



February 23, 2004

JERRY D. LANE
MANAGER, CAPITAL METRO OPERATIONS

SUBJECT: Management Advisory – Conditions at Patterson Station in the Baltimore District (Report Number NL-MA-04-002)

During an audit of carrier productivity and the effectiveness of letter carrier operations, we observed hazardous conditions at Patterson Station in Baltimore, Maryland (Project Number 02YG003TD002). Government auditing standards require that auditors report, in writing, all significant observations found in conjunction with an audit. It is our practice to immediately advise management of significant observations, particularly if they involve health or safety issues. The purpose of this advisory is to confirm our verbal notification to Postal Service officials concerning Patterson Station conditions, to document our recommendations, and to report management's response.

Our observations, subsequent inquiries, and review of relevant documents, revealed that Patterson Station letter carriers were exposed to hazardous conditions, the Baltimore District unnecessarily spent \$100,000 to lease Patterson Station for very limited delivery operations, and that the Baltimore District could save \$25,000 by terminating the Patterson Station lease. Throughout the course of our work, we verbally notified Baltimore District management of our findings. District management was very receptive to our notifications, and immediately relocated Patterson Station delivery operations to the Baltimore Carrier Annex, 2 miles away. In our draft report we recommended that management identify and warn all people who may have been exposed to asbestos at Patterson Station. We also recommended that the facility lease be terminated. Management agreed with both recommendations. However, they also stated that warnings were completed in 1997, and that they could not terminate the lease until a new tenant was found.

We considered management's comments only partially responsive. We are concerned that people who occupied the building between 1997 and 2003 may not be aware of their potential asbestos exposure. With regard to the lease termination, the lease requires building defects, like walls or ceilings containing asbestos, to be repaired by the building owner; and states that if the building owner fails to comply, the Postal Service may, at its sole discretion, cancel the lease. Consequently, we are uncertain why management believes lease cancellation is contingent upon finding a new tenant. Despite our concern with management's response, we will not pursue the matter

through formal resolution at this time, but will defer such a decision until after we evaluate the effectiveness of management's action during our standard procedure for closing significant recommendations. Management's comments, and our evaluation of their comments are included in the report.

The Office of Inspector General (OIG) considers recommendation 1 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 during the audit. If you have any questions or need additional information, please contact Joe Oliva director, Network Operations - Logistics, at (703) 248-2100, or me at (703) 248-2300.

Mary W. Demory
Deputy Assistant Inspector General
for Operations and Human Capital

cc: John A. Rapp
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INTRODUCTION

Background

Patterson Station, located at 1704 Gough Street, Baltimore, Maryland, was built in 1912. The Postal Service has occupied Patterson Station since 1951. A June 4, 1997, Asbestos Survey Report prepared for the Baltimore District by an environmental contractor, identified imminent risk of asbestos exposure to building occupants. A Decision Analysis Report, Alternate Quarters, Patterson Retail Unit, prepared by the Baltimore District, and dated August 6, 1999, identified overcrowded conditions, and a serious unresolved problem with rats. As a result of the Decision Analysis Report, the Postal Service moved retail operations to an alternate facility in 1999. Delivery operations were not moved. Until August 2003, the station

Mold, mildew, and falling asbestos containing ceiling plaster in the basement.

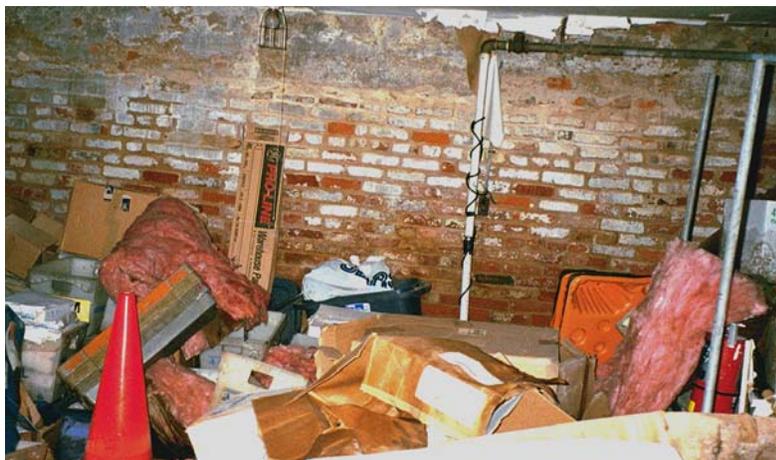


was used only for delivery operations to service 11 letter carrier routes and had only 20 personnel “on duty” at any given time. The station was located less than 2 miles from the Baltimore Carrier Annex. The annex had capacity to assimilate Patterson Station delivery operations, and district management moved delivery personnel to the annex in August 2003 after we notified them of the station’s deteriorated condition. The Postal Service leases Patterson Station for \$25,000 annually.

During an audit of carrier productivity and the effectiveness of letter carrier operations, we observed hazardous conditions at Patterson Station. Government auditing standards require that auditors report, in writing, all significant observations found in conjunction with an audit.

It is our practice to immediately advise management of significant observations, particularly if they involve health or safety issues.

Basement area with trash, junk, and flooded conditions.



Objective, Scope, and Methodology

The purpose of this advisory is to confirm our verbal notification to Postal Service officials concerning Patterson Station conditions, to document our recommendations, and to report management’s response. During our work, we reviewed the Patterson Station lease, the Asbestos Survey Report, and the Decision Analysis Report. We also reviewed other relevant documents including building maintenance work orders for the period August 2001 through July 2003 to identify any work performed to repair or mitigate substandard conditions. We physically inspected and photographed Patterson Station, interviewed managers and employees, and identified the proximity of alternate facilities. Work associated with this advisory was conducted from June through February 2004 in accordance with the President’s Council on Integrity and Efficiency, Quality Standards for Inspections. During our work, we routinely notified Postal Service officials of substandard conditions we observed, generally discussed our observations and recommendations with them, and reported their comments and specific action, where appropriate.

Prior Audit Coverage

We did not identify any prior audits or reviews related to the objective of this review.

RESULTS

Patterson Station

Our work revealed that Patterson Station letter carriers were exposed to hazardous working conditions; that since retail operations were moved in 1999, the Baltimore District unnecessarily spent \$100,000 to lease Patterson Station;

First floor drinking fountain which is leaking water over exposed electrical outlet.



and that the Baltimore District could save \$25,000 by terminating the Patterson Station lease currently due to expire in November 2004. Patterson Station delivery personnel were exposed to unsafe conditions because:

- The Baltimore District did not repair, correct, or mitigate conditions identified by the Asbestos Survey Report—or implement report recommendations.
- The Baltimore District did not correct the rat problem identified by its Decision Analysis Report.
- The Decision Analysis Report did not identify existing unsafe asbestos conditions, and consequently, the Baltimore District did not move delivery operations from Patterson Station when retail operations were moved—and did not close the facility.
- Officials did not conduct or document safety inspections.

Our inspection identified visual evidence of flooding, mold, mildew, tainted water, water leaking over exposed electrical outlets, crumbling wall and ceiling plaster, ceiling structural

damage and the absence of adequate fire or other emergency escape routes.

Asbestos Survey
Report

The Asbestos Survey Report documented the falling ceiling plaster contained asbestos. The report stated asbestos was contained in easily crumbled plaster or in other “asbestos-containing building material,” and was located throughout the building, including the basement, the first and second floor, the attic, and the stairwells. The

Tainted water running from
the first floor employee
bathroom sink.



report emphasized that the second floor walls and ceiling were significantly damaged, asbestos-containing debris was scattered on the floor, and the asbestos presented imminent exposure risk to building occupants. The report recommended the district:

- Seal off and restrict the high-risk second floor until asbestos-containing material was removed or other asbestos abatement measures are taken.
- Develop an asbestos management plan.
- Survey the Patterson Station for asbestos every six months to identify and correct any deteriorating conditions or potential asbestos exposure from asbestos containing material.
- Correct deteriorating conditions and potential asbestos exposure by removing asbestos or conducting other asbestos abatement measures.

- Notify and warn employees and other building occupants about asbestos hazards.
- Train employees and other building occupants about asbestos control.
- Take corrective action as may be required.
- Document and retain asbestos management plan records.

Decision Analysis
Report

The Decision Analysis Report identified overcrowded conditions and a serious unresolved safety problem with rats. However, it did not identify the hazardous asbestos exposure problem. Management explained the Decision Analysis Report did not address the asbestos issue because a Postal Service environmental contractor took six air samples in 1998 and reported there was no asbestos identified in any of the six samples collected.

Our examination of the contractor's report revealed the contractor anticipated asbestos-containing material would be removed and that the contractor reiterated the Asbestos Survey Report recommendation that Patterson Station be inspected for asbestos every six months until the dangerous asbestos containing material was removed. Our interview with officials, our examination of pertinent records, and our inspection of the facility revealed that six-month asbestos surveys were never completed as recommended, and that the asbestos containing materials were never removed. Our examination also indicated that in 1998, the Postal Service had contingency plans and the ability to relocate all employees, including letter carriers, to other facilities.

The Decision Analysis Report recommended the Postal Service relocate retail operations to a new facility to improve working conditions. However, the report specifically recommended carrier operations remain in place—and did not address the rat problem. Management explained the Decision Analysis Report did not address the rat problem because rats generally infested the areas around the facility and overwhelmed any attempts at corrective action. Management did not explain why, in the absence of a solution to the rat problem, the Decision Analysis Report

specifically recommended carrier operations remain in place—particularly since contingency safety plans to move carriers existed.

Other Issues

Our inspection of Patterson Station, our inquiries of managers and employees, and our analysis of building and other records revealed:

- Patterson Station was leased for \$25,000 annually.
- The Baltimore Carrier Annex was located less than 2 miles away and had the capacity to assimilate Patterson Station delivery operations.
- Since 1999, there was no work on the Patterson Station to inspect or correct asbestos conditions, remove asbestos, remove mold or mildew, correct flooding, eradicate rats, or determine the cause of tainted water.
- Although the high-risk second floor was sealed off, asbestos-containing material was never removed, and there were no other asbestos abatement measures taken as recommended.
- There was no asbestos management plan.
- There were no required records documenting facility surveys, deteriorating facility condition, water damage, or potential asbestos exposure.
- There were no records documenting required training, or warning building occupants about asbestos hazards.
- There was only one fire or general safety inspection completed since 1988.
- The primary front door was permanently sealed, and there was only one exit in the event of emergency.

Because the Baltimore District did not move delivery operations from Patterson Station and close it, or take action to identify, repair, correct, or mitigate unsafe conditions, personnel were exposed to a hazardous

environment, and the Baltimore District incurred unnecessary cost to lease the facility.

Throughout the course of our work, we verbally notified Baltimore District management of our observations and recommendations. Management was very receptive to these notifications, and took immediate steps to relocated Patterson Station delivery operations to the Baltimore

Baltimore Carrier Annex located less than 2 miles from Patterson Station.



Carrier Annex. During the fall 2003, we visited Patterson Station and verified that Postal Service had relocated carrier operations. Management stated they were removing equipment, and that the facilities lease office was negotiating lease cancellation.

Recommendations

We recommend the manager, Capital Metro Area:

1. Identify all people who may have been exposed to asbestos conditions at the Patterson Station and to ensure those people are warned about their potential exposure, and notify the vice president, Delivery and Retail; the vice president, Facilities; and the Office of Inspector General when those actions are completed.

Management's Comments

Management agreed with our recommendation. They stated that all people who may have been exposed to asbestos conditions at the Patterson Station should be identified and warned about potential asbestos exposure. They also stated that employee warnings were completed in 1997, and that in October 1998, an environmental

contractor concluded there were no unsafe conditions. Management’s comments, in their entirety, are included in the appendix of this report.

<p>Evaluation of Management’s Comments</p>	<p>Management’s comments were only partially responsive because they did not address conditions during the nearly five-year period between the October 1998 environmental test and the August 2003 carrier relocation. As we stated in our report, the contractor to whom management referred, anticipated asbestos-containing material would be removed from Patterson Station, and reiterated previous recommendations that the facility be inspected every six months until the dangerous material was removed. As we also stated, the asbestos-containing material was never removed, and the required inspections were never completed. Consequently, we are concerned that conditions between 1998 and 2003 may have become unsafe, and people who occupied the building during that period may not be aware of their potential exposure. Notwithstanding our concern, we will not pursue the matter through formal resolution at this time, but will defer such a decision until after we evaluate the effectiveness of management’s action during our standard procedure for closing significant recommendations.</p>
<p>Recommendation</p>	<p>We recommend the manager, Capital Metro Area:</p> <ol style="list-style-type: none"> 2. Complete equipment removal, terminate the facility lease, and notify the vice president, Delivery and Retail; the vice president, Facilities; and the Office of Inspector General when those actions are completed.
<p>Management’s Comments</p>	<p>Management agreed with our recommendation. They stated that equipment was removed during the last week of December 2003, and that they requested lease termination. However, management notified us that the building owner would not release the Postal Service from the lease unless a new tenant was found—and that as of December 2003, a new tenant had not been found.</p>

**Evaluation of
Management's
Comments**

Management's comments were only partially responsive. The lease requires building defects, like walls or ceilings containing asbestos, to be repaired by the building owner; requires the building owner to comply with Occupational Safety and Health Standards; and states that if the building owner fails to comply, the Postal Service may, at its sole discretion, cancel the lease. Consequently, we are uncertain why management believes lease cancellation is contingent upon finding a new tenant. Notwithstanding our uncertainty, because of the amounts involved, we did not identify recommendation 2 as significant. We will not pursue resolution through the formal audit resolution process.

APPENDIX. MANAGEMENT'S COMMENTS

MANAGER
CAPITAL METRO OPERATIONS



January 28, 2004

Mary Demory
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Office of Inspector General
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SUBJECT: Draft Management Advisory – Conditions at Patterson Station in Baltimore District
(Report Number NL-MA-04-DRAFT)

This is in response to the draft report on your audit of the conditions at the Patterson Station, Baltimore, MD, in the Baltimore District, Capital Metro Operations. This acknowledges that Baltimore District management was notified of the conditions at the Patterson Station delivery unit, that they were receptive to that notification, and consequently relocated the delivery unit.

Recommendation # 1

Identify all people who may have been exposed to asbestos conditions at the Patterson Station, ensure those people are warned about their potential exposure, and notify the vice president, Delivery and Retail; the vice president, Facilities; and the Office of Inspector General when those actions are completed.

Response

We agree that all people who may have been exposed to asbestos conditions at the Patterson Station be identified to ensure that they are warned about their potential exposure. This was completed in 1997.

Following the Patterson Station asbestos survey that was conducted by Apex Environmental on June 4, 1997, the stairway to the second floor of the building was sealed off and a warning sign posted on the doorway. This stairway was utilized by the Inspection Service to access their lookout gallery. In July 1997, Apex Environmental developed an asbestos management plan. Apex Environmental was contracted to perform removal of asbestos contaminated debris on August 10, 1997. Final air samples collected inside the work areas revealed airborne fiber concentrations of less than 0.01 f/cc; this meets the U.S. Environmental Protection Agency's recommended criteria for reoccupancy following abatement action. In 1997, upon notification of asbestos in the facility, all employees were warned about a potential asbestos exposure through an awareness film produced by the Postal Service. Employees were also given safety talks from the Operations and Maintenance (O&M) Plans. In October 1998, Apex Environmental was contracted to conduct additional testing. They concluded there were no unsafe conditions. Employees were again provided asbestos awareness by Apex Environmental.

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- 2 -

Recommendation # 2

Complete equipment removal, terminate the facility lease, and notify the vice president, Delivery and Retail; the vice president, Facilities; and the Office of Inspector General when those actions are completed.

Response

We concur that a complete equipment removal and termination of the facility lease should be done.

The carriers were moved out of the Patterson Station building on August 9 and 10, 2003 along with the operational equipment. The basement area of the building was cleaned out by a private contractor during the last week of December 2003. This included unserviceable/outdated small equipment and outdated handbooks and papers.

On August 12, 2003, a Facilities Service Request was submitted by the Baltimore District to the Facilities Service Office (FSO) requesting that the FSO negotiate termination of the Patterson Station lease, although the lease has no termination clause. Under the terms of the lease, any subletting may not be done without the leaseholder's consent. Shortly after the request was sent to the FSO, the leaseholder contacted the district through his commercial broker to coordinate efforts to advertise the building to third parties. The FSO advises that the leaseholder will not grant an early lease termination unless a new tenant is found. As of December 20, 2003, a new tenant has not been realized. The lease expires on November 30, 2004.

Thank you for the opportunity to respond to the draft audit report.


Jerry D. Lane