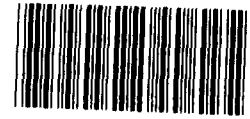


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Provision of Mail Delivery Services  
in a High-Growth Area

Statement of  
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General Government Division

Before the  
Subcommittee on Postal Operations and Services  
Subcommittee on Postal Personnel and Modernization  
Committee on Post Office and Civil Service  
House of Representatives



PROVISION OF MAIL DELIVERY SERVICES  
IN A HIGH-GROWTH AREA

SUMMARY OF STATEMENT BY  
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U.S. GENERAL ACCOUNTING OFFICE

In June 1989 GAO issued a report on the Postal Service's response to deteriorated service in the rapidly growing northern Virginia area. In this testimony GAO compares and contrasts the conditions found in northern Virginia with those in the San Diego area.

Northern Virginia and San Diego are of roughly similar size and both have experienced rapid growth in mail volume and deliveries. However, the San Diego data GAO has examined do not indicate the likelihood of a mail delivery crisis similar to the one experienced by northern Virginia in 1987 and 1988. There the Service allowed mail delivery conditions to deteriorate badly before bringing in extraordinary assistance and replacing top management.

San Diego does not display the levels of customer dissatisfaction or instability of top management experienced in northern Virginia.

Whereas northern Virginia experienced a hiring freeze that led to near collapse of the system, San Diego's employment level increased by over 100 during 1989. However, the tightness of the 1990 budget will challenge management to keep service at an acceptable level.

Messrs. Chairmen and Members of the Subcommittees

We are here today to describe how the Postal Service responded to the increased demand for mail delivery services in a high-growth area--the northern part of Virginia. We will also contrast the northern Virginia postal environment with the postal environment in the San Diego area for comparative purposes to contribute to your broader inquiry into postal operations in San Diego.

In February 1988, Congressman Frank Wolf requested our assistance in determining whether improvements reported to him by the Postal Service would be sufficient to restore mail service in northern Virginia and keep the service at an acceptable level. The extremely high number of postal complaints being filed by customers in the area showed a widespread degradation of mail services. Congressman Wolf's concern was that actions taken by the Postal Service to improve mail delivery service would not be long-lasting in view of the rapid and continuing growth in population and economic development of the area.

I should point out here that our report to Congressman Wolf was based on a detailed examination of records and various visits to post offices in northern Virginia and discussions with postal officials over a 9-month period ending in March of this year. In contrast, the information that I will provide on the San Diego area was gathered in just a 3-week period. Consequently, we are somewhat limited in the operations we can compare and the data

that are available to make these comparisons. On the basis of what we have seen, however, we see no reason to believe that the San Diego area faces immediate problems in postal operations of the magnitude faced by Northern Virginia. Nonetheless, we did note some problem areas that will require continued management attention.

#### CONDITIONS IN NORTHERN VIRGINIA

The Postal Service allowed mail delivery services at post offices in northern Virginia to become a major management problem before taking corrective action. The Postal Service could not keep mail deliveries current because (1) the number of deliveries and mail volume increased and (2) there were not enough people to process and deliver the increased volume of mail.

By the fall of 1987 the Service had allowed mail delivery conditions to deteriorate to an obviously unacceptable level. Customer complaints were abundant and some post offices, even with significant amounts of overtime, could no longer keep pace with daily mail deliveries. In November 1987, "Action Teams" of employees from other post offices were sent to northern Virginia to help deliver backlogged mail and to identify and correct the underlying causes of delivery problems. They left the area in March 1988, and a new manager was appointed shortly thereafter.

One of his first actions was to open hiring registers. In 1988, 1,770 new employees were hired, a 93-percent increase over 1987.

The new manager had gained experience in another high-growth area--Phoenix, Arizona. He made "Service to the Customer" the theme for his primary goal of improved service. By the fall of 1988, customer complaints were down and the volume of delayed mail was substantially less. The new manager also sought and secured an increased budget for 1989 that was more in line with prior years' expenses. The Postmaster General added his support which allowed the improvement efforts to continue without interruption. However, population forecasts indicate that the demand for mail delivery services in northern Virginia will not reverse its growth trend during the next decade. As we pointed out in our June 1989 report, the Postal Service must arrange to handle this growth as it occurs or problems similar to those in the past will recur.

#### THE TWO POSTAL ENVIRONMENTS

I would now like to turn to our exploration of whether the San Diego postal environment exhibits conditions similar to those that contributed to deteriorated mail service in northern Virginia. To do this we looked at San Diego's mail volume and delivery growth, customer satisfaction, availability of

resources, need for additional facilities, and stability of management.

### Growth

The service areas are quite comparable. Both cover about 4,000 square miles and include around 2 million customers (1.8 million in northern Virginia, 2.3 million in San Diego.) Both areas have experienced growth, and predictions anticipate that an upward trend will continue in both areas. Between 1978 and 1988, the number of daily mail deliveries by city carriers in northern Virginia increased by 38 percent from 371,000 to 512,000. Over this same period mail volume increased by 164 percent from 2.8 to 7.4 million feet. This is a yearly average increase of almost 4 percent in deliveries and an over 16-percent increase in mail volume. Forecasts show that the greatest demand for mail services in northern Virginia will be in the outer suburbs. One county is expected to have a 220-percent increase in population through the year 2010.

The San Diego area expects a population increase of 46 percent between 1986 and 2010. Over the last 12 years mail deliveries have increased about 41 percent, for an average of 3.5 percent per year. Over the same period, the increase in mail volume averaged about 5 percent per year. Pockets of higher than average growth also exist in the San Diego area. For example,

the population served by the Carlsbad post office is expected to grow by 160 percent from 1986 through 2010.

### Customer Satisfaction

Postal customers in the northern Virginia area were extremely upset with their mail delivery service. Complaints were numerous and widespread and concerned delayed mail, misdelivered mail, and other service inadequacies. Critical articles appeared frequently in local newspapers.

Overall, customer satisfaction does not appear to be as low in San Diego. For example, out of 10 categories used to record customer complaints, San Diego showed a sizeable increase in only 1 category, delayed mail. Between fiscal years 1988 and 1989, complaints about delayed mail increased from 767 to 1,437 but were declining at years' end. The increase in complaints about misdelivered mail was smaller--from 761 to 895. Overburdened delivery routes, which I will discuss later, can cause mail to be misdelivered and delayed.

### Resources

Lack of adequate resources to handle the growth in demand for mail services ultimately led to the near collapse of the northern Virginia system.

The current San Diego resource picture does not look like the one in northern Virginia during 1987 and 1988. In April 1989 post offices nationwide were subjected to a limitation on the number of employees. In July 1989, however, San Diego was authorized to hire 30 additional letter carriers. In total, the employment level increased by 116 during 1989. Eighty-three of the additional employees were letter carriers. This is encouraging, because a 1989 route review shows that 45 percent of 837 routes serviced by associated offices took more than 8 hours to complete. Such routes can adversely affect mail delivery and lead to daily disagreements between letter carriers and supervisors on the amount of time needed to deliver the mail.

Seeking authorization to hire additional carriers is indicative of management's commitment to address staffing problems. However, San Diego's Director of Field Operations told us that 1990 will be, budgetwise, more challenging than prior years. The planned increase in the work hour budget is about half of the increase required in 1989.

### Facilities

Like many other areas across the United States, northern Virginia and San Diego need new post offices. They are also



comparable in that construction of a major mail processing facility has recently been approved for each area.

Delays in planned construction projects in San Diego have resulted in overcrowded working conditions at some facilities and the need to lease temporary space. Currently, budget constraints have stopped work on 15 planned projects.

### Management

In northern Virginia we found that a contributing factor to the area's mail problems was the instability in the management structure. In July 1988, only one of the six directorates at the management sectional center was headed by a permanent director. The current manager has been in the job since April 1988; his predecessor was in the position for only 1 year before leaving.

In contrast, top management positions have been stable in San Diego for several years. The current manager has been in place for 10 years. Five of her six directors have been in their positions for 3 to 10 years.

## CONCLUSION

The northern Virginia and San Diego postal operations are similar in several respects. They service roughly the same size areas and number of customers. Both are growing rapidly in terms of population and mail volume. There is, however, an important distinction. Conditions in northern Virginia were allowed to deteriorate badly before help was provided. On the basis of our observations of the conditions in San Diego, we found no indications that problems have reached the crisis proportions they did in northern Virginia. Moreover, management seems to recognize the need for corrective actions.

Even so, 1990 will be a pivotal year for San Diego mail operations. Management will need to pay particular attention to two areas of concern: the upward trend in customer complaints about delayed and misdelivered mail and the large number of mail delivery routes currently taking more than 8 hours to complete. Solutions to these problems could require budget adjustments.

This concludes my statement, Messrs. Chairmen. My colleagues and I will be pleased to answer any questions you may have.