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JUN 12 1970

Dear Senator Allott:

Further reference is made to your letter of December 3, 1969, which transmitted a letter from Mr. Fred Beeman, Transportation Chairman, Local No. 436, United Federation of Postal Clerks, Pueblo, Colorado. Mr. Beeman expressed concern that (1) moving more mail into "national transportation centers" such as Denver and bypassing sectional center offices such as Pueblo could cause delays in mail deliveries and (2) Trans Central Airlines had several flights in and out of Pueblo daily but that very little mail was being transported on these flights. He also requested information on the costs for various modes of transportation used by the Department to move the mail.

Also, we obtained from a Post Office Department official a copy of a letter to you dated January 6, 1970, from the Department responding to your request for its comments on the issues raised by Mr. Beeman.

In response to Mr. Beeman's questions, we reviewed pertinent records and held discussions with officials at the Department Headquarters in Washington, D.C., the Department's Denver Regional Office, and the Denver and Pueblo, Colorado, post offices.

We believe that the information furnished you in the Department's letter of January 6, 1970, is factual. The results of our review are summarized below and are presented in greater detail in the enclosure to this letter.

Statement of

- Department officials said that routing mail through national transportation centers, such as Denver, had not resulted in delays in mail deliveries.
- The Department, in arranging transportation schedules, considers mail volume, locations, distance, and availability of transportation services. Whenever possible and economically feasible, the Department provides for direct routing of mail between sectional center facilities, between such facilities and associate post offices, and between associate post offices to avoid delays.
- At the time of our review (March 1970) Trans Central Airlines did not have, and had not requested, the required authority from the Civil Aeronautics Board to carry mail on its scheduled flights

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serving Pueblo. A Department official advised us that existing highway truck routes and another airline (Frontier Airlines) serving Pueblo provided adequate mail service.

--Average costs per mile of transporting mail on highway truck routes and the costs per ton-mile of transporting mail on air taxi and commercial airline routes in the State of Colorado were generally higher than the costs cited by Mr. Beeman.

--The "letter of policy" mentioned in Mr. Beeman's letter outlines certain policies and guidelines for the distribution and delivery of mail in the Denver Postal Region, with the objectives of reducing major fluctuations in work loads, reducing costs, and improving working conditions. We believe that these are desirable objectives and, as indicated by Mr. Beeman in his letter, are "a step in the right direction."

We have not requested the Department to review or formally comment on the information in this report. The Department is being notified of the release date and general subject matter of this report.

We trust that the information furnished will be helpful.

Sincerely yours,



Comptroller General
of the United States

Enclosure

The Honorable Gordon Allott
United States Senate

GENERAL ACCOUNTING OFFICE

EXAMINATION INTO CERTAIN ASPECTS OF MAIL TRANSPORTATION
IN DENVER, COLORADO, POSTAL REGION
POST OFFICE DEPARTMENT

ROUTING OF MAIL THROUGH
"NATIONAL TRANSPORTATION CENTERS"

In his letter of November 22, 1969 (see p. 8), to Senator Gordon Allott of Colorado, Mr. Fred Beeman, Transportation Chairman, Local No. 436, United Federation of Postal Clerks, Pueblo, Colorado, requested assistance in obtaining the reasons for routing more and more mail through "national transportation centers," such as Denver, Colorado, and expressed concern that such routing and star route trucks bypassing sectional center offices could cause delays in mail deliveries.

The mail transportation and distribution system being used by the Post Office Department consists of a network of sectional center facilities, or large post offices, serving as focal points through which mail flowing between smaller post offices--associate post offices--is routed. Each sectional center serves a designated geographic area. In establishing transportation routings, consideration is given to the volumes of mail moving between post offices and the availability of existing transportation facilities such as air, train, and highway services. This system permits sufficient quantities of mail to be gathered and economically processed in one geographic area and transferred to another geographic area where the mail is redistributed to destination post offices. The ultimate goal of this system is to move the largest volume of mail in the least amount of time and at the least cost.

A Department official informed us that mail was routed directly between associate post offices when routing through a sectional center would result in delays in mail delivery. For example, mail is routed directly between Trinidad, Colorado, and Raton, New Mexico, a distance of about 22 miles. If this mail were routed through the two sectional centers serving these associate post offices, it would be transported a distance of about 406 miles.

The Department has unofficially designated certain cities throughout the United States, including Denver, as national transportation centers because of their importance as rail and air transportation centers and the availability of manpower and equipment needed to handle large volumes of mail. Each transportation center usually serves an entire State. Denver, for example, serves Colorado. Mail addressed to Colorado from other States is transported to the Denver Transportation Center, sorted, and routed to its destination. Similarly, mail for other States originating in Colorado is consolidated at the Denver Transportation Center for shipment to the transportation centers in other States.

Regional postal officials informed us that, where feasible, transportation schedules for the Denver Postal Region included routes that bypass a transportation center to avoid delays in mail deliveries. For example, mail is transported

twice daily on a highway star route from Dallas, Texas, to Pueblo, Colorado. One truck, carrying preferential mail for Pueblo, is scheduled to arrive in Pueblo at 3:15 a.m. to permit delivery to the addressees the same day. Preferential mail can include newspapers and magazines, special-delivery, special-handling, and first-class mail; and airmail. On this trip, airmail and first-class mail are not included. A second truck, leaving Dallas and carrying nonpreferential mail, is scheduled to arrive at the sectional center in Denver at 4 30 p m. (This second trip is the one mentioned in Mr. Beeman's letter of November 22, 1969.) After processing at the Denver Sectional Center this mail is transported to Pueblo by any one of several star route trucks, all of which arrive in Pueblo in time for delivery the next day.

If the second truck from Dallas stopped in Pueblo, enroute to Denver, it would arrive at Pueblo at about 1 p.m. The local mail would remain undelivered until the following day because mail carriers usually have left the post office by that time to make deliveries on their routes. Also, stopping in Pueblo at 1 p.m. to pick up mail for delivery to Denver would not expedite delivery service because there are at least three existing local star route trips from Pueblo to Denver which leave Pueblo at 5 p.m. or later and carry mail in time for delivery in Denver the next day and there is one star route trip which meets Denver's outgoing dispatch schedule for destinations beyond the Denver Sectional Center delivery area. The later departure times from Pueblo result in more mail making next-day delivery at Denver.

As of October 31, 1969, direct routing of mail was provided by 42 highway star routes between sectional centers, 63 such routes between sectional centers and associate post offices, and 200 such routes between associate post offices.

It appears that the Department's transportation scheduling for moving mail among locations gives consideration to volumes, locations, distance, and availability of transportation modes and that, whenever possible and economically feasible, efforts are made by the region to avoid delays in mail delivery.

USE OF AIR CARRIERS TO TRANSPORT MAIL IN DENVER POSTAL REGION

Mr. Beeman stated in his letter that some airlines did not carry mail on a regular basis, for example, Trans Central Airlines had several flights daily in and out of Pueblo, Colorado, but it was his understanding that very little mail was being carried on these flights.

We noted that, at the time of our review, Trans Central Airlines did not have the required authorization from the Civil Aeronautics Board to carry mail on its flights serving Pueblo and had not requested such authority.

Department officials informed us that national "first-level" and regional "second-level" airlines were authorized to carry airmail and first-class mail on all scheduled flights; however, "third-level" carriers--small local airlines such as Trans Central--must obtain the approval of the Civil Aeronautics Board

to carry mail. The Civil Aeronautics Board will authorize a third-level carrier to carry mail between two points only if (1) no national or regional airline has scheduled flights between the two points or (2) a national or regional airline has scheduled flights between the two points but is unable or unwilling to provide the service needed by the Department.

We were informed also that existing mail transportation service to Pueblo, including the use of several highway star routes and a regional airline (Frontier Airlines), was adequate. In this connection, we noted that, during the period from October 4 through October 10, 1969, eight scheduled flights of Frontier Airlines were used one or more times to carry mail to or from Pueblo.

Thus, it appears unlikely that Trans Central would be able to obtain authorization from the Civil Aeronautics Board to provide airmail service to Pueblo.

In December 1968 Trans Central was authorized by the Civil Aeronautics Board to transport airmail between Denver and Trinidad, Colorado, between Denver and Raton, New Mexico, and between Raton and Albuquerque, New Mexico. According to the Civil Aeronautics Board order, no national or regional airlines had scheduled flights on any of these routes. We were informed by Department officials that subsequent changes in the schedules of Trans Central's flights over these routes made the service less advantageous to the Department and that, as a result, Trans Central has not been used extensively for carrying mail.

We were informed also that Trans Central began carrying mail on its flights between Denver and Trinidad and from Raton to Albuquerque in January 1969, however, the service between Denver and Trinidad was discontinued in May 1969, and no mail had been carried on Trans Central flights between Denver and Raton because the Department determined that better mail service could be provided between these points by highway star routes.

At the time of our review, seven air taxi mail routes were being administered by the Denver Postal Region, as follows:

1. Pueblo, Colorado, to Dodge City, Kansas
2. Cedar City to Provo, Utah
3. Moab-Price-Provo to Salt Lake City, Utah
4. Newcastle-Wheatland to Cheyenne, Wyoming
5. Sheridan to Casper, Wyoming
6. Rock Springs-Rawlins to Cheyenne, Wyoming
7. Riverton-Worland-Casper-Cheyenne, Wyoming, to Denver, Colorado.

Denver Regional Office records showed that Trans Central had submitted a bid on only the four Wyoming air taxi mail routes. Trans Central's bids on the Wyoming routes were substantially higher than those of the air taxi operators who were awarded the routes. A Department official informed us that Trans Central had been offered the opportunity to submit bids on all seven routes. We noted that Trans Central's name appeared on the Denver Regional Office list of prospective bidders for air taxi mail service.

We noted in addition that, during the period from October 4 through October 10, 1969, about 60,000 pounds of mail were carried on 44 scheduled commercial airline flights operating in the Denver Postal Region, including the eight Frontier Airlines flights serving Pueblo.

Because of the large number of commercial airline, air taxi, and highway star routes in the Denver Postal Region, it was impracticable for us to determine whether the most economical and expeditious mode of transportation was used in all cases. However, in view of the large volume of mail carried by commercial airlines during the period from October 4 through October 10, 1969, it appears that the Department has been using commercial airlines to a large extent in the Denver Postal Region.

AVERAGE COSTS OF TRANSPORTING MAIL
ON STAR ROUTES AND AIRMAIL ROUTES
SERVING COLORADO

We computed the average costs per mile as of October 31, 1969, of transporting mail carried by highway star routes and air taxis, serving the State of Colorado. We also computed the average costs per ton-mile for the month of October 1969 for transporting mail on one air taxi route serving the State. We obtained from the Department data on nationwide average costs per mile of transporting mail on highway star routes and air taxi mail routes, and costs per ton-mile for mail carried by commercial airlines

The following tabulation provides a comparison of the costs per mile for highway star routes and air taxi mail routes serving the State of Colorado with the nationwide average costs per mile for such routes as of October 31, 1969.

	<u>Costs per mile (in cents)</u>	
	<u>State of Colorado</u>	<u>National average</u>
Highway star routes.		
Between sectional centers	24 26	30.00
Between sectional centers and associate post offices	20.38	27.62
Between associate post offices	20.63	23.57
Average for all star routes	22.30	27.56
Air taxi mail routes:		
Pueblo, Colorado, to Dodge City, Kansas	30.95)	
Riverton-Worland-Casper-Cheyenne, Wyoming, to Denver, Colorado	43.01)	46.17 ^a

^aAs of November 6, 1969

The cost of air taxi mail routes on a ton-mile basis would vary considerably depending on the contract cost per mile and the quantity of mail carried over a given route on a particular trip. For example, the ton-mile cost of the Pueblo, Colorado, to Dodge City, Kansas, air taxi mail route varied from \$1.78 to \$14.74 during the month of October 1969. The average cost per ton-mile for the month of October 1969 was \$2.64.

The rates paid by the Department for the transportation of airmail and first-class mail by scheduled commercial airlines are established by the Civil Aeronautics Board. These rates include a line-haul charge based on the ton-miles of mail flown and a terminal charge on a per-pound basis to cover the costs of loading mail onto, and unloading mail from, the aircraft. Civil Aeronautics Board Order 70-4-9, dated April 2, 1970, revised the rates for airlifting first-class and other nonpriority mail. The revised rates were retroactive to April 6, 1967, the date the Department initially petitioned the Civil Aeronautics Board for revised nonpriority mail rates (Civil Aeronautics Board Docket 18381). Following is a schedule of the rates paid by the Department for air transportation of airmail and first-class mail before and after April 6, 1967. These rates apply to all mail transported by commercial airline within the 48 contiguous States and the District of Columbia and between such locations and certain points in Alaska, Hawaii, Guam, and Puerto Rico.

	<u>Line-haul</u> rate per <u>ton-mile</u>	<u>Terminal</u> rate per <u>pound (note a)</u>
	(cents)	
Airmail (these rates have not changed)	24	2.34 to 9.36
First-class mail.		
Prior to April 6, 1967	15.12	1.66 to 16.61
April 6, 1967, to June 30, 1969	10.98	2.34 to 9.36
On and after July 1, 1969	11.33	2.34 to 9.36

^aThe rate paid depends upon the rate classification of the airport of departure.

The average cost per ton-mile, including terminal handling charges, for mail transported by commercial airlines in the continental United States during fiscal year 1969 was 30.15 cents for airmail and 21.20 cents for first-class mail.

The average costs per mile of transporting mail on highway star routes and the average costs per ton-mile for air taxi and commercial airline routes in the State of Colorado, as presented above, were generally higher than those costs cited by Mr. Beeman in his letter.

"LETTER OF POLICY"

The letter of policy mentioned in Mr. Beeman's letter is a memorandum, dated October 29, 1969, from the Department's Denver Regional Office to the postmasters of all first- and second-class post offices in the Denver Postal Region, which outlines changes in certain policies and guidelines for the distribution and delivery of mail in the Denver Postal Region. The memorandum stated that the primary purposes of the changes were to (1) level the work load by reducing major fluctuations in daily work load, (2) cut costs by reducing overtime and other premium pay, and (3) improve employee working conditions by providing more daylight tours and reducing mail distribution scheme requirements. The memorandum specifically called to the attention of the postmasters the Department's new system for processing first-class letter-size mail, referred to as "Programmed Distribution" or "Operation Bypass," which was implemented nationwide in five phases during the period from February 7, 1970, through May 2, 1970.

The concept of Programmed Distribution, according to the Department,

"* * * involves identification of stated first-class letter mail [mail destined for delivery in a particular State] at origin offices which will be airlifted to distribution points in destination states beyond the range of overnight delivery."

At the originating post offices, the second sorting of outgoing first-class letter mail was eliminated except for intrastate mail. This second sorting is now performed at the designated distribution points in the destination States.

The program is designed to maximize the use of letter-sorter machines at the national transportation centers by moving a part of the sorting operation now performed at sectional center facilities to transportation centers. A Department summary of the program stated that leveling of work loads should result. According to a Department official, the program also would reduce the need for post offices to hold mail destined for other States for several hours to accumulate a volume sufficient to warrant the second sort, a major problem inherent in the former system. This accumulation of mail caused most mail to be dispatched at the same time. As a result, airlines and star route trucks frequently were unable to carry all mail being dispatched during peak periods and, therefore, mail was delayed until later flights or star route trips. It appears that the new system will allow for improved use of air carriers and highway star routes.

In his letter Mr. Beeman expressed concern over the desired leveling of the sectional center work load and better use of highway star routes and air carriers. The letter of policy referred to by Mr. Beeman deals directly with his concern about leveling the work load.

According to a Department official, sorting mail at distribution points in destination States rather than at the point of mailing will save money, level the work load, and allow more effective use of transportation facilities. These purported results appear to be in conformance with Mr. Beeman's desires as stated in his letter.



Colorado Federation of Postal Clerks

Affiliated With AFL - CIO

November 22, 1969

NOV 25 1969

Senator Gordon Allott
U. S. Senator
Senate Office Bldg.
Washington, D.C.

Dear Senator Allott:

I would like to request your assistance in obtaining the reasons as to why the pattern of transportation for the Post Office is to channel more and more mail into National Transportation Centers, such as Denver. It seems that the more mail moved into these centers, the greater chance for delay. Another thing, what is the reason for some of the larger star route trucks bypassing sectional center offices, example: Denver to Dallas, used to arrive in Pueblo at 1 P.M. and the return was at 8 A.M., they now by-pass Pueblo and the mail is hauled into Denver and then trucked back down to Pueblo.

There are some airlines that do not carry mail on a regular basis, for example, Trans-Central has several flights in and out of Pueblo daily, and it is our understanding that very little mail is being transported on these flights.

We would like to know about the costs and wish to know if these figures are correct: Average cost Star Route, 26¢ per mile---when minimum wage is paid 38¢ per mile will be the cost---small star routes from sectional centers or associate offices, presently 19¢ per mile---air taxi 39¢ per ton mile---commercial air carriers 24¢ per ton mile.

We have recently received a letter of policy on distribution of incoming and outgoing mails (all classes), this is a step in the right direction. Your assistance in furthering improvement of the mail service by better utilization of the Air carriers and Star routes that are now in operation will be greatly appreciated.

Perhaps a more even flow of mail into our Sectional Center offices will help to implement the above mentioned policy.

Fraternally,

Fred Beonan, Transportation Chairman
Local #136, U.F.P.C.
2707 Withers
Pueblo, Colorado

"Every Clerk a Member"

COLORADO FEDERATIONIST