



May 18, 2007

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS

SUBJECT: Audit Report – Use of Existing Postal-Owned Space in the Great Lakes Area (Report Number CA-AR-07-002)

This report presents the results of our audit of the use of existing Postal Service owned space in the Great Lakes Area (Project Number 07YG002CA000). This is our first report in a series on the use of existing postal-owned space. This audit was initiated in response to the Postal Service *Transformation Plan's* strategies to improve management of its real estate assets.

Management has consolidated some Postal Service operations, leaving underutilized and vacant space in Postal Service owned facilities. The Postal Service could use these and other such spaces to avoid future lease costs. This series of audits reviewed what each area does to optimize underutilized and vacant space. At the conclusion of our area audits, we will issue a global report addressing common issues and best practices noted.

Background

Facilities is an enabling organization within the Postal Service whose primary mission is to: (1) provide quality real estate and facilities products and services to meet present and future needs of Postal Service organizations and (2) realize optimum value from facilities assets and transactions. Facilities has its headquarters in Arlington, Virginia, and eight Facilities Services Offices (FSO) throughout the country.

The FSOs accomplish the majority of the Postal Service's facilities program work. This includes planning, leasing, contracting, acquiring, designing, and constructing facilities to house Postal Service operations. Organizational administration, policy and procedure development, and realty asset management functions are administered from their headquarters.

The Realty Asset Management (RAM) organization, located at Facilities Headquarters, provides internal expertise to identify, analyze, and maximize the return on underutilized and excess real property assets the Postal Service controls. This organization generates income from real estate assets by developing Postal Service real property to

its highest and best use, outleasing excess Postal Service owned space or subleasing excess-leased postal space to governmental and public tenants, and selling excess real property. RAM first offers excess property to the General Services Administration, then to state and local governments. If there is no government interest in the property, RAM offers it to the public and private sectors, exercising care and good judgment to ensure the activities of the tenants would not adversely affect postal operations or reflect negatively on the Postal Service.

The Postal Service is to use the criteria contained in Administrative Support Manual (ASM) 13, Chapter 5, Sections 13 and 517, to identify underutilized and vacant space. These criteria stipulate that installation heads review the inventory of postal-owned property at least annually to determine whether there are any properties for which the Postal Service has no foreseeable need. According to Postal Service management, headquarters requested field input regarding vacant and excess space through a national database (Facilities Database [FDB] system). (See Appendix C.). This provided a standard format for annual reporting and a method to submit additional excess space as it becomes available.

RAM relies upon installation heads to report excess space through the “My Post Office” application within the Postal Service’s intranet. RAM then contacts the installation heads to obtain additional information about the reported space and determine whether it fits the criteria for excess space. RAM downloads the information from the Facilities Management System (FMS) in the form of the *Vacant Space Report* and uses it to determine workload and to prioritize their efforts to market the excess space.

As of June 22, 2006, the Postal Service owned 8,447 facilities. In addition, the Postal Service leased 25,557 facilities totaling over 538 million square feet and spent over \$806 million on lease contracts annually.

Objective, Scope, and Methodology

The objective of the audit was to determine whether the Postal Service could realize cost savings by optimizing underutilized and vacant space to avoid future leasing costs. Specifically, we evaluated the procedures and systems the Postal Service uses to identify underutilized/vacant space and whether it uses this information to determine leasing needs. Our audit scope included underutilized, vacant, and leased administrative space in the Great Lakes Area. We chose to focus our review on administrative space because management can most easily move the administrative departments to new locations. Through discussions with postal officials, we learned that retail units and processing and distribution centers are often problematic to move due to service area concerns, and the cost and effort involved in conforming new facilities to meet Postal Service specifications.

To accomplish our objective, we reviewed documentation and applicable policies and procedures. We also visited postal facilities and interviewed managers and employees.

In addition, we examined any other material deemed necessary to accomplish our audit objectives. We conducted audit work in the Great Lakes Area. We judgmentally selected one district, the Northern Illinois District, within the Great Lakes Area to visit. We chose this district because it had the greatest amount of leased administrative space in the area.

We conducted this audit from April 2006 through May 2007 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our observations and conclusions with management officials on January 31, 2007, and included their comments where appropriate.

A recent U.S. Postal Service Office of Inspector General (OIG) audit has identified weaknesses in the computer systems we rely on for data.¹ The audit team helped alleviate those risks by using the FDB to provide support for the data we received from Facilities Management System – Windows (FMSWIN). We relied on computer-generated data from several Postal Service financial systems, including FMSWIN and the FDB, after performing specific internal control tests on these systems' data, to include locations of specific Postal Service properties. For example, we verified different facilities' data by talking to Postal Service management and comparing the data in the two computer systems. Postal Service management also stated the Building section within the FDB Real Estate module lists five data fields that were directly populated from the Facilities Management System and these fields should be the same in electronic Facility Management System (eFMS) and the FDB system. (See Appendix C.)

Prior Audit Coverage

Our review of the OIG's prior audits disclosed information specifically related to the audit objectives, although not necessarily specific to the Great Lakes Area. Over a period of 5 years, there have been seven audits/reports on the subject of, or related to, realty asset management. Four of those were directly related to the use of underutilized real property and lease management.

1. *Management Advisory – Financial Opportunities of Underutilized Land* (Report Number CA-MA-04-004, dated July 1, 2004). This report identified underutilized property and stated that policies and procedures do not exist to require identification of underutilized land at active facilities.
2. *Management Advisory – Realty Asset Management Program* (Report Number CA-MA-04-002, dated January 9, 2004). This report revealed that the

¹ Audit Report - *Review of the Facilities Management System for Windows* (Report Number IS-AR-02-003, dated February 22, 2002).

process for identifying and reporting excess facilities and vacant space needed improvement.

3. *Management Advisory – Management of Facility Lease Program* (Report Number CA-MA-03-009, dated September 30, 2003). This report stated that FSO personnel did not always identify and document the condition of facilities prior to lease renewal. As a result, the Postal Service did not always have sufficient information available at lease renewal to effectively negotiate leases or resolve outstanding maintenance issues.
4. *Disposal of Excess Real Property* (Report Number CA-AR-02-002, dated January 28, 2002). The audit identified 30 properties the Postal Service purchased for \$45 million and did not develop, use, or refer for disposal.

Results

The Great Lakes Area is generally doing a good job of optimizing the underutilized and vacant space they are aware of, to avoid future leasing costs. However, the area does not have formal procedures in place to track or report on such space. We believe the Postal Service would benefit from using a consistent method to identify, track, and report on underutilized and vacant space.

ASM 13, Chapter 5,² requires installation heads to review the inventory of postal-owned property at least annually, to determine whether there are any properties for which they have no foreseeable need, and report it through the FDB System program. Currently, there is no centralized process for management of underutilized and vacant space throughout the Postal Service. As such, areas do not have a uniform process for soliciting the space information to report to the FDB. Therefore, it is essential that the Postal Service look for best practices in managing such space and share those practices among areas. As part of this series of audits, we are identifying best practices in the areas reviewed for Postal Service consideration.

Best Practices from the Pacific Area. We consider two practices identified in our on-going audit in the Pacific Area to be best practices for the Postal Service. First, prior to each lease renewal, the Pacific Area real estate team looks for vacant postal-owned space within the area. When they present a lease renewal request to the FSO, they consult *www.usps.com* to find facilities within a specified radius and then poll those facilities for vacant space they could use in lieu of renewing the lease. This procedure ensures the Postal Service routinely considers vacant space as an alternative to continuing a lease. Second, the Pacific Area created a tool to track excess space and vacant land. The *Excess Space Report* was created in 2001 as part of their initiative to reduce expenses by moving Postal Service tenants into Postal Service owned space.

² ASM 13, *Administrative Support Manual*, Chapter 5; Section 513, page 6; Section 517, page 10.

Management updates this report annually, at the close of the fiscal year. Area officials share the *Excess Space Report* with the FSO and forward it to RAM, allowing for increased communication throughout the Pacific Area and with headquarters. Postal Service management stated that after contacting the individual who created this report, that although this tool may be helpful, they found several drawbacks to replicating this process. (See Appendix C.)

Procedures for Optimizing, Reporting, and Communicating About Vacant and Underutilized Space in the Great Lakes Area

The Acting Manager of Operations Support reported the Great Lakes Area has an informal process in place to reevaluate space needs at the start of new projects. When a new facilities project is proposed, an area workgroup consisting of in-plant support staff, as well as members of Finance and Safety, looks at the project package to evaluate the amount of space needed and whether a consolidation can be done.

In the Great Lakes Area, we identified 51,410 square feet of vacant (usable) office/retail space (see Appendix A), and leases for 125,138 square feet of office space with annual rent of \$1,737,124. The leased space houses five administrative departments in the Northern Illinois and Chicago Districts, including headquarters units that do not report to the Great Lakes Area.³ (See Appendix B and Appendix C.)

A comparison of the vacant space reported for each facility in the Great Lakes Area showed that available space was not sufficient to accommodate any of the five administrative departments currently in leased space. For example, while the Greater Indiana District has a total of 20,614 square feet of available vacant space, it does not have an individual facility with sufficient space to accommodate the administrative departments currently in leased space. However, since the Great Lakes Area does not actively track underutilized and vacant space, the *FMS Vacant Space Report*, from which we obtained our vacancy information, may not include all underutilized and vacant space within the area. Ultimately, it was not possible for the audit team, or Great Lakes Area management, to identify all underutilized and vacant space and thereby determine whether the Postal Service could realize savings by avoiding future leasing costs.

Despite having no formal procedures in place to systematically report and communicate vacant space, Great Lakes Area management has identified vacant or underutilized space in the area and reported it to RAM for disposal. Two properties in the area were sold to decrease liabilities: the Maintenance Overhaul and Technical Service Center in Franklin Park, Illinois (in 2002), and the Mail Transport Equipment Service Center in Forest Park, Illinois (in 2003). However, area management does not communicate and enforce existing annual requirements, per ASM 13, to review and identify any excess

³ Headquarters units occupy approximately 65,000 of the 125,000 square feet of office space.

Postal Service owned property with appropriate area and facilities personnel. Area Finance stated that RAM is responsible for maintaining the vacant space information and forwarding it to the FSO.

When there are insufficient procedures in place to actively track leased space and identify underutilized or vacant space, efforts to reduce future leasing costs are not as effective. Because existing policies and procedures for recording and communicating such space are informal and undocumented, the reporting and use of space identified as underutilized or vacant may not be consistent among the areas. Inconsistency in procedures can undermine Postal Service Headquarters' efforts to collect information from areas and districts regarding underutilized and vacant space.

Recommendation

We recommend the Vice President, Great Lakes Area Operations:

1. Develop and document procedures to identify and track underutilized and vacant space.

Management's Comments

Management agreed in part with the recommendation and stated they believe there are numerous sources for obtaining information to identify and track underutilized/vacant space. These sources include the FDB, eFMS (FMS Portal), and the RAM-generated *Vacant Space Report*. They also stated that in February 2007, the Great Lakes Area complied with the FDB headquarters coordinator's directive to review data in every FDB maintenance module at least once each year. Management stated the FDB is the Postal Service's national database and includes a real estate module, which specifically requests information on each site's vacant space, excess land, and any additional vacant property. As a result, they believe the FDB is an already established national application and is a better alternative to the Pacific Area's *Excess Space Report* for tracking vacant/excess space. Management also stated that, according to the headquarters FDB coordinator, a Management Instruction for the Facilities Database System was imminent which will provide a uniform guideline for all participants. The area plans to review an FDB report of underutilized/vacant space provided by the FSO and contact appropriate sources if issues are present.

Management also stated the FSO has requested a *Vacant Land Report* from Facilities Headquarters (information currently is available in eFMS). In addition, Facilities has hired and trained inspectors to begin conducting Facility Condition Assessments this fiscal year and anticipate this process will enable them to receive independent information on any underutilized or excess space in a facility.

Management also offered additional suggestions to clarify the report. Management's comments, in their entirety, are included in Appendix C.

Evaluation of Management's Comments

Management's comments are partially responsive to recommendation 1 and actions taken and planned should improve the tracking of identified underutilized and vacant space. However, the primary purpose of the Facility Condition Assessments is to identify maintenance and repair issues, and we are uncertain whether these assessments will effectively identify underutilized space. The OIG plans to conduct future follow-up work in this area to determine whether these assessments are effective in addressing the identification of underutilized and vacant space.

Additionally, as appropriate, we incorporated management's additional suggestions/clarifications into the report.

Recommendation

We recommend the Vice President, Great Lakes Area Operations:

2. Determine if there is underutilized or vacant Postal Service owned space available prior to lease renewal.

Management's Comments

Management agreed with the recommendation and stated they are now complying with the new Decision Analysis Report requirement, dated November 29, 2006, to furnish an analysis of offices and carrier annexes within a 10-mile radius of a facility requesting space. Management stated that after discussions with the FSO, they are now aware of RAM's *Vacant Space Report* and coverage of vacant/excess space in FDB by facility. Management further stated the FSO has committed to integrating these resources in their process prior to negotiating the renewal of leased space or the acquisition of new space.

Evaluation of Management's Comments

Management's comments are responsive to recommendation 2 and actions taken should correct the issue identified in the finding.

Recommendation

We recommend the Vice President, Great Lakes Area Operations:

3. Develop formal procedures to communicate about underutilized and vacant space information with appropriate area personnel.

Management's Comments

Management agreed with the recommendation and stated that Great Lakes Area Budget and the FSO are in the process of obtaining extracts and reports from FDB and eFMS for vacant space and excess land. The FSO will examine and consolidate the information into a working document and share it with Great Lakes district offices, area workgroup and the FSO periodically, at a predetermined timeframe. They proposed they would complete this by the end of fiscal year 2007.

Evaluation of Management's Comments

Management's comments are responsive to recommendation 3 and actions planned should correct the issue identified in the finding.

Recommendation

We recommend the Vice President, Great Lakes Area Operations:

4. Designate an individual within the area to be responsible for communicating with the district managers and Facilities Service Office regarding the availability of underutilized and vacant space in the districts.

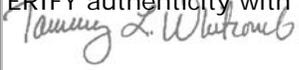
Management's Comments

Management agreed with the recommendation and stated the Great Lakes Area Finance Manager is the Great Lakes Area Vice President's liaison with the district managers and FSO. The Area Finance Manager will ensure that an annual report is forwarded to the Area Vice President for her review and will advise her of any necessary action.

Evaluation of Management's Comments

Management's comments are responsive to recommendation 4 and actions taken and planned should correct the issue identified in the finding.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions, or need additional information, please contact Andrea L. Deadwyler, Director, Inspection Service and Facilities, or me at (703) 248-2100.

E-Signed by Tammy Whitcomb 
VERIFY authenticity with Approve!


Tammy L. Whitcomb
Deputy Assistant Inspector General
for Support Operations

Attachments

cc: Tom Samra
Katherine S. Banks

APPENDIX A

VACANT SPACE IN THE GREAT LAKES AREA BY DISTRICT *

District	Square Footage of Vacant Space
Chicago	**
Central Illinois	5,259
Detroit	1,097
Gateway	6,576
Greater Indiana	*** 20,614
Greater Michigan	6,882
Lakeland	8,818
Northern Illinois	2,164
Total	51,410

* Per the *Vacant Space Report* obtained from the FMS portal June 5, 2006.

** No vacant office/retail space reported.

*** Excludes storage space and restroom vacancies.

APPENDIX B

GREAT LAKES AREA ADMINISTRATIVE DEPARTMENTS IN LEASED SPACE

Name of Office	Square Footage	Annual Rent
Great Lakes FSO	20,000	\$300,000.00
Great Lakes Area Field Legal*	**34,376	550,016.04
Postal Inspection Service Support*	**	*
Postal Service Great Lakes Area Office	60,000	750,000.00
Purchasing and Materials Service Center	10,762	137,107.88
Total	125,138	\$1,737,123.92

* Field Legal and Postal Inspection Service support share a lease and apportion the rent.

** Square footage recorded is total for Area Field Legal and Postal Inspection Service Support offices combined.

APPENDIX C. MANAGEMENT'S COMMENTS

JO ANN FEINDT
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



April 4, 2007

Judith L. Leonhardt
A/Deputy Assistant Inspector General

SUBJECT: Use of Existing Postal-Owned Space in the Great Lakes Area
Response to Draft Audit Report – (Report CA-AR-07-DRAFT)

The following is our response to your Draft Audit Report dated March 1, 2007.

My staff has reviewed your Draft Audit Report with the assistance of the Great Lakes Area FSO. In summary, we agree the Postal Service needs to improve the management of our real estate assets and avoid unnecessary lease costs. All of us from Postmasters, Area Management, and Facilities Services to Realty Asset Management need to ensure every leased and postal owned space is maximized to its full potential.

My staff, working with the FSO, has examined the information that was presented in the audit and believes these clarifications need to be surfaced.

1. *Reference Background section, paragraph 5 regarding FY2005 national call.* A telephone conversation with RAM revealed the referenced 'national call regarding vacant and/or excess space' was never issued by headquarters. Instead, RAM stated that Jae Pak in headquarters requested field input through a national database (FDB system).
2. *Reference Objective, Scope, and Methodology, paragraph 3 regarding use of FDB to backup data.* The Building section within the FDB Real Estate module lists five data fields that were directly populated from the Facilities Management System. These fields should be the same in eFMS and the FDB system.
3. *Reference Procedures for Optimizing, Reporting and Communicating About Vacant and Underutilized Space in the Great Lakes Area, paragraph 2 regarding leases totaling 125,138 square feet.* Although five administrative departments are within the geographic location of the Northern Illinois and Chicago districts, the Great Lakes Area Office (60,000 square footage) is the only leased space under my jurisdiction. The Great Lakes FSO, Great Lakes Area Field Legal, Postal Inspection Service, and Purchasing & Materials Service Center are Headquarters units; they do not report to the Great Lakes Area.
4. *Reference Results, paragraph 3 regarding Pacific Area's Excess Space Report.* Our office contacted the individual who created this report and though the tool may be helpful, we found several drawbacks to replicating this process. From our review of his file, only a few sites had been updated since September of FY2005. His response was that the District Administrative Services Offices were integral in keeping him informed. After District ASOs were disbanded and FSSP was deployed, local field knowledge was not as accessible. He also indicated his Excess Space Report was never forwarded to RAM.

244 KNOLLWOOD DRIVE FLOOR 4
BLOOMINGDALE, IL 60117-1000
830/539-6858
FAX: 830/539-7171

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In response to your recommendations:

1. *Develop and document procedures to identify and track underutilized and vacant space.*

We agree in part. We believe there are numerous sources where information may be obtained to identify and track underutilized vacant space including FDB, eFMS (FMS Portal), and the Vacant Space Report generated by RAM. The Administrative Support Manual Issue 13, Chapter 5, Section 517 requirement states: "Report excess property through the Facilities Database System program." The FDB HQ coordinator sent a directive to the area coordinators stating from their policy that "All facilities of all types must review the data in every FDB maintenance module no less than once each year, to be completed and certified no later than March 1 of each year." The Great Lakes Area complied and recently finished certification of FDB data in February 2007. FDB is the USPS national database and includes a real estate module which specifically requests information on each site's vacant space, excess land and any additional vacant property (see Appendix A). Because of this, we believe FDB is an already established national application, and is a better alternative to the Pacific Area's Excess Space Report to track vacant/excess space. Headquarters' FDB coordinator indicated a Management Instruction for the Facilities Database System was imminent which will provide a uniform guideline to all participants. FSO is in the process of obtaining a report from FDB of all facilities that have reported vacant/underutilized space. My Finance staff will review this report and contact the appropriate sources if issues are present.

In addition to FDB reporting, the FSO has requested a Vacant Land report from Headquarters Facilities (information currently is available in eFMS). Headquarters has issued a national directive to Facilities Service Offices to conduct a Facility Condition Assessment. Inspectors have already been hired and are in training. The expectation is that all facilities over 6500 square foot will be assessed every three years by the inspectors. Facilities fewer than 6500 square foot will be inspected locally. Assessments will begin this Fiscal Year and the FSO Real Estate Manager anticipates this process will enable us to receive independent information on any underutilized or excess space in a facility.

2. *Determine if there is underutilized or vacant postal-owned space available prior to lease renewal.*

We agree. The updated DAR requirement dated November 29, 2006 includes furnishing an analysis of offices and carrier annexes within a ten-mile radius of a facility requesting space. (see a sample in Appendix B.) Our area is complying with the new DAR requirements. After discussions with the FSO, they are now aware of RAM's Vacant Space Report (available to them in eFMS via RAMPO selection) and coverage of vacant/excess space in FDB by facility. FSO has committed to integrating these resources in their process prior to negotiating the renewal of leased space or acquisition of new space by the contracting official.

3. *Develop formal procedures to communicate about underutilized and vacant space information with appropriate area personnel.*

We agree. Great Lakes Area Budget and the FSO are in the process of obtaining extracts and reports from FDB and eFMS. After attending a FDB training session, the FSO's Contract and Administration Manager submitted a written request to

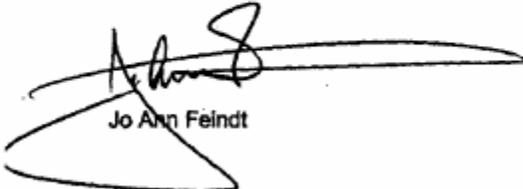
- 3 -

Headquarters' FDB Coordinator to extract data fields pertaining to 'Vacant Space', 'Excess Land' and 'Aware of Any Land'. The information will be examined, consolidated and become a working document. The Great Lakes district offices, Area workgroup, and FSO will receive this report periodically at a predetermined timeframe. We propose to complete this assignment by the end of FY2007 (September 2007).

4. *Designate an individual within the area to be responsible for communicating with the District Managers and Facilities Service Office regarding the availability of underutilized and vacant space in the districts.*

We agree. Ronald McDowell, Area Finance Manager, is my liaison with the District Managers and the Great Lakes FSO. He will ensure an annual report is forwarded for my review and advise me of any necessary action.

We appreciate the opportunity to respond to your draft audit on the use of existing postal-owned space and believe we have adequately addressed your recommendations. This report and management's response do not contain information that may be exempt from disclosure under the FOIA.



Jo Ann Feindt

Attachments

cc: Matt Hartshorn, Acting Director, Supply Management and Facilities
Dena Spain
Rowena Dufford
Sharad Shrestha

***** APPENDIX A *****

	 Facilities Database System
Home My Facility Find Facility Administrative Area Find Contacts Help	Logout

Real Estate

GREAT LAKES AREA <small>(Physical Address)</small> 244 KNOLLWOOD DR FL 4 BLOOMINGDALE, IL 60117-1000	Category: Area Office Type: Administrative Office Subtype: Area Administrative Office (AVP) Area: Great Lakes (J)	Facility ID: 1435514 Status: Active AMS Locale Key: W1C166 District: Northern Illinois
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Building

Data Field Name	Business Rules and Field Definitions	Current Value
Building Owned or Leased:	Indicates whether the real property location of this facility is owned or leased by the Postal Service.	Leased
Active Lease Expiration:	Date active USPS lease is due to expire for this facility. <i>Note: this is not the exercised option lease expiration date.</i>	04/2011
Annual Amount of Active Lease:	Amount of money owed for annual rent for a facility leased by the USPS. <i>Note: amount pertains to active lease.</i>	\$ 750,000.00
Historic Building:	Code indicating if the facility is listed or eligible for listing on the National Register of Historic Places.	Unknown
Total Facility Size:	Total net interior square footage of the structure.	60000 sq. ft.

* To report suspected problems with Building section data contact FMSW/in (helpdesk.fmswin@usps.gov).

Available Space/Land

Data Field Name	Business Rules and Field Definitions	Current Value
Vacant Space:	Do you have any vacant space in your facility that is in leasable condition and has access that does not compromise the security of the operation? <i>If yes, please enter a brief description.</i>	No
Excess Land:	Do you have any excess land or parking at your facility that could be sold or leased without compromising the operation? <i>If yes, please enter a brief description.</i>	No
Aware of any land:	Are you aware of any land or sites that the Postal Service purchased or leased, not contiguous with your facility, that are not being utilized? <i>If yes, please enter a brief description.</i>	No

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FIELD FACILITY DECISION ANALYSIS REPORT

FRANKLIN, NY

Main Post Office

Alternate Quarters

NORTHEAST FACILITIES SERVICE OFFICE

RESTRICTED INFORMATION

November 29, 2006

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**FIELD FACILITY DECISION ANALYSIS REPORT
FRANKLIN, NY – MAIN POST OFFICE
ALTERNATE QUARTERS
SIGNATURE PAGE**

PREPARED BY: _____
<Typed Named> Date
Postal Operations Analyst
_____ Facilities Service Office

REVIEWED BY: _____
<Typed Named> Date
Manager
_____ Facilities Service Office

SPONSORED BY: _____
<Typed Named> Date
Manager, Post Office Operations
_____ District

<Typed Named> Date
District Manager
_____ District

APPROVED BY: _____
<Typed Named> Date
Vice President, Area Operations
_____ Area

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FIELD FACILITY DECISION ANALYSIS REPORT
FRANKLIN, NY – MAIN POST OFFICE
ALTERNATE QUARTERS



BACKGROUND/PROBLEM DEFINITION:

The lease on the current facility expires on 10/31/2008. There are no renewal options remaining. The lease includes a thirty day termination clause in favor of the Postal Service. Due to its age and a neglectful owner, the condition of this facility is rapidly becoming untenable. The lessor is unresponsive to maintenance requests, and the Postal Service has invested significant time and money into enforced lessor maintenance projects to maintain the space in the minimum acceptable condition for safe occupancy. Due to continued rental abatement for these projects, there is no additional capacity within the lease to recover further expenses.

Deficiencies that would be the responsibility of the lessor to address include recurring and persistent leaks and interior damage from the failed roofing system, damaged electrical systems from periodic exposure to water, deterioration of the exterior paved areas, sidewalks, and main access steps, painting (interior and exterior) and deteriorated vinyl asbestos floor tile. Additional deficiencies, which would be the responsibility of the Postal Service to address, include security concerns with the single pane windows, life safety code issues with egress, and most significantly, lack of handicapped accessibility as required by law under the Rose Decision. A waiver of applicable access standards was granted in 1994 pending a facility replacement project which failed to materialize. The facility is now out of compliance and a new lease can not legally be accepted even if the other deficiencies were rectified. The elevated storefront construction and lack of site size preclude ramp construction within the boundaries of the property.

The most recent problem with this facility is the presence of visible mold growth in an unoccupied space above the Post Office. This was verified by a microbiological evaluation performed for the Postal Service on April 28, 2006. This space is not under USPS leasehold and the Postal Service cannot correct this deficiency, which is initially affecting our leasehold as evidenced by water staining on the plywood ceiling and plaster walls in the Postal space. Visible mold growth is expected to follow, and due to the inability to correct the cause, will require persistent and constant remediation to maintain a healthy workplace environment.

The facility is not space deficient for current or projected future operations, and is being recommended for replacement solely for employee and customer health and safety reasons and lack of accessibility.

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ALTERNATIVES ANALYZED

Insert the narrative for the recommended alternative in this space. For example: Lease and postalize alternate quarters of approximately 900 square feet to serve as the Main Post Office for the Village of Franklin NY.

ALTERNATIVES ANALYZED AND ELIMINATED

1. Adding modular building(s) to existing facilities:
This is the only Post Office for the Village of Franklin NY 13775 so this alternative does not apply.
2. Moving some or all carriers to another facility (see exhibit 1):
Due to where the requirements for Franklin NY 13775 fall in the SSBD Matrix in SRM, no savings in facility size is afforded by such a split, while additional operating variances for Function 2 are incurred. This is not a prudent economic decision.
3. Do nothing:
This alternative is unacceptable because it fails to address the potential imminent health and safety hazards facing the occupants of the facility.
4. Add/move post office boxes on site in free-standing building on same site:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
5. Removing unused boxes and converting box and lobby area to workroom:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
6. Adding pre-fabricated portable building to site for storage/supplies/break room and converting supply/break room to workroom:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
7. Rearrange operational layout:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
8. Eliminate unused equipment/excess supplies, etc:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
9. Expand customer/employee parking as needed and to extent possible:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
10. Expand dock areas to provide more staging area outside for mail:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
11. Enclose existing docks to provide more secure staging for mail:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
12. Split operations (leasing additional space for retail and/or carriers). Please confirm there is a vacant building available for lease:
Space deficiency is not an issue in this justification. Therefore, this alternative does not apply.
13. Pursuing alternative access channels to supplement retail (CPUs, stamp consignments, Stamps by Mail, etc.):
This operation already administers a Community Post Office (Treadwell NY 13846) which is responsible for approximately 23% of the walk-in revenue reported. Although short of the corporate 40% goal for

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alternate access, this percentage is far above the norm for small rural facilities. Further supplementation of retail services will not reduce the service counter requirement below the single recommended counter position.

Exhibit 1:

List Post Offices and any carrier annexes within a ten-mile radius of this facility. Provide facility name, distance from existing project, provide total building square footage (from FMSWIN) and total workroom square footage, and number of carriers by ZIP Code and type housed in the nearby facilities.

City, State	Unit	ZIP Code	Distance (miles) (Note 3)	Total Sq. Ft.	Wkrm Sq. Ft.	Required Matrix SF (Note 1)	Current Deficiency	Zone	City	Rural	Estimated Variance (Note 2)		Sustaining Space Available
											Mileage	Labor	
Otego	MPO	13825	6.60	1,432	810	2,200	-34.9%	13825		3	\$1,953	\$4,690	No
Sidney Center	MPO	13839	8.56	644	429	990	-34.9%	13839		1	\$2,533	\$8,070	No
Wells Bridge	MPO	13859	9.17	267	216	550	-47.8%	13859			\$2,714	\$8,502	No
Unadilla	MPO	13849	9.56	2,378	1,532	7,270	-67.3%	13849		3	\$2,829	\$8,779	No

NOTES:

1. Required Matrix SF indicates the building size required per current USPS SSBD Matrix to sustain current operations.
2. Estimated Variance is a calculation of additional Function 2 workhours and mileage to split the subject operation to this space. Impact to H087 is not included.
3. Due to where the requirements for Franklin NY fall on the SSBD Matrix in SRM, there is no difference in recommended building size with or without the rural route.

RECOMMENDATION:

For approval purposes, the cost of this project is \$381,012, which includes the discounted lease cost of \$156,012, the undiscounted capital investment of \$200,000, and lease support funds of \$25,000. Authorization is requested for total project funding not to exceed \$472,690 for lease and postalization of alternate quarters for a new 900 square foot MPO for Franklin NY. Included in this request are lease costs of \$247,690 (undiscounted) for a twenty-year lease, a capital investment of \$200,000 for postalization, and lease support funds of \$25,000.

This facility will house all operating functions from the existing leased building, which will be vacated. The new facility will eliminate current safety and health deficiencies and provide for future growth. To satisfy customer needs, an adequate retail area will be included. Customer and employee parking will be provided and working conditions will improve.