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RELEASED

GENERAL GOVERNMENT  
DIVISION

JANUARY 31, 1985

B-217243

The Honorable Thomas J. Downey  
House of Representatives

The Honorable Carroll A. Campbell  
House of Representatives

Subject: Availability of Data Supporting the Postal  
Service's Claimed Savings and Costs of  
Cluster Box Deliveries (GAO/GGD-85-25)

In your joint request of August 10, 1984, you asked us to determine the existence and availability of data supporting the Postal Service's claims regarding the savings, procurement costs, and maintenance costs associated with its cluster mailbox program. Cluster boxes are pedestal mounted units containing 8, 12, or 16 individually locked compartments for the delivery of mail which are installed at approved locations.

We conducted our work at Service headquarters during September and October 1984. We reviewed Service files, memorandums, and correspondence. We also interviewed responsible officials in the Service's Department of the Controller, Delivery Services Department, and Procurement and Supply Department. Our work was done in accordance with generally accepted government auditing standards.

According to Postal Service records, the Service conducted two studies relating to the subject in 1974. The first study identified delivery costs for door and curb line services, and the second study identified delivery costs for cluster boxes. These studies indicated that cluster box delivery costs were lower than either door or curb line delivery costs. Although summaries of the two cost studies are available, the Postal Service did not retain the data it collected to determine these costs. Also, the Service has revised delivery costs identified in the summaries based on changes in wage rates and estimated increases in other operating costs. Postal Service officials told us the Service is conducting a new study of delivery costs.

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PRIOR SERVICE STUDIES

In September 1974, the Service completed a study that determined its costs for providing door and curb line delivery services on a per-address basis. The study's summary states that the cost data were developed from a sample of 1,667 delivery routes comprised of the following:

- 235 routes involving deliveries to 3 types of business areas (commercial, factory, and high-rise offices); and
- 1,432 routes involving deliveries to 5 types of residential areas (detached homes, town houses, garden apartments, high-rise apartments, and trailer courts).

The Service developed data for carrier labor, supervision, and transportation costs for door and curb line delivery services. Postal customers are responsible for purchasing and maintaining mail receptacles for these delivery services and therefore these costs were not included in the study. The Service determined that in 1974 its annual cost was \$49.09 per door address delivery and \$39.39 per curb line address delivery.

In January 1975, the Service completed a second study, begun in 1974, that determined its delivery costs to cluster box receptacles. The summary stated that the study was based on a sample of 20 routes involving 688 installed cluster boxes. According to the official who conducted the study, it included deliveries to both business and residential areas.

According to the study's summary, the cluster box delivery costs included

- cluster box purchase, installation, and maintenance costs;
- carrier-associated costs;
- supervision costs; and
- transportation costs.

Using the 20-route sample, the Service estimated that in 1974 the annual cost per cluster box address delivery was \$23.81.

The Service has periodically revised delivery costs identified in summaries of the two 1974 studies. Labor costs, which include carrier, supervision, and maintenance costs, were revised based on changes in the hourly rate paid city carriers. The Service revised other costs on the basis of its estimate that these costs increased at an annual rate of 10 percent.

Other costs include vehicle operations, carrier uniform allowances and, when applicable, cluster box amortization costs. In its last revision, for fiscal year 1983, the Service identified the following costs for deliveries.

<u>Delivery service</u>	<u>Annual cost per address delivery</u>
Door	\$105.04
Curb line	82.93
Cluster box	52.77

COLLECTED COST DATA NOT RETAINED

Although the Service has developed and updated costs for door, curb line, and cluster box delivery services, we could not review the data used to develop these costs. According to officials involved in the cluster box program, the Service has not retained the cost data because of the time that has passed since the studies were completed. Also, data used by the Postal Service to develop an estimate of its annual rate of increase for non-labor costs were not available.

NEW STUDY PLANNED

The Service advised us that it is currently conducting another study to determine its costs for door, curb line, and cluster box deliveries. The Service official responsible for designing the study estimates that it will be completed in July 1985.

As requested by your offices, we did not obtain official comments from the Service. However, we did discuss the contents of this report with Service officials and they agree with the accuracy of the above statements. As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the date of this report. At that time, we will send copies of this report to the Director, Office of Management and Budget, and the Postmaster General. Copies will also be made available to other interested parties upon request.

*W. J. Anderson*

William J. Anderson  
Director