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January 26, 2001

APWU REGIONAL COORDINATORS
MANAGERS, HUMAN RESOURCES (AREA)
MANAGERS, LABOR RELATIONS (AREA)

SUBJECT: Postal Priority Mail Processing Center Implementation Process

There are several provisions of the December 30, 2000, Postal Priority Mail Processing Center (PPMPC) Memorandum of Understanding (MOU) that must be implemented by local management and union officials. The parties at the national level encourage the local parties to engage in open and ongoing communication to promote a productive and positive labor/management relationship in the PPMPC sites.

The purpose of this joint letter is to provide guidelines to the local parties regarding those provisions of the December 30, 2000, MOU that requires local implementation.

LOCAL LABOR/MANAGEMENT MEETING

The PPMPC Manager or designated Postal Service representative should schedule an initial local labor/management meeting with the appropriately designated local union officials for the week of January 29, 2001, at which a mutually agreed to date for a tour of the facility will be discussed.

DUTY ASSIGNMENTS

The parties at the national level will work together to establish craft jurisdictional determination for specific operations no later than March 1, 2001. Until these jurisdictional determinations are made at the national level, and/or the Postal Service hires or begins accepting transfers of career employees into the PPMPCs, jurisdictional issues, specific staffing, or duty assignments will not be the subject of local grievances.

LOCAL IMPLEMENTATION/NEGOTIATIONS

In accordance with Article 30, Section E, of the 1998 National Agreement, the local parties will meet to negotiate a local memorandum of understanding when the Postal Service establishes a new installation. The following procedure will apply when negotiating local memoranda of understanding at PPMPCs, the following will be the procedure:

There shall be a 30-consecutive day period of local implementation which shall occur within a period of 60 days commencing April 9, 2001, on the 22 specific items enumerated in Article 30, provided that no local memorandum of understanding may be inconsistent with or vary the terms of the 1998 National Agreement."

The local parties may, by mutual agreement, delay negotiating any one or more of the 22 items until a future date they deem more appropriate (e.g., after more information is known about specific duty assignment staffing, completion of the district transfer solicitation, or the completion of the transition period). The dispute resolution procedures of Article 30 will apply, including extended negotiations mutually agreed to by the parties.

STAFFING

As required in the MOU, during the transition period, "full-time career employees in the district commuting area who are eligible and qualified will be offered the opportunity to transfer to the PPMPC and vacancies may be withheld pursuant to Article 12 to accommodate excessed employees. Selections to duty assignments will be made by seniority." Local discussions on specific staffing or duty assignments shall be deferred until such time as these guidelines are established at the national level.

LOCAL LABOR/MANAGEMENT PERFORMANCE COMMITTEE

As required in the PPMPC MOU, a local tri-partite labor/management committee will be established with management and both the APWU and NPMHU local union officials. This committee is created for the purpose of encouraging ongoing dialogue between local management and the unions regarding the operation of the PPMPC and to discuss any ideas the unions have to improve the performance (staffing, productivity, processing, and accuracy) of the PPMPC.

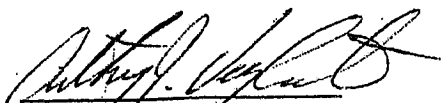
The establishment of this committee should be a subject of discussion at a future local labor/management meeting. The three parties should mutually agree when this committee should be established and meet each accounting period, sometime after the local implementation period or when career employees are transferred in or hired into the PPMPC.

TRANSPORTATION & MAINTENANCE

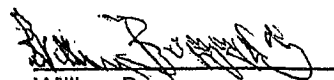
In the December 30, 2000, MOU, there are provisions concerning issues related to transitioning maintenance and transportation, where appropriate. The parties will meet at the national level to discuss these provisions and, if necessary, provide guidance to the local parties regarding their responsibilities at an appropriate future time.

Nothing in this joint communication is intended to change any of the provisions of the December 30, 2000, PPMPC MOU, or diminish any of the rights of either party contained therein.

If you have any questions, or need further guidance, please do not hesitate to contact your appropriate Headquarters official.



Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service



William Burrus
Executive Vice President
American Postal Workers
Union, AFL-CIO

Date:

1/26/01

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO**

Re: In-House Pilot Priority Mail Processing Center

In accordance with the 1998 APWU collective bargaining negotiations, the parties agreed in a Memorandum of Understanding (MOU) to establish an in-house pilot Priority Mail Processing Center (PMPC). The establishment of a postal PMPC is for the purpose of determining whether or not a Postal Service site will be competitive, in terms of cost and maintaining service standards equal to or greater than those established and maintained by Emery Worldwide, Inc.'s current operations.

The provisions set forth in this agreement apply solely to the Pilot PMPC site. They will continue in effect as long as the Pilot PMPC is operating, unless subsequently modified in writing by agreement of the parties. The pilot postal PMPC will be established in Phoenix, Arizona, to process Priority Mail products only.

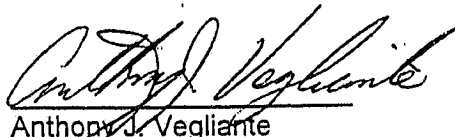
The pilot PMPC will be "ramped-up" over a reasonable period of time not to exceed four months or 120 days in order to establish operations and staffing. The pilot test will run for two years after the ramp-up period. At that time, the Postal Service and the union will meet to discuss the results of the pilot based on the purpose of the pilot as described in the first paragraph of this agreement. After meeting, the Postal Service will decide whether or not to continue the pilot or take other appropriate action.

Unless specifically referenced in this agreement, provisions of the national agreement will apply to the pilot PMPC.

The following understanding is the written agreement that provides specific modifications to provisions of the national collective bargaining agreement for application in the Pilot PMPC:

- A. The pilot PMPC installation APWU complement will be staffed with no less than 80 percent career employees and no more than 20 percent non-career employees (casuals), except during the Christmas period (APs 3 and 4).
- B. The career workforce will consist of at least 80 percent full-time employees and 20 percent part-time employees. Contractual maximization rules will not apply to any part-time flexible employees in the pilot PMPC for the duration of the pilot test.
- C. Non-career employees (casuals) may be employed up to 359 days per year.

- D. The staffing and use of casual employees will not be considered supplemental for purposes of this agreement, and they shall be governed solely by the provisions of this Memorandum. The agreed-to percentage of 20 percent may be maintained and will not count towards the restrictions of Article 7 of the national agreement.
- E. Craft complement and duty assignments will be established as determined by the application of the principles of R-1399. Any disputes that arise from this process will be resolved expeditiously through the grievance/arbitration procedures. A dedicated arbitrator will be selected prior to opening the postal PMPC to resolve all jurisdictional disputes arising in the postal PMPC.
- F. Local parties will form a tri-partite labor/management committee consisting of representatives from the Postal Service, American Postal Workers Union (APWU), AFL-CIO, and National Postal Mail Handlers Union (NPMHU), AFL-CIO. This tri-partite committee will meet no less than once each accounting period after the pilot PMPC is established to discuss staffing, productivity, processing and accuracy.
- G. The pilot PMPC will be an independent installation for all purposes. However, prior to the opening of PMPC, the local parties will discuss and resolve the procedures that will be employed to assign existing career full-time and part-time employees from other installations and any options/rights to return to their former installation and conversion opportunities for part-time flexible employees.
- H. This agreement and any other agreements made locally at the pilot PMPC are made solely for the specific purpose described above and will not be used in any other forum for any purpose except for disputes arising concerning the application of these agreed-upon provisions.



Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service



William Burrus
Executive Vice-President
American Postal Workers
Union, AFL-CIO

Date: 4/4/00

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
UNITED STATES POSTAL SERVICE
AND THE
AMERICAN POSTAL WORKERS UNION, AFL-CIO**

Re: Postal Priority Mail Processing Centers

In full and complete settlement of all issues and grievances related to the Postal Service's decision to subcontract the processing of Priority Mail in a separate network of facilities, including the American Postal Workers Union's (APWU) National-level grievance in Case No. Q94C-4Q-C 97078759, the APWU and Postal Service agree to the following:

The Postal Service agrees that the work currently performed by subcontractors at the ten Priority Mail Processing Centers (PMPC) will be transitioned to the Postal Service and be staffed by Postal Service employees according to the terms of this Memorandum of Understanding (MOU).

The parties agree to modify the provisions of the National Agreement for application in transitioning the ten subcontracted Priority Mail Processing Center sites to Postal Service operations. The provisions set forth in this agreement apply solely to accomplishing this transition and the subsequent Postal Service operation of those existing PMPC subcontracted operations.

The parties also agree that it is in their best interest to jointly work together to improve Priority Mail service, efficiencies, and cost effectiveness.

Unless specifically referenced in this MOU, all provisions of the National Agreement will apply to Postal Priority Mail Processing Center (PPMPC) sites. The provisions contained in this MOU will continue in effect as prescribed in this MOU.

The Postal Service may, at its discretion, move the operations of the transitioned PPMPCs to other locations, provided the total number of sites governed by this MOU shall not exceed ten Postal PMPC independent sites. If the Postal Service decides to move Postal PMPC operations to a different location or locations to process this Priority Mail or add a delivery operation to a PPMPC, the provisions of this MOU will continue to apply in those installation(s), provided the operations are not moved to any of the following Postal Installations: Processing and Distribution Center, Bulk Mail Center, Air Mail Center or Facility, or any other existing postal facility at which APWU represented employees are currently employed.

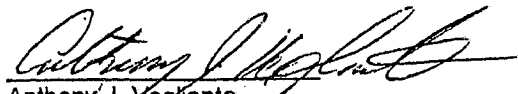
Each PPMPC will be an independent installation for all purposes. For purposes of this transition, there will be a transition period from the date the Postal Service terminates the existing contract with Emery until January 1, 2002, at which time the Postal Service will have completed staffing the installations in accordance with the below provisions.


The following provisions concerning wages, hours, and working conditions will apply in the ten Postal PPMPCs covered by this MOU:

1. **Staffing** - The future staffing of the PPMPC will consist of two categories of employees, career and casual, with the following conditions:

- A. The PPMPC installation APWU complement will be staffed with no less than 75 percent full-time career employees and no more than 25 percent non-career (casuals) in mail processing, except during Accounting Periods (APs) 2, 3, & 4.
 - B. During the transition period, full-time career employees in the district commuting area who are eligible and qualified will be offered the opportunity to transfer to the PPMPC and vacancies may be withheld pursuant to Article 12 to accommodate excessed employees. Selections to duty assignments will be made by seniority.
 - C. PPMPC casual employees may be employed up to 359 days per calendar year. The staffing and use of casual employees will not be considered supplemental for purposes of this agreement and shall be governed solely by the provisions of this MOU. The agreed to percentage of 25 percent casuals may be maintained and will not count towards, or be subject to, any of the restrictions of Article 7 of the National Agreement.
2. **Transition Period** – During the transition period, the Postal Service may staff the PPMPC installations, as it deems necessary to continue to reach operational goals and maintain service. At the end of the transition period (January 1, 2002), the Postal Service will be in compliance with the staffing mix as described in Section 1.
 3. **Duty Assignments** – Craft complement and duty assignments will be established as determined by the application of the principles of RI-399. Any disputes that arise from this process will be resolved expeditiously through the RI-399 dispute resolution procedures. A dedicated arbitrator will be selected before the end of the transition period to resolve all jurisdictional disputes arising in the PPMPCs. Jurisdictional decisions by the arbitrator will not be cited by either the unions or management for any purpose not directly related to the PPMPCs.
 4. **Seniority** – Seniority of employees will be established as total craft seniority applying seniority tiebreakers as provided for in the National Agreement.
 5. **Local Labor/Management Performance Committee** – In addition to the Labor/Management meetings required by Article 17 of the National Agreement, the local parties will form a tri-partite labor/management performance improvement committee consisting of representatives from the Postal Service, American Postal Workers Union (APWU) AFL-CIO, and National Postal Mail Handlers Union (NPMHU) AFL-CIO. This tri-partite committee will meet no less than once each accounting period after the PPMPC is established to discuss staffing, productivity, processing, and accuracy.
 6. **Overtime** – The parties agree that the penalty overtime provisions contained in Article 8 shall not apply to APWU clerk craft employees in the Postal PMPC sites. However, there will be work hour limits of 12 hours per day and 60 hours in a service week. The selection of employees to perform work on overtime shall be in the following order: 1. Full-Time Career Volunteers, 2. Casuals, 3. Non-Volunteers.
 7. **Transportation** – During the transition period, the Postal Service may establish ground transportation as it deems necessary to reach operational goals and maintain service. During the transition period, the Postal Service will meet with the APWU and discuss the appropriate future transportation needs, including the use of postal motor vehicle employees. At the end of the transition period, transportation for the PPMPCs will be established in accordance with the current contractual procedures and awarded to Postal Vehicle Service (PVS), where appropriate.

8. **Maintenance** – The parties agree that current arrangements for building maintenance and custodial functions will continue for the transition period. At the end of the transition period, the Postal Service will follow the appropriate procedures in the National Agreement with regard to staffing the building maintenance and custodial functions. For equipment maintenance, the Postal Service will make the necessary adjustments and staff with Postal maintenance as soon as practicable, but no later than the end of the transition period.
9. The terms and conditions of this Memorandum of Understanding and any other agreements made locally at a PPMPC site are made solely for the specific purpose described above and shall not be raised in any other forum for any purpose except to resolve disputes arising from the application of such agreed upon provisions.


Anthony J. Vegliante
Vice President
Labor Relations
U.S. Postal Service


William Burrus
Vice-President
American Postal Workers
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Date: 12/30/00

APWU REGIONAL COORDINATORS
APWU NATIONAL BUSINESS AGENTS
AREA HUMAN RESOURCES MANAGERS
AREA LABOR RELATIONS MANAGERS

SUBJECT: "Fargo" - related grievances

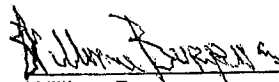
Recently, we met to discuss the subject of grievances that have been held pending resolution of the national level appeal in Case H7C-4S-C 3749.

Arbitrator Mittenthal addressed the disputed issues in his August 4, 1998, decision, which he subsequently clarified in his July 12, 2000, award, when he stated that "[t]he clarification sought by the parties is set forth in items 1 through 5 of the foregoing opinion."

Accordingly, we agree that each grievance being held pending resolution of Case H7C-4S-C 3739 should be reviewed by the parties, at the level where the grievance is held, to determine whether the grievance contains those items identified in the aforementioned award. If they contain these items they should be settled in accordance with Arbitrator Mittenthal's decision or scheduled for arbitration, as appropriate.



Peter A. Sgro
Manager
Contract Administration



William Burrus
Executive Vice-President
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January 10, 2001