

NARRATIVE

Introduction

The Defense Commissary Agency operates a worldwide chain of 281 commissaries, central distribution centers and administrative facilities that provides quality grocery products at cost to active duty military personnel and retirees, members of the Reserve and National Guard, and their families. Authorized patrons purchase items at cost plus a 5 percent surcharge, which covers the costs of building new commissaries and modernizing existing ones. Shoppers save an average of more than 30 percent on their purchases compared to commercial prices – savings worth more than \$2,700 annually for a family of four. A core military family support element, and a valued part of military pay and benefits, commissaries contribute to family readiness, enhance the quality of life for America's military and their families, and help recruit and retain the best and brightest men and women to serve their country.

DeCA Headquarters and field operating activities are located at Fort Lee, Virginia. The management philosophy is customer-service oriented and performance based. Three region headquarters provide support of our worldwide mission and localized management of stores in the United States, the Pacific and Europe. DeCA delivers annual sales of over \$5 billion and employees more than 18,000 people.

Environmental challenges facing the Agency are similar to those faced by any major supermarket chain. They primarily involve solid waste management issues as well as resource conservation and environmental compliance concerns related to new construction as well as operational issues.

Politically and geographically, Agency operations span 3 continents and 14 countries. The rigors of the political climate in these countries are primarily borne by the host installation that in turn is supported by the commissaries in an appropriate capacity.

Economically, our commissaries provide a significant benefit to patrons. New construction and renovation activities are funded with the surcharge account. The balance of Agency expenses including wages and salaries are funded through congressional appropriations. Solid waste management initiatives discussed in this award application include solid waste cost avoidance which has the potential to help the Agency stretch limited appropriated funds and recycling revenues to supplement the Agency's surcharge account. Both solid waste reduction and solid waste cost avoidance help the Agency reduce the unit cost of items sold through the commissary network.

Military communities benefit from the lower prices at our commissaries. This benefit helps maintain enlistment levels and assists our military families in stretching their payroll dollars. Overseas, commissaries deliver familiar foods from home and help our service men and women maintain the quality of life they have grown accustomed to in the states while serving our country overseas.

Background

The Agency identified 28 environmental aspects and ranked each according to significance criteria that included: (1) level of impact; (2) legal liabilities; (3) public concern; (4) benefit/cost analyses; and (5) frequency of occurrence. Of the 28 environmental aspects identified, 5 were considered significant. These included: (1) solid waste management; (2) enhancement of our existing recycling program; (3) standardization of pesticide and rodenticide contracts; (4) environmental due diligence of new construction to prevent delays; and (5) conservation of energy and natural resources.

Of these significant aspects, the first two represent the most significant impact to mission performance and operating efficiency. They also interact with each other in that the more solid waste recycled by the Agency, the less impact on local landfills. In evaluating how to reduce our solid waste volumes and increase recycling rates, it became clear that the solid waste and recycling initiatives would require a structured management approach. Environmental management programs were developed within that framework to address both of these significant environmental aspects.

The Environmental Management Programs (EMPs) are concisely organized to identify the objectives and targets for each significant aspect and the job title of the individuals responsible for assuring they are achieved. In addition, the EMPs detail the metrics used in performance evaluation.

The EMPs take full advantage of the organizational structure for the Environmental Management System (EMS). This structure is headed by the DeCA Acting Director, Mr. Patrick B. Nixon, and functionally supported by the Chief Operating Officer, Mr. Scott E. Simpson, who also serves as champion of DeCA's EMS Core Team. DeCA's EMS chairman provides the logistical day-to-day support to ensure that our EMS moves forward and those EMS initiatives are regularly discussed and addressed by the EMS Core Team.

The EMS Core Team consists of Headquarters representatives from key functional units including Performance and Policy, Facilities, Contracting, Resource Management, General Counsel, Corporate Planning, and Public, Health and Safety. DeCA has implemented a centralized EMS that takes full advantage of the similarity in processes at each of its facilities and appropriately uses scarce resources to implement the EMS at the store level. This approach recognizes the limited availability of resources at commissaries and associated facilities for EMS implementation. It allows us to work within the organizational structure to optimize opportunities for environmental stewardship.

DeCA's journey to EMS implementation began in CY 2002 in response to the April 2002 memorandum that required the Agency to develop and implement an EMS by December 31, 2005. DeCA conformed to this requirement as evidenced by completion of the following key activities.

- Environmental Policy adopted on April 30, 2004.

- Self-Assessment audit in accordance with the Global Environmental Management Initiative's March 1996 publication.
- EMS implementation plan for CY 2005 developed and executed according to schedule.
- Significant environmental aspects identified and environmental management programs incorporating objectives and targets were established.
- EMS Core Team members received EMS awareness training and a management review of the EMS was completed on November 17, 2005, in accordance with applicable procedures.

Program Summary

The goal of DeCA's significant Aspect No. 1, Solid Waste Disposal Reduction is to comply with Executive Order 13148 requirements relative to solid waste and all regulations and training requirements associated with universal waste, used oil and hazardous waste. The EMP objective is to reduce the cost/volume of solid waste disposal at each facility and comply with all regulations applicable to universal waste, used oil and hazardous waste. This objective has been met by reducing the relative cost/volume associated with solid waste disposal each year through a series of actions that have evolved significantly since the EMP was first written in 2003. If the Agency failed to implement this environmental management plan, increased landfill disposal costs, restrictions on disposable items and increased solid waste volumes as a result of increased store sales would likely result in an increase in the unit costs of commissary store operations.

The goal of significant Aspect No. 2, Solid Waste Recycling is to increase DeCA's recycling rate and ensure that all stores comply with the May 13, 1998, Deputy Under Secretary of Defense's Memorandum on the Solid Waste Measure of Merit. The objective of this EMP is to increase DeCA's recycling rate each year by 8 percent and to recover the cost of implementing the qualified recycling program. In order to achieve this target objective, metrics were identified and evaluated.

In the process of locating records to document our recycling performance, it became clear that existing procedures for monitoring and tracking solid waste disposal rates and recycling volumes would need to be addressed. Consequently, Agency-wide processes for solid waste disposal and recycling measurement were evaluated. This evaluation indicated that the overall recycling program appeared to be successful, but that initiatives taken by several commissaries had resulted in enhancement to existing recycling rates and/or reduction of solid waste disposal rates and or costs. Transferring these "lessons learned" to the entire commissary network had the potential to result in significant savings and cost avoidance for the Agency while at the same time, lessening our environmental footprint.

In response to these findings, preliminary waste disposal and recycling surveys were conducted at 22 CONUS facilities (more than 10 percent of the CONUS population [171 stores]). These surveys indicated that solid waste disposal volumes could be further reduced through enhanced recycling efforts and through effective management of dumpster pickup rates.

Analyses of the preliminary survey data clearly indicated the strong linkage between EMP 1 and 2 and the benefits of developing a business case which critically examined the costs and benefits of implementing an effective waste management program. In June 2005, a draft business case was presented to the EMS Core Team. The purpose of the program, described in the business case, is to reduce the volume/cost of solid waste being generated and to increase the amount recycled. In addition the program also has the objective of ensuring that the agency complies with all applicable regulations particularly those associated with hazardous waste, universal waste and used oil.

A proof of concept effort was undertaken by the Agency in late FY 2005 to test the cost benefit analyses identified in the draft business case at 10 percent of its CONUS facilities. The effort involved training zone managers and the store managers that they supervise as well as all appropriate department heads and store associates at each of the commissaries. The effort resulted in the identification of opportunities for generating an additional \$270,000 in recycling revenue per year and achieving cost avoidance of approximately \$179,000 per year. Recycling revenue and solid waste avoidance cost for all of DeCA's CONUS operations were projected to be approximately \$19 million through FY 2012 with annual benefits of approximately \$4 million each year thereafter. Cardboard recycled annually by CONUS operations would be increased by 52,000 tons per year or enough baled cardboard to cover an acre of land 35 feet deep.

The operational controls established to ensure that the Agency fulfills its commitment to protecting the environment and the global communities where our patrons and associates work and live include procedures, training programs, metrics, quality control auditing, and performance audits. The procedures developed by DeCA fulfill the ISO 14001 requirements of identifying the purpose and scope of the procedure, the individuals responsible for carrying out the various aspects of the procedure and an itemized account of actions to be taken. The procedure is simplified at store level to ensure that those individuals responsible for making this initiative work are provided with "no-nonsense" training as well as signage and periodic reminders to keep the process on track.

Solid waste disposal information on the volume disposed and its cost, as well as the volume of cardboard and plastic recycled and associated revenue generated, are tracked initially on a weekly basis during the 2-month rollout period at each commissary. Thereafter, commissaries are required to collect information on a monthly basis and report it quarterly. This data is reviewed to identify data anomalies so that corrective action can be taken to bring stores back on track with the program objectives. After the initial 2-month rollout period, all of the commissaries are visited by the implementation team and coached weekly to ensure conformance with established procedures. After the rollout period, the process is integrated into the commissary's normal operating procedures and the need for regular contact is reduced.

The most outstanding feature of the waste management program, other than its overall cost effectiveness and benefit to the Agency, is that it dramatically demonstrates the power of an EMS. Through the process of developing and implementing its EMS, DeCA was able to bring critical elements of its management team together to solve a seemingly simple yet complex problem of saving money. This effort requires input from seven distinct business groups at the

headquarters level. When fully implemented, it will include all 19 CONUS zones and integrate inputs from 171 CONUS stores.

The program is unique. It goes beyond what the Agency is required to do. We currently meet the solid waste generation measure of merit to divert 40 percent of our solid waste from landfills. However, a critical evaluation of our processes and existing operating practices identified enhancements that will and are currently resulting in significant returns to the Agency through a well structured EMS.

ACCOMPLISHMENTS

EMS Implementation

In the process of arriving at the effective waste management program described above, the Agency's environmental policy was approved by the DeCA Director on April 30, 2004. DeCA's EMS core team identified its significant aspects in March 2003 and developed environmental management plans in June 2003. By June 2004, the core team had critically evaluated waste disposal and recycling practices and had zeroed in on potential opportunities to reduce solid waste disposal rates and increase recycling rates primarily due to the personal commitment to recycling by a select group of dedicated associates. Communication of these opportunities and the training of core team members in using an EMS to advance these initiatives proved beneficial. During the management review process in November 2005, the solid waste and recycling initiative was recognized as one of the primary drivers for the Agency's EMS. This initiative clearly demonstrates that EMSs are implemented because they make good business sense.

Pollution Prevention and Waste Reduction Efforts

The effective waste management program identified, tested and enhanced changes to commissary operations which minimize human resource impacts at each store while maximizing the benefits through the use of headquarters' resources. The amount of cardboard recycled by the Agency in a 10-year period as a result of this program has been estimated to be equivalent to a football field stacked approximately 300 feet high with cardboard. The recycling program initiatives will help reduce demand on natural resources while returning a benefit to the Agency of approximately \$19 million.