



January 28, 2010

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SUBJECT: Management Advisory – Sustainability: Promoting Energy and Recycling
Compliance Fiscal Year 2009 (Report Number DA-MA-10-001)

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 09YG042DA000). This management advisory summarizes the Postal Service's compliance with energy and recycling policies at 88 field sites during fiscal year (FY) 2009. We use a checklist developed with Postal Service Facility, Energy, and Environmental Policy and Programs (EPP) managers to assess and score compliance at these field sites. See [Appendix A](#) for additional information about this review.

Conclusion

In this review, seven of 88 sites visited met basic energy standards,¹ showing some improvement for energy awareness. Consistent with our prior review of another 90 sites,² questionnaire responses indicated most of the sites can improve in the areas of basic building maintenance, such as setting prescribed temperatures, installing occupancy sensors, and taking measures to reduce domestic water use. To be more effective, we continue to believe the Postal Service can take further advantage of technology advancements, namely, remote building management systems. We previously reported³ that remote building management systems automate control settings and provide a return to the Postal Service of up to 31 percent. Also, reinforcing awareness of energy policies should encourage more facilities to meet basic standards

¹ Handbook MS-49, *Energy Conservation and Maintenance Contingency Planning*.

² *Sustainability: Promoting Energy and Recycling Compliance* (Report Number DA-MA-09-001, dated June 12, 2009).

³ *Postal Service National Energy Management Plan* (Report Number DA-MA-08-003, dated September 26, 2008).

and reduce energy consumption through the use of low- or no-cost energy saving practices.

As it relates to recycling awareness, the data collected also showed some improvements. Specifically, 25 of the 88 sites we visited met basic standards. Consistent with our prior review, many field sites placed recyclable material in trash dumpsters and could improve awareness communications with employees to be more effective. See [Appendix B](#) for our detailed analysis of these topics.

To increase the effectiveness of energy and recycling policies, we recommend the vice president, Sustainability, in coordination with the vice president, Facilities, and the vice president, Employee Resource Management:

1. Issue written guidance to installation managers to encourage the use of more remote building management systems.
2. Issue written guidance to installation managers and provide periodic service talks to employees to reinforce awareness of energy and recycling policies.

Management's Comments

The Postal Service agreed with the recommendations and will take appropriate action to resolve the identified issues by September 30, 2010. In reference to facility energy compliance, the Postal Service agreed to develop standards and piloting systems to allow building management, measurement, and control. The Facilities group is developing these standards and systems for implementation in facilities where they are cost effective.

In reference to recycling compliance, the Postal Service agreed to issue written guidance to installation managers and provide periodic service talks and briefings to employees to reinforce energy and recycling policies. In addition, the EPP group is deploying a national "zero waste" initiative to standardize container labeling. Management plans to implement these corrective actions by June 30, 2010. See [Appendix C](#) for management's comments in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and management's corrective actions should resolve the issues identified in the report..

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 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 Miguel A. Castillo, director, Engineering, or me at (703) 248-2100.

E-Signed by Mark Duda 
VERIFY authenticity with ApproveIt


Mark W. Duda
Deputy Assistant Inspector General
for Support Operations

Attachments

cc: Steven J. Forte
Michael J. Fanning
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APPENDIX A: ADDITIONAL INFORMATION

BACKGROUND

The Postal Service's utility costs were \$627 million during FY 2009, a 3 percent decrease from FY 2008 costs. In an effort to control consumption and costs, the Postal Service employs a number of low-cost strategies, including energy awareness programs. Handbook MS-49, *Energy Conservation and Maintenance Contingency Planning*, dated June 1, 1981, provides energy conservation guidance for Postal Service installations.

Likewise, Handbook AS 550a, *Paper and Paperboard Recycling Guide*, dated September 1997, documents the Postal Service policy for recyclables. In general, all recoverable materials⁴ should be recycled to foster the sustainable use of natural resources.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to assess the Postal Service's compliance with energy and recycling policies. To perform this review, we collaborated with representatives from Postal Service Facility, Energy, and EPP groups to develop a compliance scorecard. Based on responses independently collected and the assigned point values presented in Table 1, we evaluated the extent of site compliance.

Table 1 – Scoring Criteria⁵

<i>Energy</i>	<i>Recycling</i>
90-100 Points = Basic Standards Met	70-100 Points = Basic Standards Met
75-89 Points = Needs Improvement	50 to 69 Points = Needs Improvement
Below 75 Points = Program Review Needed	Under 50 Points = Program Review Needed

During our prior report we covered the period from October 2008 to June 2009 and reviewed compliance data for 90 sites from the nine area offices. We conducted this review from June 2009 through January 2010 and reviewed compliance information for 88 different sites from the same nine area offices. We conducted the review in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials on December 11, 2009, and included their comments where appropriate.

PRIOR AUDIT COVERAGE

⁴ Waste material and byproducts that have been recovered or diverted from solid waste, excluding materials and byproducts generated from, and commonly used within, an original manufacturing process.

⁵ The OIG collaborated with representatives from Postal Service Facility, Energy, and Environmental Policy and Programs groups to develop scoring criteria to evaluate responses from the compliance scorecard.

Report Title	Report Number	Final Report Date	Monetary Impact	Report Results
<i>Northern Virginia District Energy Management Opportunities</i>	DA-AR-08-003	March 20, 2008	\$2 million for calendar year 2007	We identified low- or no-cost opportunities to reduce energy consumption and energy costs. We recommended, and district management agreed, pursuing low- or no-cost energy conservation activities, such as adjusting temperature settings and using occupancy sensors.
<i>Postal Service National Energy Management Plan</i>	DA-MA-08-003	September 26, 2008	None	We noted the Postal Service did not include remote building management system activity in their energy plan, clarify procedures for reporting baseline information, and include key performance metrics and timeframes in an appendix. We recommended correcting those items and management responded accordingly.
<i>U.S. Postal Service Recycling Opportunities in the Pacific Area</i>	DA-AR-09-005	March 31, 2009	None	We reported that, while the Pacific Area has a profitable recycling program, there are opportunities to expand recycling programs. We recommended, and management agreed, providing additional recycling training and expanding recycling programs throughout the area.
<i>Sustainability: Promoting Energy and Recycling Compliance</i>	DA-MA-09-001	June 12, 2009	\$1.6 Million for 2-year period ending September 30, 2008	We noted that, while the Postal Service established guidance for energy conservation, improvements are needed to increase energy and recycling awareness in the field. The vice presidents, Area Operations agreed to reinforce energy and recycling policies.

APPENDIX B: DETAILED ANALYSIS

Opportunity to Improve Energy Awareness

The Postal Service has an opportunity to improve energy awareness. This opportunity exists because energy policies are implemented unevenly across the Postal Service resulting in below standard scores. Specifically, only seven of the 88 facilities visited (or 8 percent) were evaluated as meeting basic standards. As depicted in Table 2, each area could make improvements in energy awareness.

Table 2 – Area Office Energy Scores

<i>Area Office</i>	<i>No. Sites Visited</i>	<i>Average Energy Score</i>	<i>Category</i>
<i>Western</i>	27	74	Program Review Needed
<i>Northeast**</i>	5	84	Needs Improvement
<i>Eastern</i>	5	72	Program Review Needed
<i>Great Lakes</i>	11	71	Program Review Needed
<i>Southeast</i>	9	70	Program Review Needed
<i>Capital Metro</i>	13	73	Program Review Needed
<i>Pacific</i>	7	63	Program Review Needed
<i>Southwest</i>	6	63	Program Review Needed
<i>New York**</i>	5	68	Program Review Needed
<i>Total</i>	88		

** The New York and the Northeast Areas were consolidated subsequent to our review.

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 temperatures at prescribed levels and turning off lights in unoccupied areas reduces energy consumption and cost with little or no investment.

The areas of energy awareness where most of the sites have an opportunity to improve include:⁶

- Adjusting temperature set points to meet specifications (57 sites).
- Limiting the use of portable heaters (47 sites).
- Updating programmable thermostats and changing backup batteries (40 and 23 sites, respectively).
- Taking measures to reduce domestic water use (36 sites).
- Installing interior lighting controls and occupancy sensors so lights switch off automatically when not in use (31 sites).
- Setting exhaust fans to turn off automatically (27 sites).

⁶ We found these attributes at 57 or fewer sites. More than one attribute may have been identified at one site.

We note these opportunities are similar to those identified in OIG reports presented in the prior audit coverage section. In these audits we highlighted that energy awareness programs teach energy users to eliminate waste without diminishing their quality of life using many low- or no-cost methods like those identified above. The Postal Service estimates it can save as much as 10 percent or about \$63 million of utility costs through the use of low- or no-cost improvements. In addition, automating conservation methods through the use of remote management systems has shown a return in energy savings of up to 31 percent and a cost savings of \$52,000 over a 13-month period for 16 Postal Service installations.

Opportunity to Improve Recycling Awareness

The Postal Service also has the opportunity to improve recycling awareness. Of the 88 sites visited, 25 sites (or 28 percent) met basic standards. As compiled by Area Office in Table 3, only the Northeast Area met basic standards on average.

Table 3 – Area Office Scores

<i>Area Office</i>	<i>No. Sites Visited</i>	<i>Average Recycling Score</i>	<i>Category</i>
Northeast**	5	80	Basic Standards Met
Western	27	51	Needs Improvement
Eastern	5	62	Needs Improvement
Southeast	9	62	Needs Improvement
Pacific	7	57	Needs Improvement
Great Lakes	11	52	Needs Improvement
Southwest	6	41	Program Review Needed
Capital Metro	13	38	Program Review Needed
New York**	5	41	Program Review Needed
Total	88		

** The New York and the Northeast Areas were consolidated subsequent to our review.

Facilities that met basic standards demonstrated higher levels of recycling efforts, such as:⁷

- Recycling toner cartridges (74 sites).
- Adopting an environmental policy that encourages recycling (67 sites).
- Recycling mixed office and white office paper (64 and 59 sites, respectively).
- Recycling cardboard (64 sites).
- Segregating recyclables properly (57 sites).

⁷ We found these attributes at approximately 57 of the 88 sites reviewed. More than one attribute may have been identified at one site.

Many sites have opportunities to improve by ensuring:⁸

- Facility managers have the applicable *Environmental Compliance Guidebook* (41 sites).
- Recyclable material is not placed in trash dumpsters (39 sites).
- Facilities increase recycling of discarded lobby mail (33 sites).
- Signs or labels are placed on trash dumpsters identifying materials that need to be recycled (14 sites).
- Account Identification Codes (AIC)149, Sale of Paper, Plastic and Other Recyclables; and AIC 156⁹, Sale of Miscellaneous Items and Non-Capital Equipment, are used to report recycling revenues (23 sites).

We believe these recycling opportunities exist primarily because implementation of recycling policies was 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 at all sites. In other cases, facilities were unaware of recycling policies and opportunities. We also attribute these opportunities to ineffective communications as only 45 of the 88 sites reviewed (or 51 percent) responded that employees had been given environmental service talks. Through greater awareness, the Postal Service could increase revenue and meet their goal to recycle all recoverable materials to sustain the use of natural resources.

⁸ We found these attributes at 41 or fewer sites.

⁹ The Postal Service reported recycling revenue of \$10 million in FY 2008 as compared to only \$5 million in FY 2009, although recycling efforts increased.

APPENDIX C: MANAGEMENT'S COMMENTS



January 15, 2010

LUCINE M. WILLIS

SUBJECT: Management Advisory – Sustainability: Promoting Energy and Recycling Compliance
(FY 2009) (Report Number DA-MA-10-DRAFT)

We are pleased to provide the following response to the recommendations in the Office of the Inspector General Draft Audit Report. We are in agreement with the two recommendations to strengthen our energy and recycling policies. This joint venture effort helps us to identify areas where improvement is needed.

We concur with the findings and will perform the following:

Recommendation 1: Issue written guidance to installation managers to encourage the use of more remote building management systems.

Response: Facilities is developing standards and piloting systems to allow remote building management, measurement, and control. These systems will be implemented in facilities where cost-effective and tied into the Enterprise Energy Management System for tracking and analysis of performance.

Estimated Completion Date: September 30, 2010

Recommendation 2: Issue written guidance to installation managers and provide periodic Service Talks to employees to reinforce awareness of energy and recycling policies.

Response: Environmental Policy and Programs (EPP) is deploying a national zero waste initiative that will be standardizing container labeling. EPP issued a new Management Instruction on recycling on October 1, 2009. In addition, EPP has developed a wide range of standard Service Talks that are being deployed to the field with the lobby recycling program. We will develop a video on demand that may be viewed at each facility via the Internet to reinforce energy and recycling practices that can be implemented.

Estimated Completion Date: June 30, 2010

If you have questions regarding our response, and would like to discuss them further, please contact Carolyn C. Cole at (202) 268-4136, Mike Fanning at (202) 268-3364 or Robert McNiece (336) 665-2828.

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