



December 17, 2010

Mr. Mark Strong
National President
National League of Postmasters
of the United States
One Beltway Center
5904 Richmond Highway, Suite 500
Alexandria, VA 22303-1864

Dear Mr. Strong:

The Postal Service has given full and fair consideration to the questions and recommendations presented by the management associations and discussed during our November 30, 2010 consultative-process meeting concerning the Delivery Unit Optimization (DUO) program and guidebook. This responds to those questions and recommendations and sets forth the Postal Service's final decision concerning this matter.

We have decided to proceed with nationwide implementation of the DUO program and guidebook effective January 3, 2011. A copy of the DUO Guide, Version 1.1, December, 2010, is being furnished to you electronically.

QUESTIONS

1. Concerning offices with nine routes within five to 20 miles of a hub office, is growth taken into account?

Response: Distances greater than a 10 mile radius may not have cost benefit and usually are not part of the modeled opportunity. There may be some scenarios where exceeding the 10 mile radius has an overall cost benefit and will be considered on a case by case basis. Local knowledge of growth patterns can be used as part of the final determination. The DUO Guidebook will be edited to clarify that a ten-mile radius and a 20-mile diameter from a hub office is the basic scope.

2. When will function 4 reviews be conducted in the receiving office?

Response: Level 1 Reviews must be completed in all of the impacted offices prior to implementation of DUO moves. Level 2 Reviews to include Mail Arrival Profiles (MAPS) and web 1994s will be completed for the receiving office as part of their Migration Plans.

3. Will the Postal Service provide Management organizations copies of all notifications in advance?

Response: This can be provided through the Change, Suspension & Discontinuance Center (CSDC) Tracker program. Each of the three management associations will provide a list of representatives/designees for whom access to CSDC will be requested for this purpose. The

level of access to be requested will be commensurate with information needs related to this issue.

4. Will the Postal Service furnish a copy of the DUO Coordinator job description? Is it full-time? Direct Report?

Response: DUO coordinator duties have not been developed fully or to a point where establishment of a full-time position would be warranted. Each Area/District may determine its needs concerning the scope of a DUO coordinator's responsibilities. We anticipate that Operations Support staff personnel will be assigned these duties collaterally. Some districts may assign more than one person to coordinate this process.

5. Why was RIF invoked for the DUO process? RIF Guidelines 415.41e, what determines "a reasonable reassignment"— distance, job skills, tour? Can you provide us a full explanation of 415.41?

Response: Applicable law requires that when a preference eligible employee in a competitive area will be demoted due to a reorganization, the Postal Service must apply the RIF statutes and the Office of Personnel Management's (OPM's) implementing RIF regulations governing the competitive service as incorporated into Postal Service RIF policies. If there is no preference eligible employee in a competitive area who will be demoted due to a reorganization, but there is a non-preference eligible employee who will be demoted due to a reorganization, the Postal Service must apply its RIF policies according to those policies. Applicable law is:

- The Postal Reorganization Act (PRA) statute codified at 39 U.S.C. §1005(a)(2)-(3); and,
- OPM's RIF regulation at 5 C.F.R. §351.201(a)(2).

6. DUO is based on savings, what happens if the savings do not materialize? What are the options? Such as:

- Will the offices be restored to their original status?

Response: The savings are based on a return on investment over a period of 10 years. Restoring offices may be part of a continuous adjustment process as needs arise. All of these decisions will be made at the District level subject to Area concurrence.

- Will the routes be moved to a different office?

Response: See above.

- If the routes stay, will the work hour and TOE budgets be adjusted to reflect actual vs. projected costs?

Response: The budget process is independent and is a local (District) decision.

7. How is the mapping tool to be used at the District level? Will the DUO Coordinators be trained and how much weight does the tool carry in the final decision of the selected offices?

Response: The eFMS mapping tool is used within the initial steps to determine where opportunities exist for moving carrier operations. The information from the tool is used along with local knowledge to assist in determining the best decisions.

8. Is there a pecking order of importance when an office is considered for DUO or running the Wizard? (Savings, F4 repositioning, space, etc.)

Response: Space availability at a host site is the primary consideration, number of routes to be relocated, and savings associated with the moves are also primary factors.

9. Will there be quotas and mandates by Area & HQ on the number of offices Districts must complete by a set time? If so, how many offices are required in FY11? What are the percentages?

Response: The expectations have been established to review the best-opportunity locations first and to prioritize those that are projected to have the greatest fiscal and/or operational benefit. The expectations for conducting the reviews were established with the idea that 50% of the expected-opportunity offices for each subcategory would take priority in the initial reviews. Districts are expected to conduct a review for DUO possibilities for all of their offices eventually, but the initial criteria was established to conduct reviews in at least 12.5% of their offices with less than 9 routes, 7.5% of the larger carrier stations and 15% of the carrier annexes. There is an expectation that since these reviews will represent the greatest opportunity in each of the selected categories and since the expectation only represents 50% of the projected opportunity, these first offices would probably result in implementation. Triggers have not been established at the national level.

10. What is the minimum amount of projected savings before an office is implemented?

Response: No minimum savings is established and some of the savings not specifically quantified can be a result of cost avoidance. The determination criteria will usually demonstrate an ROI over 10 years.

11. How does DUO affect HCR Routes?

Response: All offices with delivery routes are considered under the DUO premise.

- What criteria/items will disqualify an office?

Response: No criteria are established to disqualify an office except for accommodation constraints. These are local decisions with District and Area concurrence. HQ oversight of this process is established in the Change, Suspension, Discontinuance, Center (CSDC) model. Each is determined locally on case by case basis.

- Parking? (Local agreements to be considered)

Response: This is determined locally on case by case basis.

- OSHA requirements? Restrooms, employee parking per local agreements, etc.

Response: In cases where build outs are required the information will be part of the decision process. Local issues will be handled locally on case by case basis.

- Space?

Response: Space availability (room to accommodate operations) is a primary decision point. Units cannot move if the available space not adequate.

- 20 miles?

Response: The establishment of a 10 mile radius is not a hard fast rule but rather an approximation based on break even point analysis. There are situations where exceeding 10 miles will still demonstrate a return on investment but usually the travel distance is prohibitive when it exceeds the 10 mile radius.

- More than 9 routes?

Response: All offices with delivery operations are considered. Offices are sub-classified because, typically, the strategies and savings opportunities vary. Offices with fewer than 9 routes are generally viewed as a separate group because generation of primary savings comes from better employee-utilization and the reduction of supporting resources. Offices with more than 9 routes are usually within urban or suburban areas and the savings strategies may differ. Expanding the focus to offices with more than 9 routes is typically an urban/ suburban strategy and will be implemented in stations as warranted and feasible.

- Potential growth areas.

Response: This information is discussed and reviewed within the district process along with other strategies for increasing customer access. Decisions are addressed locally on a case-by-case basis with input from Operations Support, Retail Marketing and FSO.

12. How will PFS mail be handled?

Response: The changes are invisible to customers. Premium Forwarding Services will continue to be managed locally without interruptions.

13. How will the "non-competitive laterals" be awarded if there are two or more Postmasters desiring the same office?

Response: Management's selecting officials will make these determinations.

14. Who is charged with the relocation costs?

Response: All budget allocations and cost attributions are part of the District decision process. Costs may vary depending on who performs work and local District Finance Managers will have the internal information to make the best decisions with their respective District Managers' guidance.

15. Concerning NPA for EAS 21-and-above offices, when and how will the budget/costs be adjusted for TOE purposes.

Response: Budget allocations and cost attributions are worked through the District Management groups.

16. Concerning Page 8 - Office checklist - step 2, why would a WOS study be needed if retail is essentially unchanged?

Response: WOS is used to evaluate the retail workload and the resource needs of the office.

17. Concerning Page 9 - giving PM reports to receiving office to help out. These hours are charged where? May seem trivial but with budgets what they are this is an impact. SOV surely does not cover this and 8 hours to a turn key office is a lot.

Response: This is a district decision.

RECOMMENDATIONS

1. Page 4, No. 4: Include preliminary complement projection at this time.

Response: This can be determined by the F-4 Coordinator using the MAP/1994 Tools in a Level 1, 2, or 3 review.

2. Page 4, No. 6: Provide management organizations a copy.

Response: Management organizations can request access to the automated systems F4 Event Tracker, MAP/1994 Program, F4 Business Plan, and CSDC Tracker as needed.

3. Page 5, No. 10: Provide local management organizations representatives the District's SOP.

Response: The DUO Guidebook will serve as the general guideline for local units in order to ensure they have an understanding of the critical steps in the process. The CSDC will serve as a repository for timelines, forms, and the overview analysis. Any local SOPs or initiatives will have to be requested through each District.

4. Page 5, No. 15: Including management organizations designee.

Response: Each can obtain access to the CSDC as needed.

5. Page 6, No. 18: Request a standard format for the financial report with a copy shared with management organizations.

Response: Reports from the CSDC will be available to users with access.

6. Page 6, No. 19: Copy of the 45 day POOM report to management organizations.

Response: Reports from the CSDC will be available to users with access.

7. Page 6, No. 22: Changes in FLSA violations will be avoided by processing the Form 50 effective the first day that the receiving and giving postmaster's workload has changed.

Response: PS Forms 50 will be processed in accordance with USPS policy.

8. Page 12: Request the letter to Congress is sent by the District Manager as follow up to the face to face meeting. (pg.7 No. 2)

Response: We agree that the District Manager, not the Postmaster, should sign this letter. The DUO Guidebook will be amended accordingly.

9. Roll up report to management associations' HQ every two months to be shared at consultative meetings.

Response: Management associations will each provide us with a list of column headers, Rich Rudez will look into the possibility of building a report.

10. Request PMR training be extended to minimum of 40 hours due to projected increased of PMRs and their responsibilities (sic).

Response: The Postal Service contacted the Postmaster Associations on November 23, 2010 about an interest in including designees selected by the Postmaster Associations in an

effort to update Course No. 1356200, *Postmaster Relief*. This recommendation could be discussed in that process.

11. Consideration needs to be given under DUO for the giving office to receive credit for the workload that remains in the office.

Response: The Function 4 Business Review will determine the workloads of each impacted office and will ensure that CSV/SOV data is updated.

12. NAPUS requests eFMS access for all State Presidents and their District designees.

Response: Rich Rudez sent a request to eFMS people – we need to determine whether we can grant access to this many people without causing system overload.

13. Transportation: Need better guidelines for determining means and mode of transportation.

Response: This is a local decision based on resource analysis.

14. Recommend 30 – 45 days for compliance.

Response: The current timeline is adequate. Rich Rudez will request timeframes be contained in headers.

15. Recommend that when the Postmaster salary and lease are “potential” to wait until there are real savings. Saved salary may incentivize the Postmaster to stay offsetting DUO objectives.

Response: Individual's salary should not be a part of the decision process. Published base salaries for level and grade of the positions will be used for the determination of savings potential. This will ensure decisions are made based on processes without bias or prejudice concerning the individual performing within the affected position.

16. Considering the gaining Postmaster is accountable for many items on the checklists that could be completed in advance by support staff: Personnel forms, OM 500, lines of travel changes, FDB entry, AVUS (VOMAs eliminated) DOIS and RR data changes, etc. could and should be completed by the Subject Matter Experts, the CSA's. Previous DUO sites implementing these recommendations found the process to go smoother.

Response: This will depend on local resources. The District DUO Coordinator will work with affected Postmasters to determine the most efficient way to accomplish this.

17. Scheme training: consideration based on number of schemes and scheme items prior to move. (30 days)

Response: Will be included with PMR training. PMR and clerk training should be completed for the most part and to the extent reasonably possible before the move.

18. We would like personal meetings to take place with all offices within a consolidation group. Initial meetings should be in person, no telecons and no emails. This will help to make sure the communication is clearly understood and allow time for written input for concerns, comments and suggestions for improvements.

Response: The Manager, Post Office Operations (MPOO or POOM) should be in the field and involved actively in most cases. A local meeting may be established with all affected Postmasters at the same time.

19. Make sure replacements are available upon day of consolidation. Many PMs are working 6 days a week as help is taken from them and the PMR has not been hired.

Response: This concern has been addressed previously. The Postal Service agrees that all need to be prepared.

20. It is believed that the losing Postmaster with split rural routes is still entitled to 25% of the work service credit as is given for split city routes.

Response: Current policy/guidelines concerning Workload Service Credits (WSC) and Supervisor Workload Credits (SWC) will be followed.

21. Regarding Page 6 - both No. 20 and No. 21, we would like to see Management organizations copied on new and old 150's. Many Postmasters do not understand the process and having a second look ensures all data for both the receiving and losing offices is verified. The automated data stream is not correct at this point and making sure both the 150 and SWC is important for all parties. All new SWCs and 150s need to be signed by the Postmasters from receiving and losing offices. The instructions for the 150 state that the postmaster completes the form and submits to District.

Response: This matter was addressed previously. PS Form 150 is available in the system, and association representatives will have access.

Sincerely,



Doug A. Tulino