

FAX



January 26, 2009

Mr. Michael Gallagher
Eastern Regional Coordinator
American Postal Workers
Union, AFL-CIO
1401 Liberty Place
Sicklerville NJ 08081

SUBJECT: Six-Month Regional Union Notification

Dear Mr. Gallagher:

The current national economic situation has triggered numerous business closings which have resulted in a rising unemployment rate. The Postal Service, as you are aware, has been severely affected by the downturn in the economy. Fiscal year 2008 ended with a net loss of 2.8 billion dollars as a result of a reduction in mail volume of more than 9.5 billion pieces. Projections for fiscal year 2009 indicate that volume will continue its precipitous decline. As a result of our current financial situation, the Postal Service has a compelling need to accelerate our efforts to reposition the workforce so that employees are given assignments where there is work. The volume decline we are experiencing is unprecedented and there is no indication that recovery can be expected in the foreseeable future. The continued rapid volume decline has created an urgency that we cannot ignore.

- From FY 2007 to FY 2008 total volume dropped by nearly 9 billion pieces, from 211 billion to 202 billion pieces.
- The most recent economic forecast for FY 2009 indicates total volume will decline yet another 12.5 billion pieces, from 202 billion to 189.5 billion pieces. The attached chart illustrates the national volume annual trends from FY 2001 through FY 2009.
- The current and anticipated volume decline continues to negatively affect operating revenue by approximately \$500 million per month.
- Expenses have been cut dramatically, yet the decline in revenue and mail volume continues to outpace our ability to reduce operating costs. Projections for the coming year indicate, absent major adjustments, expenses will continue at this same rate.

Unlike many major businesses, even in this challenging economic environment, the Postal Service has not compromised its mission to its customers. We have neither laid off employees nor cut service. However, in order to continue fulfilling our mission to the American public, we need to maintain efficient operations even as we experience a changing and declining workload. Accordingly, the financial crisis makes it imperative to adjust the six-month regional union notification time frame to excess employees under Article 12 of the Collective Bargaining Agreement.

The current language in Article 12.5B for regional union notification states "The Union shall be notified in advance (as much as six (6) months **whenever possible** [emphasis added])". The current financial condition of the Postal Service will not, at this time, allow us to provide six months notice for each and every excessing event to the regional union. As you are aware, there are a substantial number of APWU

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January 29, 2009

I see this action as a vicious race to see who will disregard the contract the most and therefore is not in keeping with the contractual requirement to keep the dislocation and inconvenience to the employee at a minimum.

Consequently, in my considered opinion, your suggestion to not honor the six month contractual requirement based on the Postal Service's financial situation is a subject that should be addressed nationally with all of the Postal Unions and not by a single Area with just one of the Postal Unions affected.

As always, I am available for further discussion on this or any other subject affected the membership of the American Postal Workers Union.

Sincerely,



MIKE GALLAGHER,
COORDINATOR EASTERN REGION

MG:lg
OPEIU #2
AFL-CIO

Cc:
William Burrus, President American Postal Workers Union
National Executive Board
National Business Agents: Eastern Region



American Postal Workers Union, AFL-CIO

January 29, 2009

Mike Gallagher,
Coordinator
Eastern Region, APWU
1401 Liberty Place
Sicklerville, NJ 08081

Phone: 856-740-0633
Fax: 856-740-0742

Alice Newman, Manager, Human Resources
New York Metro Area Local
142-02 20th Avenue
Flushing, NY 11351- 0300

RE: Six Month Regional Union Notification

National Executive Board

William Burrus
President

Cliff "C. J." Guffey
Executive Vice President

Terry Stapleton
Secretary-Treasurer

Greg Bell
Industrial Relations Director

James "Jim" McCarthy
Director, Clerk Division

Steven G. "Steve" Raymer
Director, Maintenance Division

Robert C. "Bob" Fritchard
Director, MVS Division

Bill Manley
Director, Support Services Division

Sharyn M. Stone
Central Region Coordinator

Mike Gallagher
Eastern Region Coordinator

Elizabeth "Liz" Powell
Northeast Region Coordinator

William "Bill" Sullivan
Southern Region Coordinator

Omar M. Gonzalez
Western Region Coordinator

Dear Ms. Newman:

I am in receipt of your correspondence dated January 26th in which you explain the current difficult financial status of the Postal Service.

Your letter goes on to state that *"the current financial condition of the Postal Service will not, at this time, allow us to provide 6 months notice for each and every excessing event to the Regional Union."*

I regret the fact that our industry nation-wide is suffering both in terms of volume and financially, but I do not agree that the notification requirements of Article 12 of the Collective Bargaining Agreement can be modified by one Postal Area.

We have excessing going on throughout the United States in significant degrees. The APWU Eastern Region currently has over two hundred events going on affecting thousands of employees and the impact radiuses are out to 500 miles. It is important to realize that any excessing out of one Postal Area into another Area, obviously reduces the availability of that position for adversely affected employees in the home Area.

In other words any change in the appropriate notice contained in Article 12 by one Area impacts the duty assignments available to impacted employees in other Areas. Employees being excessed with a lesser amount of notification will be placed in duty assignment that could have gone to employees in closer proximity had the notification to that employee been similarly reduced. Which Union, which Area, which employees are willing to waive how much proper notification to beat some other Union, Area or employee to an assignment.

represented employees on stand-by time. Simultaneously, because of the volume decline we have mail processing equipment not being used to its capacity. Every day this situation is allowed to continue exacerbates the viability of the Postal Service's financial condition.

Accordingly, it is imperative that the excessing process be accelerated to allow us to manage the current workload more effectively. Our need to move quicker than six months is linked to the Postal Service's current precarious financial situation. Each District in the New York Metro Area will develop, on a case by case basis, an accelerated timeline for excessing events. Please note that the sixty (60) day employee notification, provided in the collective bargaining agreement prior to excessing, will continue to be provided.

Questions or concerns regarding the foregoing may be directed to Gary Johnston, Area Manager, Labor Relations at (646) 473-3815.



Alice Newman

Enclosure: National Volume Annualized Trend Report

cc: S. Forte

PACIFIC AREA OFFICE
HUMAN RESOURCES



To: Pacific Area Local(s)
 Western Area Local(s)
 So. West Area Local(s)

Withholding Info
 Staffing Issue(s)
 Status Update
 Grievance Administration
 Please review, take action and reduce issues to writing
 Comments

[Signature]
Omar M. Gonzalez, Coordinator

February 11, 2009

Omar Gonzalez
APWU Western Regional Coordinator
500 Airport Blvd., Ste. 450
Burlingame, CA 94010

This is to advise you of the intent of the Pacific Area to begin to reposition employees out of craft and/or installation in identified Impacts in advance of the conclusion of the six months union notification period we have provided in the past.

The basis for this action is the current financial situation. At the same time that operating costs are increasing, workload is decreasing. Nationally, volume was down by more than 9 billion pieces or 4.5% last year and it is projected to drop by another 12 to 15 billion pieces by the end of this year. In 2008, the Postal Service lost 2.8 billion dollars in revenue and we are projected to lose more than 5 billion this year. Additionally, it should be noted that the historic practice of providing up to 6 months notice was based on management initiated impacts requiring repositioning of employees as a result of changes in technology, mechanization or operational processes that were totally within management's control. The current drastic reductions in mail volume are not within management's control and require immediate action to address the enormous loss of revenue.

The contract and the Joint Contract Interpretation Manual state that the union at the Area/Regional level will be given notice, in the form of an Impact/Work Hour Report, whenever technological, mechanization or operational changes impact the bargaining unit no less than 90 days in advance (6 months in advance whenever possible). Given the magnitude of the loss of volume and the current financial state of the Postal Service, it is no longer possible to wait 6 months to reposition the workforce to cover viable vacancies in other crafts and/or installations.

In view of the above, we are targeting to complete all of the employee repositioning tied to the Phase One Impacts no later than the end of April 2009 and employee repositioning tied to the Phase Two Impacts no later than the end of May 2009. A list of the Phase One and Phase Two Impacts is attached for your review. As additional impacts resulting in a need to excess career employees from the craft and/or installation are identified, we will adjust the final placement date based on current conditions.

If you have any questions, please feel free to contact me at (858) 674-3180.

Manuel Botello

Manuel Botello
Manager, Human Resources

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SAN DIEGO, CA 92107-4400
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FAX: 858-674-3181

20 677 3181



American Postal Workers Union, AFL-CIO

OMAR M. GONZALEZ
Regional Coordinator

Western Region APWU 500 Airport Blvd. Suite 450 Burlingame, CA 94010

February 13, 2009

Mr. Manuel Botello
Manager, Human Resources

11255 Rancho Carmel Drive Room 227
San Diego, CA 92197

Certified Mail 7062 1000 0004 8117 9398 and Via Fax

This responds to your February 11, 2009 letter received on the 12th on repositioning employees prior to the required six (6) month advance notice to the union.

To begin with, your letter clearly reveals in the first paragraph the six month advance notice is a binding past practice. This past practice implements contract provisions that can only be changed through bargaining. No such bargaining has taken place.

Be that as it may, you indicate a national volume and financial picture but fail to reveal the Pacific Area's statistics. In addition, what you describe is not an unforeseen circumstance or combination of circumstances. Recent revelations indicate the PMG was well aware of the position of the Postal Service before the PAEA was established. While you as the Employer have exclusive rights those rights are not absolute.

Your use of the wording "operational processes" differs from the requirement outlined in the CBA/JCIM which is "operational changes." While you contend that the current drastic reductions in mail volume are not within management's control I beg to differ. The PMG/USPS discounts granted to mailers impact volume that could and should be processed by postal employees and are certainly within the control of management. Similarly contracting out impacts volume and work which is well within the control of management.

You then claim it is "...no longer possible" to wait 6 months to reposition the workforce to cover viable vacancies in other crafts or installations. The verbiage "if possible" is not permissive and is a requirement. This period provides for meeting(s) at the Regional level. Also if reports or studies result in the reassignment of employees outside the craft or installation that too requires a meeting at the Regional level. Nothing in your letter states or reveals why it is "impossible" for you to comply with the National Agreement.

Part of the advance notice period is intended to involve on going communication with the intent to keep to a minimum dislocation of employees as well as compliance with the withholding process and the examination of local fact circumstances. You mention "viable" vacancies yet the CBA requires placement in "residual vacancies" which are withheld for the placement of impacted employees. The advance period allows for periodic updates. Wholesale accelerated involuntary reassignments will cause havoc not only to employee work life but service as well.

Past practice has shown that the advance notice period, resulting regional labor management meetings during the period have allowed the parties to minimize the impact on employees, ensure service levels and enforcement of minimizing impact provisions of the CBA/JCIM, and the application of the sequential requirements of Article 12.

You provide no information that indicates the PMG has attempted to or has negotiated any so called "workforce flexibility" with the APWU. Nor have you attempted to bargain over the changes to the CBA/JCIM you are now unilaterally implementing. What is more you do not state or declare what advance notice to the regional union will be provided by the Area. Nor do you identify the process for notifying the regional union of additional impacts that are identified or how you will adjust final placement dates or what you mean by current conditions. To add insult to injury there were no Phase One or Two Impact Ratings attached to your letter.

While I contend your unilateral actions appear to be a violation of labor law and past practice I am requesting the identification of the person to which I am to send an Area Level Appeal since you are changing established practices that implement the CBA.

Omar M. Gonzalez



American Postal Workers Union, AFL-CIO

OMAR M. GONZALEZ
Regional Coordinator

Western Region APWU 500 Airport Blvd. Suite 450 Burlingame, CA 94010

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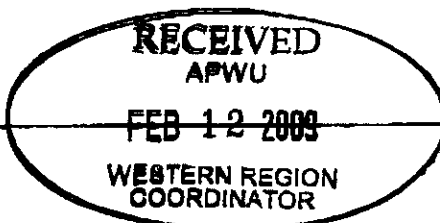
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Omar M. Gonzalez

PACIFIC AREA OFFICE
HUMAN RESOURCES



To: Pacific Area Local(s)
 Western Area Local(s)
 So. West Area Local(s)

Withholding Info
 Staffing Issue(s)
 Status Update
 Grievance Administration

Please review, take action and reduce issues to writing

Comments

Omar
Omar M. Gonzalez, Coordinator

February 11, 2009

Omar Gonzalez
APWU Western Regional Coordinator
500 Airport Blvd., Ste. 450
Burlingame, CA 94010

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RESASSIGNMENT BEFORE THE 90 DAYS HAS EXPIRED

Reassignment – General Principals

Reassignment Rules

Article 12 Page 3 – 5th paragraph

Meetings at Area Region

- Are required no less than 90 days of ANY anticipated reassignment from an installation under Article 12.

As you can see, the key work is ANY

Article 12 Page 4

Proposed Excessing

- “No discussions with craft until area regional parties have held discussions”

Area/Regional Coordinator Article 12.4.B. 1st paragraph

- Will be given notice when Tech Mechanic or operational changes impact the bargaining unit “no less than 90 days in Advance”

There are no exceptions. Also “or operational changes” everything is an operational change. Example, low mail volume.

Article 12 Page 4 2nd paragraph

Involuntary

- Requires an Area/Regional Labor Management Meeting

Key work “requires”

Same Paragraph

- The first Area/Regional.....must be held no less than 90 days prior to the involuntary reassignment.

Key word “must be held”

Studies/Reports

- If a study report (function 4, BPI etc.) results in excessing...a meeting will take place at the Area Regional Level

Key word “will take place”

These are all under Article 12.4.b of JCIM

On page 23 of the JCIM under Preface 3rd Paragraph

“If introduced in Area/Regional Arb the JCIM will speak for itself. The parties advocate will not seek testimony on its content and the position of the parties contained in the JCIM are binding in the arbitration.”

As you can see, the above cite of the JCIM are not debatable.