

sufficient consideration to the lower overall costs, indicated by its study, for a facility constructed on an alternative site.

Recommendation

GAO recommended that, to insure implementation of the policy of constructing facilities on sites which adequately meet operational needs at the lowest possible costs, the Department establish (1) guidelines as to when studies should be made of the feasibility and costs of acquiring and operating facilities on alternative sites and (2) specific criteria regarding the factors to be taken into consideration in making and using such studies.

Agency response

The Department did not concur with GAO's recommendation. The Deputy Postmaster General stated that the Department had followed a consistent policy of making economic feasibility studies in all instances where any serious questions of such feasibility existed and that the Department did not believe further specific criteria or guidelines for making studies of the feasibility and costs of acquiring and operating facilities on alternative sites were necessary, desirable, or practical. GAO does not agree with these conclusions.

Problem 3

The Department's procedures for selecting and acquiring control of sites for new postal facilities do not conform to practices commonly used by other Federal agencies and may not provide adequate internal control.

Recommendations

GAO recommended that the Department revise its policies and procedures to provide for (1) obtaining complete and fully documented appraisals of the fair market values of potential facility sites, which are based on consideration of all appropriate techniques for estimating market values, and requiring the regional or headquarters offices to determine the adequacy of the appraisals before selecting the sites to be used or attempting to negotiate purchase options on the properties involved; (2) assigning the functions of making appraisals and negotiating purchase options to different individuals; (3) instructing the regional real estate officers in the techniques and requirements for making appraisals and preparing appraisal reports; and (4) obtaining a second appraisal, by either an independent real estate officer of the Department or an outside professional appraiser under contract, in each case where the initial estimate of the value of a selected site exceeds a specified amount and, by the outside professional appraiser under contract, in each case where the owner of a selected site has declined to grant the Department an option to purchase the site for an amount at or below the fair market value estimated by the first appraiser.

Agency response

The Department did not concur in the first two of the recommendations and concurred only in part with the fourth recommendation. Concerning the third recommendation, the Deputy Postmaster General stated that the Department would attempt to make its instructions and requirements for making appraisals and preparing appraisal reports more specific.

Problem 4

The Department's regulations precluded publicity regarding site requirements before commencing actions to acquire control of sites. The Department agreed with GAO's conclusion that, with adequate publicity, some property suitable for use as sites for new postal facilities might be offered to the Department at prices lower than those which would otherwise be obtained and stated that the Department's manuals and other instructions would be revised to require such publicity. Publicity releases issued subsequent to this change in policy, however, had not provided sufficient details regarding the site requirements to have encouraged property owners to offer purchase options to the Department.

Recommendation

GAO recommended that the Department include in each future publicity announcement relating to authorized construction of new postal facilities (1) information regarding the site size requirements and, to the extent known, the specific area of the city in which the new facility is to be located and (2) an invitation for property owners in the selected area to submit offers of purchase options to a designated postal representative.