



June 12, 2009

AREA VICE PRESIDENTS

SUBJECT: Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-001)

The Vice President Sustainability requested the U.S. Postal Service Office of Inspector General (OIG) review energy and recycling compliance at the U.S. Postal Service (Project Number 09YG020DA000). This management advisory summarizes the Postal Service's compliance with energy and recycling policies and procedures at 90 field sites. We utilized a checklist developed with Postal Service facility, energy, and environmental managers to assess and score compliance at these field sites. See [Appendix A](#) for additional information about this audit.

### **Opportunity to Improve Energy and Recycling Awareness**

Although the Postal Service established guidance for energy conservation, improvements are needed to increase energy awareness in the field as only two of the 90 sites visited met basic energy standards. Questionnaire responses collected indicate most of the sites can improve in the areas of basic building maintenance, such as, setting prescribed temperatures and installing occupancy sensors. Because the Postal Service could increase energy efficiency through complying with these low cost or no cost measures, more than \$1.6 million could have been avoided for the 2-year period ending September 30, 2008, and more than \$1.9 million can be avoided in the next 2 years. As such, we will report these amounts, respectively, as questioned costs and funds put to better use in our *Semiannual Report to Congress*.

Our site visits also revealed the Postal Service can improve awareness of recycling policies. Of the 90 sites reviewed, only 22 sites met basic standards. Questionnaire data collected indicate many field sites place recyclable material in trash dumpsters and do not have clear separations of recyclable materials. In some cases, facilities were unaware of recycling policies and opportunities.

In summary, we note that area offices have the opportunity to improve energy and recycling awareness as their average scores indicate they do not meet basic standards. This condition can be attributed to implementing respective policies inconsistently across the Postal Service. See [Appendix B](#) for our detailed analysis of this topic.

To increase the level of awareness, we recommend Area Vice Presidents:

1. Reinforce energy and recycling polices with installation managers.
2. Require periodic talks to employees on energy and recycling practices.

## Management's Comments

Postal Service Area Vice Presidents agreed with the two recommendations and will take appropriate actions to resolve identified issues by December 30, 2009. Specifically, Area Vice Presidents agreed to issue memorandums, directives, checklists, or other written guidance to installation managers to reinforce energy and recycling policies. They also agreed to provide periodic service talks and briefings to employees on energy and recycling practices.

While Postal Service Area Vice Presidents agreed with the findings and recommendations and recognized there are opportunities to improve energy and recycling awareness, three Area Vice Presidents disagreed with our monetary impact calculation.

- The Great Lakes Area did not agree with unrecoverable questioned costs of \$2,282,013 calculated using facility costs for fiscal years (FYs) 2007 and 2008. They pointed out that facility costs for the Palatine Processing and Distribution Center (P&DC) were based on the total costs for the Northern Illinois District rather than the individual facility.
- The Southeast Area questioned our funds put to better use calculation of \$2.67 million for FYs 2009 and 2010. They suggested using British Thermal Units per square foot or kilo-watt hours per square foot to measure energy consumption rather than the cost of utilities.
- The Eastern Area had concerns with the methodology used to calculate our monetary impacts because we did not use temperature variance as a factor in determining average utility costs.

## Evaluation of Management's Comments

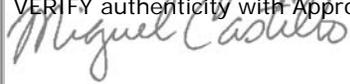
The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. We determined that the initial finance number used to identify utility costs for the Palatine P&DC in the Great Lakes Area was in fact for the entire Northern Illinois District. As such, we reduced the total monetary impact presented to \$3.6 million.

While we appreciate the concerns of the Southeast and Eastern Areas, we did not think it was necessary to make further adjustments to our monetary impact calculation as we developed the monetary impact methodology with appropriate Postal Service managers prior to our evaluation. See [Appendix E](#) for management's comments in their entirety.

The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the

Postal Service follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Wayne Sharpe, Acting Director, Engineering, or me at (703) 248-2100.

E-Signed by Miguel Castillo   
VERIFY authenticity with ApproveIt  


Miguel A. Castillo  
Acting Deputy Assistant Inspector General  
for Support Operations

Attachments

cc: William P. Galligan  
Samuel M. Pulcrano  
Deborah M. Giannoni-Jackson  
Tom A. Samra  
Michael J. Fanning  
Robert K. McNiece  
Carolyn C. Cole  
Katherine S. Banks

## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The Postal Service utility costs were more than \$600 million during FY 2008, a 6-percent increase over the previous year. In an effort to reduce these costs, the Postal Service is implementing programs, such as, piloting remote building systems to help reduce energy consumption and costs. In the meantime, Handbook MS-49, *Energy Conservation and Maintenance Contingency Planning*, dated June 1, 1981, provides energy conservation guidance. This guidance includes turning off lights before leaving a room, setting thermostats at 68 degrees in the winter and 78 degrees in the summer, and not using portable fans and heaters to supplement building temperatures. These are only a few low cost or no cost measures facilities can use to control energy costs.

Likewise, Handbook AS 550a, *Paper and Paperboard Recycling Guide*, dated September 1997, documents the Postal Service policy for recyclables. In general, all recoverable materials should be recycled to foster the sustainable use of natural resources. Also, the Postal Service believes recycling is a sound business practice that can produce revenue for the Postal Service. In FY 2008, the Postal Service generated \$12.4 million in revenue for their recycling efforts.

### OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to summarize the Postal Service's compliance with energy and recycling policies and procedures. To perform this audit, the OIG and representatives from Postal Service Facility, Energy, and Environmental Policy and Programs groups worked together to develop a survey questionnaire (<http://survey.uspsoig.gov/cgi-bin/qwebcorporate.dll?idx=8X6AAS>) to assess the level of energy and recycling compliance at field sites. Based on survey responses and assigned point values presented in Table 1, the OIG evaluated the extent of site compliance.

**Table 1 – Scoring Criteria**

<i>Energy</i>	<i>Recycling</i>
90-100 Points = Basic standards met	70-100 Points = Basic Standards met
75-90 Points = Needs Improvement	50 to 69 Points = Needs Improvement
Below 75 Points = Program review needed	Under 50 Points = Program Review needed

We conducted this review from October 2008 through June 2009 in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. These standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for conclusions based on our objective. We discussed our observations and conclusions with management officials on April 24, 2009, and included their comments where appropriate.

## PRIOR AUDIT COVERAGE

<b>Report Title</b>	<b>Report Number</b>	<b>Final Report Date</b>	<b>Monetary Impact</b>	<b>Report Results</b>
<i>Northern Virginia District Energy Management Opportunities</i>	DA-AR-08-003	October 10, 2007	\$2 million for calendar year 2007	The district had low or no cost opportunities to reduce energy consumption and energy costs. We recommended and district management agreed to pursue low or no cost energy conservation activities such as adjusting temperature settings and using occupancy sensors. Management completed all actions in December 2008.
<i>U.S. Postal Service Recycling Opportunities in the Pacific Area</i>	DA-AR-09-005	March 31, 2009	None	The Pacific Area has a profitable recycling program. However, there are opportunities to expand recycling programs. We recommended and management agreed to provide additional recycling training and to expand recycling programs throughout the area. In addition, management agreed that site personnel should certify the tonnage of recyclable material and trash collected by contractors.

## APPENDIX B: DETAILED ANALYSIS

### Opportunity to Improve Energy Awareness

The Postal Service has an opportunity to improve energy awareness. We believe this opportunity exists as the data collected suggests energy policies are implemented inconsistently across the Postal Service. Specifically, only two of the 90 facilities visited were evaluated as meeting basic standards as defined by the scoring methodology. Facilities meeting basic standards are engaged in reducing energy consumption through the use of low or no cost energy savings practices. For example, setting facility temperature at prescribed levels and turning off lights in unoccupied areas reduces energy consumption and cost with little or no investment. Overall, sites reviewed showed greater attention to the following areas of energy awareness, ensuring:<sup>1</sup>

- Exterior lights are controlled by timer or photocell switches.
- Facility doors are kept closed.
- Doors and windows are properly weather stripped.
- Lights are cleaned and changed when needed.
- Lavatory facilities do not have water leaks.

Areas of energy awareness, where most of the sites have an opportunity to improve include:<sup>2</sup>

- Turning off interior lights in unoccupied areas.
- Installing interior lighting controls and occupancy sensors.
- Limiting the use of portable heaters.
- Correcting the time on programmable thermostats and changing backup batteries.
- Adjusting temperature set points to meet specifications.
- Taking measures to reduce domestic water use.

The Postal Service estimates as much as 10 percent of utility costs can be saved through the use of low or no cost improvements. When applied to the facilities in our review, we estimate that \$1,672,217 could have been avoided for the 2-year period ending September 30, 2008, and \$1,946,954 can be avoided in the next 2 years. (See [Appendix C](#) for our detailed analysis monetary impacts.) We note opportunities identified in this report are similar to our energy audit of the Northern Virginia District. In that audit, we highlighted that energy awareness programs teach energy users to eliminate waste without diminishing their quality of life using many of the techniques described above.

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<sup>1</sup> These attributes were found in at least 75 of the 90 sites visited.

<sup>2</sup> These attributes were found in 65 sites or less.

### Opportunity to Improve Recycling Awareness

The Postal Service also has the opportunity to improve recycling awareness. The focus of the recycling evaluation centered on recycling efforts at the local level. Of the 90 sites reviewed, 22 sites met basic standards. Facilities that met basic standards demonstrated higher levels of recycling efforts, such as:<sup>3</sup>

- Adopting an environmental policy that encourages recycling.
- Recycling mixed office and white office paper.
- Recycling toner cartridges.
- Recycling cardboard.

Areas where many sites have an overall opportunity to improve include, ensuring:<sup>4</sup>

- Facility managers have the applicable *Environmental Compliance Guidebook*.
- Recyclable material is not placed in trash dumpsters.
- Facilities increase recycling of discarded lobby mail.
- Account Identification Codes (AIC) 149 and 156<sup>5</sup> are used to report recycling revenues.

We believe these recycling opportunities exist primarily because the implementation of recycling policies was also inconsistent across the Postal Service. For example, we found many field sites place recyclable material in trash dumpsters and do not have clear separations of recyclable materials. In other cases, facilities were unaware of recycling policies and opportunities. We also attribute these opportunities to effective communications as only 40 of the 90 sites responded that employees had been given environmental service talks. Through greater awareness, the Postal Service could increase revenues and meet their goal to recycle all recoverable materials to sustain the use of natural resources.

We note the recycling opportunity relating to reporting revenues is similar to the opportunity discussed in our recycling audit of the Pacific Area. As it relates to increasing awareness, Pacific Area management proactively took actions to provide additional training and notably initiated monthly “trash talk” net meetings.

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<sup>3</sup> These attributes were found in at least 50 of the 90 sites reviewed.

<sup>4</sup> These attributes were found in 40 sites or less.

<sup>5</sup> AIC 149 tracks revenues generated from the sale of paper, plastic, and other recyclables. AIC 156 tracks revenues generated from the sale of miscellaneous items and non-capital equipment, including scrap metals and unserviceable postal and building supplies.

## Area Office Summary

We summarized site results by Postal Service area office and present them in Table 2. This view highlights all area offices have room for improving energy and recycling compliance as their average scores were below meeting basic standards using the methodology we developed with the Postal Service. See [Appendix D](#) for our detailed analysis of area office results.

**Table 2- Area Office Average Scores**

<i>Area Office</i>	<i>No. Sites Visited</i>	<i>Average Energy Score</i>	<i>Average Recycling Score</i>
<b>Capital Metro</b>	6	73	41
<b>Eastern</b>	19	70	35
<b>Great Lakes</b>	9	64	54
<b>New York</b>	5	59	68
<b>Northeast</b>	10	75	67
<b>Pacific</b>	12	72	56
<b>Southeast</b>	10	67	37
<b>Southwest</b>	6	65	42
<b>Western</b>	13	59	35

**APPENDIX C: CALCULATION OF UNRECOVERABLE QUESTIONED COSTS AND FUNDS PUT TO BETTER USE**

**Table 3 - Total Monetary Impact**

<i>Description</i>	<i>Amount</i>
FYs 2007 and 2008 Unrecoverable Costs	\$1,672,217
FYs 2009 and 2010 Funds Put To Better Use	\$1,946,954
<b>Total</b>	<b>\$3,619,171</b>

**Monetary Methodology**

Monetary was calculated based on individual facilities utility costs for FYs 2007 and 2008. The evaluated score from the checklist results was then used to determine the percentage of monetary impact as determined by Postal Service managers. (See Table 4)

**Table 4 – Percentage of Monetary Impact**

<i>Energy</i>	<i>Percentage of Related Monetary Impact</i>
90-100 Points = Basic standards met	2
75-90 Points = Needs Improvement	5
Below 75 Points = Program review needed	10

Unrecoverable costs were calculated using individual facility costs for FYs 2007 and 2008, and multiplying by the percentage of related monetary impact based on the evaluated score. For example if a facility had a score in energy above 90 points, monetary would be calculated: fiscal year site utility costs x 2 percent = site monetary impact.

**APPENDIX C: CONTINUED**

Funds put to better use were calculated using FY 2008 facility costs, as calculated in unrecoverable cost, and multiplied by an energy escalation rate of 2.6 percent for both FYs 2009 and 2010. For example: (FY 2008 calculated utility costs x 2.6 percent) + FY 2008 calculated utility costs = FY 2009 funds put to better use.

**Assumptions**

Monetary impacts for FYs 2009 and 2010 were calculated using an escalation factor of 2.6 percent annually.

Table 5 – Monetary Impact by Area

<i>Area</i>	<i>Monetary Impact Percentage and Site Allocation</i>			<i>Total Sites</i>	<i>Monetary Impact by Area</i>
	<i>2%</i>	<i>5%</i>	<i>10%</i>		
<i>Capital Metro</i>	1	1	4	6	\$ 175,269
<i>Eastern</i>		7	12	19	664,072
<i>Great Lakes</i>		2	7	9	509,601
<i>New York</i>		1	4	5	319,875
<i>Northeast</i>		5	5	10	149,532
<i>Pacific</i>	1	5	6	12	535,811
<i>Southeast</i>		4	6	10	502,220
<i>Southwest</i>		1	5	6	89,781
<i>Western</i>		2	11	13	673,010
<i>Totals</i>	2	28	60	90	\$ 3,619,172

**APPENDIX D: RESULTS SITE EVALUATIONS**

<b>Area</b>	<b>District</b>	<b>Facility Name</b>	<b>Energy Score</b>	<b>Recycling Score</b>
<b>Capital Metro</b>	Greater South Carolina	Charleston P&DC/ Business Mail Entry Unit (BMEU)	85	73
<b>Capital Metro</b>	Greater South Carolina	Conway BMEU	71	16
<b>Capital Metro</b>	Greater South Carolina	Moncks Corner BMEU	65	60
<b>Capital Metro</b>	Greensboro	Durham Post Office	63	15
<b>Capital Metro</b>	Northern Virginia	Manassas Post Office	91	59
<b>Capital Metro</b>	Greensboro	Winston Salem Post Office	64	22
<b>Eastern</b>	Appalachian	Alderson Post Office	60	11
<b>Eastern</b>	Appalachian	Forest Post Office	67	38
<b>Eastern</b>	Appalachian	Ravenswood Post Office	48	4
<b>Eastern</b>	Central Pennsylvania	Lehigh Valley P&DC	66	87
<b>Eastern</b>	Central Pennsylvania	Womelsdorf Post Office	61	33
<b>Eastern</b>	Cincinnati	Cincinnati BMEU	67	57
<b>Eastern</b>	Columbus	Newark BMEU	75	65
<b>Eastern</b>	Pittsburgh	Cameron Post Office	74	22
<b>Eastern</b>	Erie	New Wilmington Post Office	66	12
<b>Eastern</b>	Kentuckiana	New Haven BMEU	72	2
<b>Eastern</b>	Kentuckiana	Versailles Post Office	75	29
<b>Eastern</b>	Northern Ohio	Akron-Copley Branch	74	49
<b>Eastern</b>	Philadelphia	Downingtown Post Office	80	17
<b>Eastern</b>	Philadelphia Metro	Glen Mills BMEU	80	21
<b>Eastern</b>	Pittsburgh	Dunlevy Post Office	60	5
<b>Eastern</b>	Pittsburgh	Latrobe BMEU	86	58

<b>Area</b>	<b>District</b>	<b>Facility Name</b>	<b>Energy Score</b>	<b>Recycling Score</b>
<b>Eastern</b>	South Jersey	Cape May Post Office	79	56
<b>Eastern</b>	South Jersey	Jersey Shore Delivery Distribution Center	64	80
<b>Eastern</b>	South Jersey	Sicklerville Post Office	76	18
<b>Great Lakes</b>	Central Illinois District	Champaign Post Office	80	68
<b>Great Lakes</b>	Gateway	Alton BMEU	79	77
<b>Great Lakes</b>	Gateway	St. Peters BMEU	69	37
<b>Great Lakes</b>	Greater Indiana	Bremen Post Office	51	64
<b>Great Lakes</b>	Lakeland	Stockbridge Post Office	48	60
<b>Great Lakes</b>	Northern Illinois	Palatine P&DC	71	89
<b>Great Lakes</b>	Central Illinois	LaSalle BMEU	70	49
<b>Great Lakes</b>	Lakeland District	Waterstreet Post Office	57	29
<b>Great Lakes</b>	Northern Illinois	Mount Morris Post Office	55	11
<b>New York Metro</b>	Westchester	Poughkeepsie Post Office	69	31
<b>New York Metro</b>	Central New Jersey	Trenton Post Office	73	93
<b>New York Metro</b>	Central New Jersey	Red Bank Post Office, NJ BMEU & Monmouth P&DC	48	80
<b>New York Metro</b>	New York	James A. Farley Post Office	24	66
<b>New York Metro</b>	Central New Jersey	Asbury Park BMEU	80	72
<b>Northeast</b>	Albany	Champlain BMEU	72	82
<b>Northeast</b>	Connecticut	Bridgeport Post Office	83	88
<b>Northeast</b>	Connecticut	Middletown Post Office	81	88
<b>Northeast</b>	Massachusetts	Newburyport BMEU	72	67
<b>Northeast</b>	Massachusetts	Peabody BMEU	88	59
<b>Northeast</b>	New Hampshire/Vermont	Colchester Post Office	58	65

<b>Area</b>	<b>District</b>	<b>Facility Name</b>	<b>Energy Score</b>	<b>Recycling Score</b>
<b>Northeast</b>	New Hampshire/Vermont	Salisbury Post Office	71	55
<b>Northeast</b>	Southeast New England	Bellingham Post Office	85	65
<b>Northeast</b>	Southeast New England	North Dartmouth Branch	83	51
<b>Northeast</b>	Western New York	Buffalo BMEU	60	53
<b>Pacific</b>	Bay Valley	Saratoga Post Office	57	7
<b>Pacific</b>	Los Angeles	LAX Airport Station	80	33
<b>Pacific</b>	Sacramento	Marysville Post Office/BMEU	78	91
<b>Pacific</b>	Sacramento	Perkins Station	92	71
<b>Pacific</b>	Sacramento	San Andreas Post Office	57	15
<b>Pacific</b>	San Diego	San Bernardino General Mail Facility (GMF)	69	85
<b>Pacific</b>	San Diego	San Luis Rey Station	60	54
<b>Pacific</b>	Santa Ana	Bryant Station	62	25
<b>Pacific</b>	Santa Ana	El Monte Post Office	81	79
<b>Pacific</b>	Santa Ana	Industry BMEU	85	89
<b>Pacific</b>	Santa Ana	Ontario Post Office	65	59
<b>Pacific</b>	Sierra Coastal	Van Nuys Post Office	82	68
<b>Southeast</b>	Mississippi	Olive Branch BMEU	77	22
<b>Southeast</b>	Alabama	Athens Post Office	71	62
<b>Southeast</b>	Northern Florida	Tallahassee P&DC	54	63
<b>Southeast</b>	Northern Florida	Arlington Station Post Office	85	35
<b>Southeast</b>	South Florida	South Florida Post Office	62	69
<b>Southeast</b>	South Georgia	Hinesville Post Office	75	14
<b>Southeast</b>	South Georgia	Waynesboro BMEU	81	17

<b>Area</b>	<b>District</b>	<b>Facility Name</b>	<b>Energy Score</b>	<b>Recycling Score</b>
<b>Southeast</b>	Sun Coast	St. Petersburg Post Office	17	3
<b>Southeast</b>	Tennessee	LaFayette Post Office	70	54
<b>Southeast</b>	Tennessee	Powell BMEU	74	28
<b>Southwest</b>	Arkansas	Arkadelphia Post Office	75	45
<b>Southwest</b>	Fort Worth	Decatur BMEU	70	45
<b>Southwest</b>	Houston	Anson Jones Station	37	25
<b>Southwest</b>	Oklahoma	Norman Post Office	66	61
<b>Southwest</b>	Rio Grande	Boerne Post Office/BMEU	69	7
<b>Soutwest</b>	Dallas District	Grand Prairie Post Office	71	66
<b>Western</b>	Arizona	Lukeville Post Office	31	11
<b>Western</b>	Arizona	Tempe Post Office	81	80
<b>Western</b>	Big Sky	Helena BMEU	69	30
<b>Western</b>	Central Plains	Sterling Post Office	46	16
<b>Western</b>	Colorado/Wyoming	Denver GMF/Finance Unit/P&DC	49	62
<b>Western</b>	Colorado/Wyoming	Rock Springs Post Office/BMEU	59	34
<b>Western</b>	Colorado/Wyoming	Rollinsville Post Office	70	8
<b>Western</b>	Hawkeye	Maquoketa BMEU	76	75
<b>Western</b>	Mid-America	Princeton Post Office	37	11
<b>Western</b>	Mid-America	Shawnee Mission BMEU	57	21
<b>Western</b>	Portland	Eugene P&DC	67	79
<b>Western</b>	Salt Lake City	Ferron Post Office	67	16
<b>Western</b>	Spokane	Boise Post Office/P&DC	54	7

**APPENDIX E: MANAGEMENT'S COMMENTS**

TIMOTHY C. HANEY  
 VICE PRESIDENT, AREA OPERATIONS  
 NORTHEAST AREA



May 28, 2009

LUCINE M. WILLIS, DIRECTOR, AUDIT OPERATIONS, USPS-OIG

SUBJECT: OIG Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report. I agree with the recommendations and the monetary impact in the subject audit report. My responses to the recommendations are as follows:

**Recommendation 1 Reinforce energy and recycling polices with installation managers.**

**Response**

We will take the following steps to ensure energy and recycling policies are made available to all installation managers:

Action	To be completed by:
Release energy and recycling service talks to installation managers to ensure they are aware of cost savings attributable to recycling and low cost energy conservation measures.	July 31, 2009
Verify that all installation managers have been apprised of USPS energy and recycling policies.	September 30, 2009

**Recommendation 2 Require periodic talks to employees on energy and recycling practices.**

**Response**

We will provide briefings to installation managers on cost effective procedures to reduce energy consumption and increase recycling as follows:

6 GRIFFIN ROAD NORTH  
 WINDSOR, CT 06006-7010  
 860-285-7040  
 FAX 860-285-1253

- 2 -

Action	To be completed by:
Post a range of cost effective recycling and water conservation measures on the Area website and share this web resource with installation managers.	September 30, 2009
Release periodic energy and recycling service talks to installation managers to ensure employees are aware of recycling and low cost energy conservation measures.	December 31, 2009

There is nothing in the draft report or these management comments which contain proprietary or other business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).

  
Timothy C. Haney

cc: Deborah M. Giannoni-Jackson  
Richard P. Uluski  
Dwight Buchanan  
William R. Imbier  
Charles Vidich  
Katherine S. Banks

VICE PRESIDENT, AREA OPERATIONS  
NEW YORK METRO AREA



May 26, 2009

Lucine M. Willis  
Director, Audit Operations  
Office of Inspector General  
1735 North Lynn Street  
Arlington, VA 22209-2020

**SUBJECT:** Draft Management Advisory – Sustainability: Promoting Energy Conservation  
(Report # DA-MA-09-Draft)

The following are the New York Metro Area's responses to the recommendations contained in the subject draft management advisory. We agree with the findings that awareness levels can be increased regarding energy conservation and recycling.

**Recommendation 1:** Reinforce energy and recycling policies with installation managers.

**New York Metro Area Response:** The New York Metro Area agrees with this recommendation. Screensavers on all USPS computers point out proper temperature settings for winter and summer and also reinforce that dock doors should remain closed to conserve energy. In addition, on September 11, 2008, Deputy Postmaster General & COO Patrick R. Donahoe issued energy conservation policies to Vice Presidents, Area Operations, (see attached "Energy Conservation at Processing Facilities.pdf"). This memorandum will be referenced in future periodic instructions to installation managers.

**Recommendation 2:** Require periodic talks to employees on energy and recycling practices.

**New York Metro Area Response:** Periodic service talks will be issued to employees regarding energy and recycling. I have attached a copy of the text of my most recent energy column which was posted on May 4, 2009, on the New York Metro Area's section of the USPS blue page (see attached "Blue Page Text.pdf"). I have also attached the most recent mandatory Stand Up Talk on saving energy (see attached "Stand Up Talk.pdf").

We do not believe that this report contains any proprietary or business information and may be disclosed pursuant to the Freedom of Information Act.

Steven J. Forte

- cc: K. Banks
- CARM
- W. Galligan
- S. Pulcrano
- D. Giannoni-Jackson
- T. Samra
- M. Fanning
- R. McNiece
- C. Cole
- K. Fischer
- S. Mundy
- J. Branco
- T. Hayes

142-02 20<sup>TH</sup> AVENUE, ROOM 302

ELLIS A. BURGOYNE  
VICE PRESIDENT, SOUTHWEST AREA OPERATIONS



May 26, 2009

Lucine Willis  
Director, Audit Operations  
1735 North Lynn St.  
Arlington, VA 22209-2020

SUBJECT: Program audited/reviewed (Report Number DA-MA-09-DRAFT)

Thank you for the opportunity to review and comment on the subject draft audit report.

We agree that there is room for improvement in any program and appreciate the insight to the potential weaknesses that may exist in the Southwest Area. In this difficult business climate, any opportunity to reduce costs is welcome.

After a careful review of the estimated monetary impact, the Southwest Area is in agreement with the dollar amounts calculated.

Recommendation [ 1 ]:

Reinforce energy and recycling polices with installation managers.

Response

We are in agreement with the recommendation and will take the following actions:

- A. Develop and present a PP Presentation for management and supervisory personnel.
  - 1) Energy Conservation Measures - Paul F. Woods , Title – July 31, 2009
  - 2) Recycling and Zero Waste Measures – EPP, Title – July 31, 2009
- B. Develop and distribute simple Energy Conservation Checklist to maximize savings - Paul F. Woods, Title – July 31, 2009
- C. Develop and distribute simple Recycling and Trash Checklist to maximize savings and revenue generation - EPP, Title – July 31, 2009.

- 2 -

Recommendation [ 2 ]:

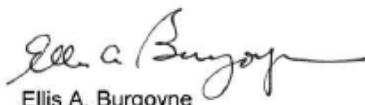
Require periodic talks to employees on energy and recycling practices.

Response

We are in agreement with the recommendation and will take the following actions:

- A. Develop and distribute simple awareness talks for energy conservation; basic measures, heating season, cooling season - Paul F. Woods, Title – July 31, 2009
- B. Develop and distribute simple Recycling and Trash awareness talks to maximize savings and revenue generation - EPP, Title – July 31, 2009.

We do not believe that this report contains any propriety or business information and may be disclosed pursuant to the Freedom of Information Act.



Ellis A. Burgoyne

cc: William P. Galligan  
Samuel L. Pulcrano  
Deborah Giannoni-Jackson  
Tom A. Samra  
Michael J. Fanning  
Robert K. McNiece  
Carolyn C. Cole  
Katherine S. Banks

TERRY J. WILSON  
VICE PRESIDENT, AREA OPERATIONS  
SOUTHEAST AREA



May 26, 2009

LUCINE WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: *Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)*

Thank you for the opportunity to review and comment on the subject draft audit report.

The Southeast agrees with both recommendations in the draft audit report, but questions the calculation of the \$2.67 million that was identified as potential cost avoidance in the next two years. A suggested method to quantify improvements in energy efficiency would be an energy consumption reduction measured in millions of BTUs per square foot, or in kilo-watt hours (KWH) per square foot. This type of measurement system would support the USPS goal of a 30% reduction in energy use by 2015. For example, the cost of utilities in the Southeast Area has risen 18.6% this past year; however, the data in the Utility Management System indicates that Southeast Area electrical consumption in kilowatt hours has decreased 13%.

**Recommendation #1:**

Reinforce energy and recycling policies with installation managers.

**Management Response:**

The Southeast Area agrees with this recommendation and will continue to communicate and reinforce energy and recycling policies with installation managers. The items identified in the attached letter from Pat Donahoe have been communicated to the installation managers and the attached "Stamp Out Energy Waste" flyers have been provided to all offices in the Area. The Southeast Area recently formed an Area "Green Team" that is developing strategies to reduce waste at the Area office. The intent is to replicate the strategies at every installation in the Southeast Area. Implementation of these strategies is anticipated by June 30, 2009.

225 N HUMPHREYS BLVD  
MEMPHIS TN 38166-0100  
901-747-7333  
FAX: 901-747-7444

**Recommendation #2:**

Require periodic talks to employees on energy and recycling practices.

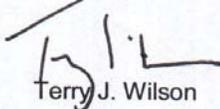
**Management Response:**

The Southeast Area agrees with this recommendation and will require periodic talks on energy and recycling practices. Implementation of this recommendation will begin immediately.

**Freedom of Information Act (FOIA)**

The Southeast Area does not believe that this report contains any proprietary or business information and may be disclosed pursuant to the Freedom of Information Act.

If you have any questions, or need additional information, please contact Ray Darragh, Area Manager of Maintenance Operations, at 901-747-7320.



Terry J. Wilson

cc: Katherine Banks, Manager, Corporate Audit and Response Management  
Tammy Autenrieth, Manager, Operations Support (Area)  
Ray Darragh, Manager, Maintenance (Area)  
Gwen Green, Manager, Finance (Area)

MEGAN J. BRENNAN  
VICE PRESIDENT, AREA OPERATIONS  
EASTERN AREA



May 26, 2009

LUCINE WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)

The Eastern Area has reviewed the above referenced document and agrees that opportunities exist to Improve Energy and Recycling Policies and Procedures Awareness.

The Eastern Area increased recycling revenue during the past three years as follows: \$560,000.00 in FY07; \$1,047,000.00 in FY 08; and \$618,000.00 YTD. We have rolled out lobby recycling to approximately 370 sites in the Eastern Area.

We agree in principle to the monetary impacts. We do have a concern with the methodology or calculation of the utility savings or cost avoidance. Nowhere did we find the OIG analyses of past usage or prediction of future usage to factor in the variable of degree days. We are concerned that our savings year to date may be associated more with a warm winter than with better facility operation or management. With the savings based simply on average utilization without a factor for varying temperatures we are left wondering if we are just one hot month in air conditioning season away from not meeting our goals.

We are in agreement with the two recommendations and will take the necessary steps to address those recommendations as follows:

**Recommendation #1:** To increase the level of awareness, we recommend the Vice President reinforce energy and recycling polices with installation managers.

**Response:** The Eastern Area understands the importance of communicating the energy conservation, recycling procedures, and the potential savings to both operating costs and the environment to be gained by application of these procedures. The Eastern Area issued a directive on May 26, 2009 to emphasize the importance of following current policies and procedures relating to energy conservation and recycling efforts.

ONE MARQUIS PLAZA  
5315 CAMPBELLS RUN ROAD  
PITTSBURGH, PA 15277-7010  
PHONE: 412-494-2510  
FAX: 412-494-2582

**Recommendation #2:** To increase the level of awareness, we recommend the Vice President require periodic talks to employees on energy and recycling practices.

**Response:** The Eastern Area understands the value added by requiring periodic service talks related to energy conservation and recycling. The Area Vice President issued a directive on May 26, 2009 to all District Managers to issue service talks to all employees no less frequently than quarterly on topics relating to the policies and procedures concerning energy conservation and recycling programs. The Area Manager, Maintenance Operations will provide guidance on the service talk topics and content.

We do not believe there is any Freedom of Information Act exempt information in the draft report or our response.



Megan J. Brennan

Attachment

cc: Tom Duchesne, Manager, Maintenance Operations, Eastern Area

JO ANN FEINDT  
VICE PRESIDENT, GREAT LAKES AREA OPERATIONS



May 27, 2009

LUCINE M. WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)

Thank you for the opportunity to review and comment on the subject draft management advisory.

The Great Lakes Area has reviewed the subject Draft Management Advisory (Report Number DA-MA-09-Draft) and is in general agreement with the findings and recommendations, with the exception of the monetary impact of \$2,282,013 for the Great Lakes, as outlined in Appendix C.

**Recommendation 1:**

Reinforce energy and recycling policies with installation managers.

**Response:**

We will reinforce energy and recycling policies as follows:

- A memorandum will be issued to the District Managers and Senior Plant Managers for distribution to all facilities identifying the areas of opportunity to improve energy awareness. The memorandum will be developed by the Area Maintenance Operations staff with emphasis on the items detailed in Appendix B. This will be completed by June 15, 2009.
- A memorandum will be issued to the District Managers and Senior Plant Managers for distribution to all facilities identifying the areas of opportunity to improve recycling awareness. The memorandum will be developed by the Area Maintenance Operations staff with the assistance from Environmental Policy and Programs (EPP). This will be completed by June 30, 2009.

**Recommendation 2:**

Require periodic talks to employees on energy and recycling practices.

**Response:**

We agree that periodic talks should be shared with employees. We also feel that Environmental Policy and Programs (EPP) and Maintenance Policy and Programs (MPP) should develop standardized service talks at the national level.

244 KNOLLWOOD DRIVE FLOOR 4  
BLOOMINGDALE, IL 60117-1000  
630/539-5858  
FAX: 630/539-7171

We will ensure the Contracting Officer Representatives (CORs) participate on the Category Management Center "trash talk" net meetings on a regular basis. In addition, we will post both energy and recycling information on the Area website.

**Appendix C: Calculation of Unrecoverable Questioned Costs and Funds Put to Better Use: Table 5 – Monetary Impact by Area**

We are in disagreement with the unrecoverable costs totaling \$2,282,013 for the Great Lakes which were calculated using individual facility costs for FY 2007 and 2008. As an example, the individual facility costs for the Palatine P&DC were based on the total costs for the Northern Illinois District rather than the individual facility. The revenue for the Palatine BMEU is reported under the district finance number (161540) and consequently that finance number was used to calculate the individual facility costs rather than the finance number for the plant (166027).

We do not believe that this report contains any propriety or business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).

  
for Jo Ann Feindt

cc: William P. Galligan  
Samuel L. Pulcrano  
Deborah Giannoni-Jackson  
Tom A. Samra  
Michael J. Fanning  
Robert K. McNiece  
Carolyn C. Cole  
Katherine S. Banks

MICHAEL J. DALEY  
VICE PRESIDENT, PACIFIC AREA OPERATIONS



May 27, 2009

Lucine M. Willis  
Director, Audit Operations  
Office of the Inspector General

SUBJECT: OIG Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)

We appreciate the opportunity to review and comment on the subject OIG Draft Audit Report. I agree with the findings, recommendations and the estimated monetary impacts noted in the audit report and offer my responses to the recommendations as follows:

**Recommendation 1**

Reinforce energy and recycling polices with installation managers.

**Management Response**

The following actions will be taken to ensure installation managers are aware of national energy and recycling policies:

1. Guidance will be provided to installation managers by the Area Manager of Maintenance Operations on establishing and maintaining prescribed building temperatures.  
**Completion Date: July 31, 2009**
2. Guidance will be provided to installation managers by the Area Manager of Maintenance Operations on the need to turn off interior lighting in unoccupied areas and to consider installation of occupancy sensors where practicable.  
**Completion Date: July 31, 2009**
3. Guidance will be provided to installation managers by the Area Manager of Maintenance Operations on minimizing the use of portable fans and heaters

11255 RANCHO CARMEL DR  
SAN DIEGO CA 92197-0100  
858-674-3100  
FAX: 858-674-3101  
www.usps.com

to supplement building temperatures.

**Completion Date: July 31, 2009**

4. Guidance will be provided to installation managers by the Area Manager of Maintenance Operations on the need to ensure the time on thermostats is programmed correctly and that backup batteries are changed periodically.  
**Completion Date: July 31, 2009**
5. Guidance will be provided to installation managers by the Area Manager of Maintenance Operations on water conservation opportunities that can reduce domestic water use.  
**Completion Date: July 31, 2009**
6. The HQ Safety and Environmental Performance Management website address, a significant resource for environmental directives and information content, will be shared with installation managers.  
**Completion Date: July 31, 2009**
7. The Area will work with Environmental Policies and Programs at Headquarters to compile a list of Post Offices in all the Districts that could establish a viable Discarded Lobby Mail (DLM) recycling program.  
**Completion Date: August 31, 2009**
8. A formal environmental and energy conservation policy statement will be issued by the Area Vice President supporting the implementation and expansion of recycling programs and the adoption of energy conservation practices in the Districts.  
**Completion Date: August 31, 2009**
9. The Area will work with Environmental Policies and Programs at Headquarters to evaluate the knowledge, skills, and abilities (KSAs) of the Contracting Officer Representatives assigned in the Districts to manage the recycling contracts. This responsibility entails certifying the tonnage of recyclable material and trash collected under contract, ensuring appropriate contractor payment to/by the Postal Service, and the use of the proper Account Identification Codes (i.e., AIC 149 and 156) in reporting recycling revenues.  
**Completion Date: September 30, 2009**
10. Water conservation tips and techniques will be posted on the Pacific Area website for sharing with installation managers.  
**Completion Date: September 30, 2009**
11. The Area will work with Environmental Policies and Programs at Headquarters and the Eastern Services Category Management Center (CMC) to assess additional recycling opportunities in the Districts and to initiate cost-effective recycling programs for mixed paper, white office paper, cardboard, plastic and scrap metal.  
**Completion Date: November 27, 2009**

**Recommendation 2**

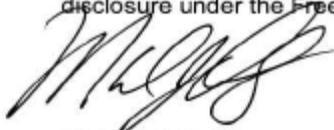
Require periodic talks to employees on energy and recycling practices.

**Management Response**

The following actions will be taken to ensure periodic talks are given to employees on energy and recycling practices:

1. Energy conservation training talks will be provided by Environmental Policy and Programs to the Area Manager of Maintenance Operations for issuance to the field to increase field awareness and to educate employees about potential energy management improvement opportunities that exist at their facilities.  
**Completion Date: August 31, 2009**
2. Resource conservation training talks will be provided by Environmental Policy and Programs to the Area Manager of Maintenance Operations for issuance to the field to increase employee awareness about recoverable materials in the workplace and to foster the sustainable use of natural resources.  
**Completion Date: August 31, 2009**

There are no items in this draft report or these management comments which contain proprietary or other business information that may be exempt from disclosure under the Freedom of Information Act (FOIA).



Michael J. Daley

- cc: Deborah M. Giannoni-Jackson  
Katherine S. Banks  
Michael J. Fanning  
Drew Aliperto  
Charles Sweet  
Ray Levinson  
Patrick Langsjoen

SYLVESTER BLACK  
VICE PRESIDENT, WESTERN AREA OPERATIONS



May 29, 2008

Lucine M. Willis  
Director, Audit Operations  
1735 North Lynn St.  
Arlington, VA 22209-2020

SUBJECT: Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance (Report Number DA-MA-09-DRAFT)

The Western Area has reviewed and concurs with the general findings and recommendations of the OIG audit team. We agree in principle with the monetary impact and that future savings are possible through energy awareness.

**Recommendation 1** - Reinforce energy and recycling polices with installation managers.

**Recommendation 2** - Require periodic talks to employees on energy and recycling practices.

**Response** - Management agrees with these recommendations and will reinforce the need for sound energy/recycling policies and communication through a quarterly tips sheet. The Manager, Maintenance Operations for Western Area, Andy Henderson, is currently developing this correspondence that will be disseminated to each Western Area District by June 30, 2009. These talks/tips sheet will promote awareness by reinforcing rational energy saving concepts such as turning off lights in unoccupied areas, recycling of discarded lobby mail, etc.

Additionally, the Western Area Office is also involved in a Headquarters sponsored Lean Six Sigma (LSS) Green Initiative Project, which is part of the USPS efforts to engage employees through a Green Office/Plant Competition. This initiative, which is scheduled for Area deployment later this summer (est. July 2009), emphasizes reducing energy usage, petroleum usage, waste to landfills and water consumption. If successful, District rollout may start as early as FY 2010.

We do not believe that this report contains any propriety or business information and may be disclosed pursuant to the Freedom of Information Act.

  
Sylvester Black

cc: Audit tracking mailbox ([audittracking@uspsaig.gov](mailto:audittracking@uspsaig.gov))  
Katherine S. Banks, Manager, Corporate Audit and Response Management  
U.S. Postal Service mailbox ([CARManager@usps.gov](mailto:CARManager@usps.gov))

1745 STOUT STREET, SUITE 1000  
DENVER CO 80299-5000  
303-313-5100  
FAX: 303-313-5102  
[WWW.USPS.COM](http://WWW.USPS.COM)

VICE PRESIDENT  
CAPITAL METRO AREA OPERATIONS



June 2, 2009

LUCINE M. WILLIS  
DIRECTOR, AUDIT OPERATIONS

SUBJECT: Draft Management Advisory – Sustainability: Promoting Energy and Recycling Compliance  
(Report Number DA-MA-09-DRAFT)

The Capital Metro Area has reviewed the above referenced document and agrees that opportunities exist to increase the level of awareness of energy conservation and recycling policies. The estimated savings for the Capital Metro Area appear to be obtainable; however, to agree with these findings, we would require further quantitative data on how the projected savings were calculated.

**Recommendation #1:** Reinforce energy and recycling policies with installation managers.

**Response:** Capital Metro Area agrees that the energy conservation and recycling policies must be reinforced with installation managers. Emphasis should be placed on existing Postal documentation, such as the MS-49 *Energy Conservation and Maintenance Contingency Planning* and the *Environmental Compliance Guidebook*. *By June 30, 2009, a memo will be issued to all installation heads emphasizing our commitment to energy conservation and recycling.*

**Recommendation #2:** Require periodic talks to employees on energy and recycling practices.

**Response:** Capital Metro Area agrees that stand up talks should be given on energy conservation and recycling practices. *By June 30, 2009, a stand up talk will be written and sent to all installation heads for delivery. This stand up talk will be given on a quarterly basis.*

Please contact Calvin Stanley, Area Manager, Maintenance Operations (A), at 301-548-1420 if you have any questions.

A handwritten signature in blue ink that reads "Jerry D. Lane".

Jerry D. Lane

MAILING ADDRESS  
16501 SHADY GROVE ROAD  
GAITHERSBURG, MD 20898-9998  
301 548-1410  
FAX: 301 548-1434