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Dear Mr. Chairman:

By letter dated June 2, 1971, you requested information concerning the transfer of the construction and facility program from the Post Office Department to the Corps of Engineers. The Department became the United States Postal Service on July 1, 1971. In our letter of June 28, 1971, we confirmed the agreement made with your office that we would provide information on (1) the arrangements between the Department and the Corps on postal facility construction activities and (2) the management responsibility of the Service over postal buildings after July 1, 1971.

The Postal Reorganization Act, approved August 12, 1970 (84 Stat. 719; 39 U.S.C. 101), provided, among other things, for the transfer to the Service of all contracts, records, and documents relating to the operation of the departmental service and the postal field service of the former Post Office Department. Thus, when the agreements discussed herein indicate responsibility attaching to the Department, the Service would have assumed these responsibilities on July 1, 1971.

ARRANGEMENTS ON POSTAL FACILITIES CONSTRUCTION

On March 11, 1971, the Department entered into two agreements with the Department of the Army, transferring postal building site acquisition and construction responsibilities to the Corps. Each agreement covers a 3-year period. One agreement was a "broad umbrella type," signed by the Postmaster General and the Secretary of the Army, covering basic principles and policies. The other agreement, signed by the Postmaster General and the Chief of Engineers, established the responsibilities, terms, and conditions under which the Corps would furnish the required site acquisition and construction services.

Under these agreements the Corps would be assigned postal building projects costing over \$2 million or containing over 50,000 square feet. Responsibility for construction projects falling below this criteria would generally be assigned to the Post Office Department's regional offices. On May 20, 1971,

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however, a third agreement, signed by an Assistant Postmaster General and the Director of Military Construction, Corps of Engineers, transferred the responsibility for the total postal facilities acquisition, design, and construction program, including lease construction, to the Corps for an indefinite period.

In addition, the third agreement provided for the transfer by July 1, 1971, of approximately 600 employees from the postal headquarters and regional offices to the Corps. By a transfer order effective June 27, 1971, about 460 employees were transferred; the balance, approximately 140 employees, had been previously separated through retirements, resignations, or transfers to other agencies. As a result of this agreement, the Department, for all practical purposes, does not have an in-house capability to acquire postal facilities.

Another agreement between the Department and the Corps, effective June 28, 1971, assigned to the Corps specific responsibilities and established funding procedures for the Department's leasing program. The agreement also provided that the Department deliver to the Corps the lease files and related documentation and that the Corps execute the leasing program in accordance with the Department's leasing authorities, policies, guidelines, and determinations.

The Department rented space on either a rental-agreement or a lease-agreement basis. Rental agreements concerned space rented in existing privately owned buildings, and lease agreements covered space in facilities built under a lease-construction program. Under this latter program the Department contracted with private industry for the lease of buildings to be constructed according to the Department's specifications on sites either owned or controlled by the Department.

The lease-construction contracts specified the annual rentals to be paid by the Department over the periods of the leases and usually provided for renewal options by the Department. As of June 30, 1970, there were 15,737 rental agreements with annual rentals of about \$15 million and 11,985 lease agreements with annual rentals of about \$125 million.

Under the June 28, 1971, agreement, the Corps, among other things, will maintain the Department's lease files; obtain new leasehold space or renew existing leases when requested by the Department; represent the Department in negotiations and discussions concerning lease terms and fulfillment of the lessors' obligations, including needed repairs;

and monitor and challenge all excessive or unwarranted increases in State and local real property tax assessments when the Department is responsible for the payment of all or part of such taxes.

When space in Department-leased buildings is excess to Department needs, the Corps will, when requested by the Department, sublet space and act as the Department's agent for the collection of rentals and for other dealings with the sublessees.

The Department is responsible for rental and leasehold improvement contract payments for space leased by it. The agreement provides that the Department may examine Corps records.

MANAGEMENT RESPONSIBILITIES OVER BUILDINGS

After enactment of the Postal Reorganization Act, the Service reorganized its headquarters' offices and departments by combining a number of them into three major operating groups--Mail Processing, Customer Services, and Support. Each of these groups is headed by a Senior Assistant Postmaster General.

The Mail Processing Group, which has responsibility for the Service's mail processing operations, has been assigned the responsibility for policy direction and oversight of the Corps' construction efforts. A Program Management Office, staffed with 32 employees, has been created for this purpose. The Mail Processing Group has been assigned also the responsibility for custodial services and for maintenance and repair services.

Organizationally the responsibility for these services has been assigned to the Industrial Engineering Division of the Logistics and Engineering Department. The acting manager of this Division told us that the Division had the responsibility also for developing standards to be followed by the postal regions in administering the Service's programs at the local levels. He told us also that the Division did not have a permanent staff for these programs and that, after the reorganization had been completed, no more than two or three employees would be associated with these programs.

The responsibility for guard services is divided between the Office of Security of the Postal Inspection Service, which reports directly to the Postmaster General, and the local

postmasters. For the 50 largest postal facilities, the Office of Security is developing a 5-year program concerning security measures. For other facilities the guard services are responsibilities of the local postmasters. The Office of Security is also responsible for guard services for the Office of Management and Budget's coordinated program. This program requires the Service to provide guard service (other than in courtrooms) for postal buildings which house Federal courts. A staff of 12 employees in the Office of Security administers these responsibilities.

The extent to which the Service has a direct responsibility for providing a postal facility with maintenance and repair, custodial, and security services depends on the basis on which the Service occupies the facility. For rented space in privately owned buildings, the terms of the rental agreements state whether the Service or the lessor is to provide the services. The Service is directly responsible for providing them for buildings occupied under the lease-construction program, for Government-owned buildings constructed for the Service, and for all but 61 of the approximately 2,800 buildings transferred to it from the General Services Administration (GSA).

10 GSA will service the 61 buildings on a temporary basis. 17
The Service is negotiating an agreement with GSA for these services until the Service can assume the responsibility. We have been told that the agreement will run for about 6 months and that, on termination, the transfer of responsibility to the Service will involve also the transfer to the Service of about 600 to 700 GSA employees.

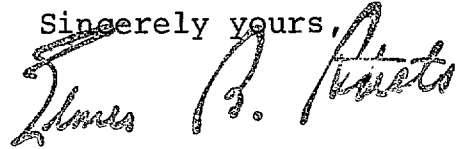
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11 C2 The enclosed statement, which I presented on July 14, 1971, before the Subcommittee on Investigations and Oversight 4,201

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of the Committee on Public Works, House of Representatives, provides additional details on certain matters discussed in this letter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Parsons".

Comptroller General
of the United States

Enclosure

The Honorable Gale W. McGee, Chairman
Committee on Post Office and Civil Service
United States Senate

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