



May 26, 2006

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SUBJECT: Management Advisory – Postal Service’s Replacement and Repair of
Facilities Affected by Hurricane Katrina (Report Number FA-MA-06-001)

This report presents the results of our self-initiated review of the U.S. Postal Service’s response in replacing or repairing its facilities affected by, and in the near-term aftermath of, Hurricane Katrina (Project Number 06XG001FA000). This review was conducted in cooperation with Postal Service Facilities headquarters and Facilities Service Offices (FSO) in the Southeast and Southwest Areas.

Background

Between August 25 and 30, 2005, Hurricane Katrina besieged the Gulf Coast region with winds and rains, devastating the states of Louisiana, Mississippi, Alabama, and Florida. As a result, numerous postal facilities in the affected areas suffered severe damage or complete destruction, requiring emergency construction funding. The U.S. Postal Service estimated the costs at over \$126 million. Specifically, the Postal Service identified the following:

- Repair of damage to 64 Postal Service-owned facilities, including the New Orleans Processing and Distribution Center (P&DC) (\$42 million).
- Repair of damage to 111 leased facilities (\$11 million).
- Replacement of five destroyed Postal Service leased facilities (\$4 million).

- Replacement of equipment at the New Orleans P&DC (\$20 million).
- Replacement of retail operations equipment, supplies, signage, and uniforms (\$17.6 million).
- Repair of salvageable vehicles, and replacement of damaged vehicles and equipment (\$9.6 million).
- Replacement of cluster box units and post office box units (\$9 million).
- Replacement of information technology hardware and communications (\$12.6 million).
- Replacement of Postal Inspection Service equipment vehicles, and operations (\$.5 million).

Facilities is an enabling organization within the Postal Service with the primary mission of providing quality real estate and facilities products and services to meet the present and future needs of postal operations and to realize optimum value from facilities assets and transactions. Facilities initiates projects at the request of areas and districts during normal as well as emergency conditions.

The majority of the Postal Service facilities program work is accomplished by FSOs and includes planning, leasing, purchasing, designing, and constructing facilities to house postal operations.¹ Organizational administration, policy and procedure development, and realty asset management functions are administered from headquarters. Facilities divides its responsibilities into four groups: Design and Construction, Real Estate, Asset Management, and Planning and Approval.

Facilities developed the Facilities Single Source Provider (FSSP) program as a single point of contact for all facility work within a Postal Service area. Under the FSSP program, the FSOs assumed facility repair work and enforcement of lessor maintenance previously performed by postmasters. One component of the FSSP program is the Response Line, a toll-free number that Postal Service personnel use to report all facility repair needs. Dedicated personnel manage the Response Line and record each problem in the FSSP system, a Web-based tracking system.

To comply with Homeland Security's Presidential Directive 5, the Postal Service developed the Integrated Emergency Management Plan (IEMP). The IEMP is a comprehensive plan used to prepare for, mitigate, respond to, and recover from domestic emergencies that occur on Postal Service sites. The IEMP consolidates

¹ This program also contracts for these various real estate services.

facility stand-alone plans, which include the Continuity of Operations Plan (COOP) and the Emergency Action Plan. The Postal Service also has supplemental hurricane plans.²

The IEMP also establishes emergency management teams and defines team roles and responsibilities. The IEMP identifies the phases and stages of an emergency response and responsibilities of the Emergency Management Team (EMT)³ during each phase and stage.

Objective, Scope, and Methodology

The objective of this review was to assess the Postal Service's response in replacing or repairing its facilities affected by, and in the near-term aftermath of, Hurricane Katrina.

To accomplish our objective, we reviewed applicable Postal Service policies and procedures. We interviewed Postal Service officials to gain an understanding of the procedures executed in the immediate aftermath of Hurricane Katrina. Cleanup and repair contracts had not been finalized at the time of this review. However, the Southwest FSO requested that the U.S. Postal Service Office of Inspector General (OIG) review the cleanup contracts to help ensure that costs are effectively controlled. We plan to conduct a contract review once the contracts have been finalized.

We conducted this review from October 2005 through May 2006, in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Inspections*. We discussed our observations and conclusions with management officials and included their comments where appropriate.

Prior Audit Coverage

The United States Government Accountability Office (GAO) issued a report on *Continuity of Operations* (Report Number GAO-04-160, dated February 2004). GAO reviewed 34 federal agencies' COOPs against Federal Emergency Management Agency (FEMA) guidance. GAO found that the agencies did not identify all essential functions in their plans. GAO also found that FEMA did not review the essential functions when assessing COOP planning and did not conduct tests or exercises to confirm that essential functions were identified. FEMA has begun making such improvements.

² *Louisiana District Hurricane Guide 2005* and *Southeast Area Hurricane/Tropical Storm Procedure*, dated June 1, 2005.

³ The district EMT members include the emergency manager, installation emergency management coordinator, information officer, safety officer, liaison officer, emergency operations section chief, planning section chief, logistics section chief, financial/administration section chief, law enforcement branch director, documentation unit leader, medical unit leader, food unit leader, support branch director, facilities unit leader, time unit leader, procurement unit leader and compensation/claim unit leader.

Results

Facilities Operations

The Postal Service quickly and successfully responded to Hurricane Katrina. Facilities headquarters, the Southeast and Southwest FSOs and areas, impacted districts, and the Postal Inspection Service worked together to assess facility damage and remediation work.

Various organizations within the Postal Service also worked together to identify future needs of mail processing facilities. Because of this quick action, the FSOs identified and retained several facilities that met operational needs and reestablished mail processing in the Gulf Coast region.

While these actions were commendable, we identified several areas where the Postal Service could improve its response to future disasters. These areas include improving access to facilities, following standard lockdown procedures, developing procedures for prearrangements with haulers of mobile homes and trailers, improving communications, ensuring that appropriately sized generators are available, and securing multiple national contracts for cleanup.

Commendable Actions Taken

We found that Facilities headquarters and the Southeast and Southwest FSO worked together to implement actions that were consistent with the IEMP. These actions enabled the Postal Service to resume operations as quickly as possible in the aftermath of the hurricane. Specifically, prior to Hurricane Katrina, Facilities:

- Identified and established FSO emergency response teams consisting of a FSO project manager, an architect-engineer, and a construction firm representative to assess facility damage and contact appropriate contractors for repairs.
- Notified and coordinated with architect-engineer and construction contractors.
- Created emergency "grab and go" kits⁴ for FSO project managers to take on the road.
- Assembled equipment, vehicles, food, water, fuel, and necessary supplies for the FSO response teams.
- Procured trailers and recreation vehicles for carrier and retail service use after the hurricane landed.

⁴ "Grab and go" kits contained a radio, portable television, batteries, medical kit, rope, duct tape, knife, flashlight, boots, hard hat, hand tools, and caution tape.

During Hurricane Katrina's aftermath, Facilities worked to support Postal Service operations by assessing damages and finding alternatives. For example:

- The Southwest Area and FSO together quickly identified future needs of mail processing facilities⁵ and obtained three facilities before they were leased to other firms.
- An assessment team, consisting of FSO and Postal Inspection Service personnel, an environmental consultant, and a structural engineer, was created to perform building assessments and cleanup.
- Postmasters reported facility damages through the Facilities Single Source Provider Response Line.

In addition, the FSOs suspended the rent payments for 25 leased facilities that were uninhabitable. Thirteen leased facilities were damaged and six were destroyed in the Southwest Area, and six facilities were damaged in the Southeast Area during Hurricane Katrina. These lease abatements totaled more than \$47,000 per month.

Lessons Learned

Postal Service Facilities identified several areas for improvement to help respond to future disasters. According to Facilities management:

- The response teams could not easily access some facilities because spare keys were not available.
- While some post offices secured mail in high places, others did not. Postmasters did not have standard lockdown procedures.⁶
- Although trailers were secured in advance, prearrangements with mobile home haulers were not made, nor were set-up crews preestablished.
- Communications could be improved by purchasing satellite phones and distributing them to the Southeast and Southwest FSOs.
- Better coordination is needed when hooking up large generators at plants. It would be beneficial to know what is necessary for hookup at vulnerable plants.

⁵ The New Orleans P&DC was severely damaged during flooding from Hurricane Katrina.

⁶ We identified procedures for safeguarding mail from flooding in the Postal Service's supplemental hurricane plans.

- Small and large generators were available; however, medium-sized generators were not available to power small or medium-sized post offices.
- There was only one resource available for the cleanup effort. According to Facilities, two or three national contracts need to be established for cleanup services. Additional resources would help expedite the cleanup efforts.

Office of Inspector General Evaluation of Facilities Response to Hurricane Katrina

Postal Service Facilities successfully prepared for and responded to the devastation caused by Hurricane Katrina. Overall, the actions planned and taken ensured continuity of service for the majority of the affected area. However, there were areas for improvement. Addressing the lessons learned as the result of Hurricane Katrina will improve the Postal Service's ability to respond to similar occurrences in the future.

Recommendations

We recommend the vice president, Facilities:

1. Purchase satellite phones or another feasible alternative, as needed, and distribute them to the Facilities Service Offices for use during future disasters.

We recommend the vice president, Emergency Preparedness:

2. Develop procedures for duplicating and securing facility keys for emergency access by Postal Service response personnel.

We recommend the senior vice president, Operations, and the area vice presidents:

3. Ensure that postmasters follow the procedures for safeguarding mail during floods.

We recommend the vice president, Supply Management:

4. Develop procedures to ensure appropriate prearrangements are made with haulers of mobile homes and trailers.
5. Ensure that appropriately sized generators are acquired.
6. Establish national contracts to expedite cleanup efforts.

Management's Comments

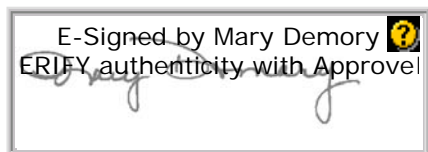
Management agreed with our recommendations and stated that both the Southeast and Southwest Facilities Service Offices will procure mobile communication devices from


multiple cellular providers to increase service availability near devastated areas. In addition, management will ensure that procedures for making duplicate keys available are followed, and stated that district managers must certify that they have read the IEMP for their district and fully understand the procedures for safeguarding mail during a flood. Management has also taken measures to support the movement of mobile homes and trailers during future disasters, has established national contracts to acquire appropriately sized generators, and is establishing a national contract to expedite building cleanup following a disaster. Management's comments, in their entirety, are included in the appendix.

Evaluation of Management's Comments

Management's comments are responsive to all six recommendations and actions taken and planned should correct the issues identified in the findings.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Judy Leonhardt, director, Supply Management and Facilities, or me at (703) 248-2300.



E-Signed by Mary Demory 
VERIFY authenticity with Approve!
Mary Demory

Mary W. Demory
Deputy Assistant Inspector General
for Headquarters Operations

Attachment

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APPENDIX. MANAGEMENT'S COMMENTS

TOM A. SAMRA
VICE PRESIDENT, FACILITIES



March 30, 2006

MARY A. DEMORY
DEPUTY ASSISTANT INSPECTOR GENERAL FOR HEADQUARTERS OPERATIONS

SUBJECT: Draft Management Advisory – Postal Service's Replacement and Repair of Facilities
Affected by Hurricane Katrina (Report Number FA-MA-06-DRAFT)

We have completed the review of the subject draft management advisory and have the following response to the single recommendation in the advisory:

1. Purchase satellite phones or another feasible alternative, as needed, and distribute them to the Facilities Service Offices for use during future disasters.

Management Response: Management agrees with this recommendation. Instead of satellite phones, the Southeast Facilities Service Office (FSO) will procure two Blackberrys from two different cellular service vendors. This will provide text messaging capabilities as well as a redundant source. The Southwest FSO will procure mobile phones with different cellular providers to increase the opportunity of acquiring available service near devastated areas. Satellite telephones have not proven to be very reliable during inclement weather. We will use the proposed communication methods and make an evaluation after we have the opportunity to test them.

We appreciate the thorough review and recommendations. We will be prepared to respond to hurricane damages more effectively in the future.

A handwritten signature in black ink, appearing to read "Tom A. Samra".

Tom A. Samra

cc: Patrick Donahoe
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HENRY A. PANKEY
VICE PRESIDENT, EMERGENCY PREPAREDNESS



May 15, 2006

Mary A. Demory

Subject: Draft Management Advisory – Postal Service's Replacement and Repair of facilities affected by Hurricane Katrina (Report Number FA-MA-06-DRAFT)

Recommendation:

We recommend the vice president, Emergency Preparedness:

2. Develop procedures for duplicating and securing facility keys for emergency access by Postal Service response personnel.

Response:

We will ensure that the procedures outlined in the Administrative Support Manual (ASM) that guide the availability of duplicate keys, are followed. We will also work with the Postal Inspection Service in reviewing the ASM guidelines for duplicating keys. The current procedures that govern backup keys for USPS response personnel are included in section 273 of the ASM.

Henry A. Pankey

WILLIAM P. GALLIGAN
Senior Vice President
Operations



May 5, 2006

MARY A. DEMORY

SUBJECT: Draft Management Advisory – Postal Service's Replacement and Repair of Facilities
by Hurricane Katrina (Report Number FA-MA-06 –DRAFT)

Recommendations:

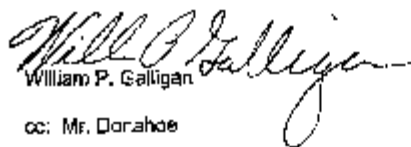
We recommend the senior vice president, Operations, and the area vice presidents:

3. Ensure that postmasters follow the procedures for safeguarding mail during flood.

Response:

We agree. Incorporated in the Integrated Emergency Management Plan (IEMP) are the responsibilities of the District Manager to implement the Continuity of Operations Plan (COOP), Emergency Action Plan (EAP) and Crisis Management Plan (CMP). Included in the IEMP are Annexes to address specific emergency procedures for Floods and Flash Floods (Annex 2B) and Hurricanes (Annex 2D). Within both documents, it outlines the responsibilities of the Emergency Management Team. The person assigned as the Emergency Operations Section Chief has as one of the Response Phase Tasks: Remove all mail from the floor and store in plastic bags in a designated area where they will be safe from flood water.

The IEMP plans are reviewed annually and updating takes place as schedule or as needed. Additionally, the District Manager certifies that he/she has read the IEMP established for their District and fully understands the procedures to be followed, before, during and after an emergency affecting the facilities and employees for which they are responsible.


William P. Galligan

cc: Mr. Dorahoe

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March 30, 2006

MARY W. DEMORY

SUBJECT: Draft Management Advisory—Postal Service's Replacement and Repair of Facilities
Affected by Hurricane Katrina (Report Number FA-MA-06-DRAFT)

We appreciate the opportunity to review and comment on the subject draft management advisory report. The three recommendations addressed to Supply Management were also identified as improvement opportunities prior to this Office of Inspector General review and actions have been taken to address each of the areas as outlined in the attached. We do not believe this report contains any proprietary business information that would be exempt from disclosure under the Freedom of Information Act (FOIA). Marie Martinez of Supply Management will monitor implementation of the one open recommendation that will be fully addressed by June 2006. She can be reached at (202) 268-4117.

A handwritten signature in cursive script that reads "Susan M. Brownell".

Susan M. Brownell
Vice President
Supply Management

Attachment

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RESPONSES TO REPORT RECOMMENDATIONS

Recommendation 4: Develop procedures to ensure appropriate prearrangements are made with haulers of mobile homes and trailers.

Management agrees with this recommendation and has taken appropriate measures to support the movement of mobile homes and trailers during future disasters. Efforts were started in fiscal year 2005 that resulted in recently implemented transportation third party logistics contracts, which establish transportation management service provider (TMSP) relationships to manage non-mail freight for the Postal Service. The TMSPs have tariffs in place to support several different types of transportation requirements including the movement of mobile homes and trailers that would be required in responding to a hurricane impacted area. The TMSPs are also positioned to serve as back up for FOB Destination contracts in case a supplier is unable to source transportation for their product in a timely manner. In addition, potential suppliers of mobile homes and trailers for temporary housing were identified last year and are now included as part of Supply Management's emergency response plan.

Recommendation 5: Ensure that appropriately sized generators are acquired.

Management agrees with this recommendation and has taken measures to ensure appropriately sized generators are acquired. Through our national contracts with W.W. Grainger and MSC Industrial Supply, and ongoing communication with our internal clients, the Environmental and MRO commodity teams have engaged in proactive emergency response planning activities to develop a standard list of pre-approved generator equipment, as well as developing a list of contingencies that include appropriate substitute items. As a result of this approach, Supply Management is confident that emergency deployment of appropriate sizes of generators will be met in the future.

Recommendation 6: Establish national contracts to expedite cleanup efforts.

Management agrees with this recommendation and efforts are underway to establish national contracts to expedite building clean-up following a disaster. Both Supply Management's Environmental, MRO & Janitorial Services Category Management Center and the Facilities Portfolio expect to have contracts in place by June 2006.