18 months to complete the move after funds became available. The move, when implemented, will result in the abolishment of certain administrative, guard force, and base engineer positions. MTMTS does not plan to reduce any positions in traffic management, and, since the St. Louis personnel are in that field, none should lose their positions as a result of the Brooklyn-Bayonne move.

4. Use of transit rates

Investigation of the movement described in the enclosure (a statement from Mr. A. P. Newton) showed several dissimilarities between the information of Eastern Area, MTMTS, and that furnished by Mr. Newton. Mr. Newton stated that the transit operator at Naval Ammunition Depot, McAlester, Oklahoma, had requested routing by Eastern Area, MTMTS, on approximately 4,485,000 pounds of ammunition to Sunny Point, North Carolina, and had given transit references.

Eastern Area Office records on this movement showed that the request for routing was for 3,359,000 pounds and that no transit references were cited. The Eastern Area Office acknowledges that (a) it did not consider the use of transit in connection with this movement, (b) transit billing was on hand which should have been applied, and (c) substantial savings would

have resulted. The Eastern Area Office agrees that an error was made in this instance but considers it an isolated human error and not representative of its normal operations.

5. Excess charges attributable to poor traffic management

The enclosure covering this matter was a letter forwarded to GAO. The letter stated that, on Government bills of lading (GBLs) covering numerous shipments made under export releases furnished by Eastern Area, MTMTS, Eastern Area cited rates from a published tariff instead of lower rates published for the Government in what are known as section 22 quotations. The letter stated that, of 35 shipments on which the GBLs cited the higher tariff authority, 30 had been properly billed and paid at the lower section 22 quotation rate and five had been billed and paid at the higher tariff rate. Thirteen other shipments were listed on which the payment basis was not known. GAO was asked to recover the excess freight charges paid on the five shipments and on any other shipments listed which were billed at the higher tariff rate.

Our Office has completed the audit of the five shipments and has taken action to recover from the carriers the overcharges of \$1,685.50. The 13 other shipments listed are being developed, and recovery action will be taken on any that were improperly billed at the higher tariff rate. We have also, in our normal auditing procedures, taken recovery action on additional GBLs covering similar shipments which were not listed in the letter.

6. Bill-of-lading review

The St. Louis Field Office has reported finding important excess costs as a result of its bill-of-lading review. Our study shows these findings are attributable primarily to the fact that many ammunition depots are located within the St. Louis review area. Ammunition is a very high-cost complex commodity to ship, and the potential for technical errors in making such shipments is great.

The Eastern Area, MTMTS, has its own bill-of-lading review program. Since there is a large number of experienced personnel available to the Eastern Area, we have no reason to believe that the transfer to the Eastern Area, MTMTS, of the review of bills of lading for these ammunition shipments should adversely affect the detection of excess costs.

#### 7. Carriers' complaints

The letters from several carriers protesting the closing of the St. Louis Field Office seem to focus on the theme that skilled traffic people are going to be replaced by untrained and unskilled individuals in the Eastern Area Office and at added expense to the Government. MTMTS records showed that 33 St. Louis Field Office personnel had indicated that they would transfer to the Eastern Area Office and that, in the one specialized technical area (the Bulk Liquids and Rail Fleet Management Division), nine of 17 technical staff members had indicated that they would transfer.

We have no reason to believe that one MTMTS office has more skilled traffic management personnel than another. In the one specialized area that the St. Louis Field Office has handled exclusively, the nine transferring technical staff members should furnish a capable nucleus to continue an efficient operation.

#### 8. Overhires

As used by the Eastern Area Office, the term "overhire" means hiring a replacement in Brooklyn for a nontransferee in St. Louis and carrying both on the rolls for a period of time.

The Eastern Area Office planned to hire replacements for the St. Louis office technical personnel operating in a functional area (the Bulk Liquids and Rail Fleet Management Division) who did not choose to transfer. The plan included temporary duty at the St. Louis office to enable the replacements to study and learn the specialized job. In his letter, Mr. Hampe is concerned



about the additional salary, per diem, and air fare costs that would be incurred by having the overhires on TDY for up to 60 days while being trained in St. Louis.

Our study showed that only eight individuals were overhired and that these individuals were to replace the eight technicians in the Bulk Liquid and Rail Fleet Management function who did not choose to transfer to Brooklyn. Since the overhire procedure should result in a more rapid and orderly training process for this specialized technical work, we believe that the additional costs incurred are justified. Further, the costs (estimated \$13,000 maximum) are not significant in relation to the overall savings to be achieved.

#### 9. Cost reduction and cost avoidance

In enclosure 9 to the constituent's letter of December 2, 1970, and in the enclosure to his letter of February 3, 1971, cost reduction savings and cost avoidance by the St. Louis Field Office were emphasized.

Headquarters, MTMTS, furnished us a breakdown of the \$1.4 million validated cost reduction savings actions submitted by Eastern Area, MTMTS, for fiscal year 1970 and advised us that none were reported by the St. Louis Field Office.

Cost avoidance (traffic management economies) of \$48.4 million reported by MTMTS for fiscal year 1970 included approximately \$2 million attributable to the efforts of the St. Louis Field Office in the area of transit utilization and its Low Cost Mode program.

These contributions of the St. Louis Field Office to good traffic management are commendable, but the transfer of the St. Louis office functions to Eastern Area, MTMTS, should not impair the overall traffic management competence of MTMTS. Eastern Area, MTMTS, has already been handling the large volumes of traffic, and the addition of the St. Louis office area traffic activities should be absorbed with little difficulty under the plans advanced by MTMTS.

10. Eastern Area, MTMTS, Circular No. 10-4

Although the Bulk Liquids and Rail Fleet Management Division of the St. Louis Field Office is unique in its mission, it is under the supervisory control of the Directorate of Inland Traffic, Eastern Area, MTMTS, and will continue under that office after the move. MTMTS records show that nine of 17 technical personnel have indicated they will move with their functions. We believe that this should provide an adequate nucleus for handling this function and, in conjunction with the planned training program for additional personnel, should result in an efficient operating group.

General

Mr. Hampe states in his letter that the time available to conduct business with west coast customers will be reduced to only 3 hours a day after the move. This was attributed to the difference in time zones. Since St. Louis is in the central time zone and Brooklyn is in the eastern time zone and since there is only a 1-hour time difference between them, the move can reduce the workday by only 1 hour. Because there is a 3-hour time difference between the east and west coasts, the workday for conducting business with the west coast will be 5 hours instead of the present 6 hours.

We believe that, since Headquarters and Eastern Area, MTMTS, have been conducting business with the west coast on a 5-hour day, the loss of 1 hour for the transferred activities will not significantly affect their operations.

In his letter, Mr. Hampe stated that Wide Area Telephone Service (WATS) was used extensively to conduct the business of the St. Louis Field Office. He further stated that Eastern Area, MTMTS, did not have access to this communications network and that commercial long-distance lines would have to be used at daytime prime rates.

An official at Headquarters, MTMTS, informed us that Eastern Area, MTMTS, had access to all Department of Defense (DOD) communications systems and that he could foresee no need for WATS. He added, however, that, if such service should become necessary, it could be readily obtained.

Mr. Hampe expressed concern about St. Louis office personnel employment entitlements not being observed because MTMTS had created a new function and had hired two individuals from outside of MTMTS to perform this function.

The two employees recently hired by Headquarters, MTMTS, were placed in the Negotiation Division, Directorate of Inland Traffic, and they required special qualifications. One required an Interstate Commerce Commission (ICC) practitioner's certificate and/or a transportation law background, whereas the other required a completed course in ICC and/or transportation law. Since none of the available personnel at the St. Louis Field Office was qualified for these positions, qualified applicants were hired from outside DOD. Headquarters, MTMTS, has informed us that it will continue to give priority to qualified available St. Louis personnel for vacancies in Washington, D.C.