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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

FEB 14 1972

Dear Mr. Hayden:

The General Accounting Office has made a survey of the Postal Service vehicle maintenance program in the former San Francisco Postal Region. The survey was concerned with the adequacy of the maintenance being performed, the motor vehicle fueling operations, the use of contract maintenance, the procurement and use of capital equipment, and the budgetary processes used in determining the staffing complement at the vehicle maintenance facilities.

We are suspending further work in these areas due to the re-organization of the maintenance function and the pending results of studies currently underway by the Postal Service dealing with these matters. However, we would like to bring to your attention the following matter which we feel warrants your consideration.

Establishment of bulk gasoline outlets

The Postal Service has an opportunity to achieve substantial savings through the establishment of gasoline outlets at certain postal installations.

In February 1967 we issued a report to the Congress on potential savings available through establishment of gasoline outlets at certain postal installations. We proposed that the Department (1) develop criteria for determining the feasibility of establishing gasoline outlets at post offices, branches, and stations which procure gasoline and motor oil from sources other than Government-operated gasoline outlets, (2) require the appropriate officials of the postal regions to use the developed criteria to determine what existing and planned facilities could use gasoline outlets to lower their operating costs, and (3) take such other action as may be necessary to arrange for the timely installation and operation of gasoline outlets at such facilities.

In June 1967 the Department issued regional instruction 61-Fin-14, which provided criteria to aid the regions in identifying those existing or planned postal installations where establishment of gasoline outlets may be economically advantageous. The instructions stated that the regional offices would request postmasters to

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conduct a survey to determine the feasibility of establishing gasoline outlets within the postmasters' jurisdictions. The survey results would be evaluated by the regional offices and gasoline outlets would be established where appropriate. The Department estimated that potential savings of about \$1 million could be realized at 483 installations.

San Francisco Regional Office

In our recent survey, we found that the authority to establish gasoline outlets was not being fully utilized by the San Francisco Postal Regional Office.

Of 416 Non-Personnel Offices (NPO's) plus stations and branches in the San Francisco Postal Region, there were eight gasoline outlets in operation. Of the eight outlets, seven were installed in new post offices and the eighth was added in the remodeling of a Federal building by General Services Administration. None of the outlets had been installed as additions to existing postal facilities.

During the month of March 1971, we prepared an analysis showing the point at which the use of Government-owned gasoline facilities would be more advantageous than the commercial service stations. We identified 111 NPO's for possible consideration, and presented this list to regional personnel. Based on our preliminary estimate, we believe that annual savings of about \$200,000 could be achieved at these locations.

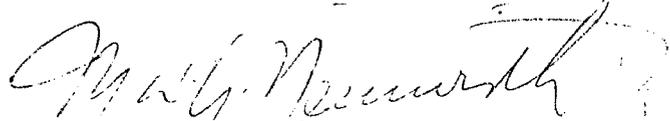
On March 17, 1971, the Deputy Assistant Postmaster General - Operations, Washington, D.C., asked the San Francisco Regional Director to advise him what action the region planned to take regarding the potential installation of gasoline outlets. The Regional Office's reply identified a total of 72 potential gasoline outlet locations. Sixty of these 72 were on the list of 111 NPO's which we had presented to regional officials. Regional postal officials later indicated that 23 of the remaining 51 (111 less 60) NPO's suggested by us would also be considered for installation of gasoline outlet sites. During our closeout conference with the San Francisco Postal Service Regional Director, he advised us that he had instructed the Vehicle Maintenance Manager to prepare the necessary budget documents for the installation of 67 outlets.

Based on our survey in the San Francisco Postal Region and information furnished by Postal Service headquarters, we believe that the Postal Service had not fully implemented our proposals concerning installation of Government-owned gasoline outlets. If the situation that existed in San Francisco is indicative of conditions nationally, the Postal Service has an opportunity to achieve substantial savings in motor vehicle operations.

In view of the potential national significance of this matter, we would appreciate being informed of the progress made in installing gasoline outlets.

We appreciate the cooperation extended our representatives during our survey in the San Francisco Postal Regional Office.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Max A. Neuwirth". The signature is written in dark ink and is positioned above the printed name and title.

Max A. Neuwirth
Associate Director

The Honorable Merrill A. Hayden
Deputy Postmaster General
United States Postal Service