

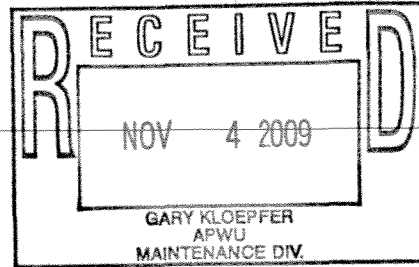


October 30, 2009

Mr. Gary Kloepper
Assistant Director
Maintenance Division
American Postal Workers
Union (APWU), AFL-CIO
1300 L Street, NW
Washington, DC 20005-4128

Certified Mail Number:
7099 3400 0009 0836 7069

RE: Q00T-4Q-C07147172/HQTT20072
Washington, DC 20260-4100



Dear Gary:

By letter dated April 18, 2007, the APWU initiated the above-referenced Step 4 dispute. In accordance with Article 15.2 (Step 4) (a), the Postal Service is providing you with its understanding of the issue involved. We met to discuss the issue in dispute and were unable to reach an agreement.

Time-limits as related to the exchange of position statements were waived by mutual agreement with the understanding that the 15-day positions statements would be submitted no later than October 30.

The issue presented is as follows:

The issue involved in this dispute, according to the APWU's letter, is whether the Postal Service violated the Article 32--Section 1 of the National Agreement and Section 535 of the Administrative Support Manual when it made its decision to subcontract the implementation of PLANET Code capability requiring software/firmware/and hardware modifications to the FSM 1000.

Background:

The Postal Service published Maintenance Management Order (MMO) MMO-059-00 entitled "Planet Code Retrofit Plan" dated June 30, 2000. The work to be performed was determined to not be of significant impact to the bargaining unit. By letter dated April 18, 2007, the APWU initiated a national dispute concerning the subcontracting of the implementation of PLANET Code capability requiring software/firmware/and hardware modifications to the FSM 1000. By letter dated May 2, 2007, the APWU submitted an information request for seven items. The information request was assigned tracking number Information Request IR07-28. By letter dated December 11, 2007, the Postal Service advised the APWU that relevant files from the archives were not available as the retention period had lapsed.

The Postal Service deployed the PLANET Code Retrofit in 2000.

Position of the Parties:

It is the Union's position that the Postal Service violated Article 32, Section 1 of the National Agreement when it failed to provide documentation that it gave good faith consideration of the factors listed in Article 32 prior to making its decision to subcontract. The Union alleges that Section 535 of the Administrative Support Manual (ASM) restricts subcontracting any work unless there are no qualified maintenance employees or if the equipment is a prototype.

The Union relies on the following language of Article 32.1:

Section 1. General Principles

- A. The employer will give due consideration to public interest, cost, efficiency, availability of equipment, and qualifications of employees when evaluating the need to subcontract.
- B. The Employer will give advance notification to the Union at the national level when subcontracting which will have a significant impact on bargaining unit work is being considered and will meet with the Union while developing the initial Comparative Analysis report. The Employer will consider the Union's views on costs and other factors, together with proposals to minimize the impact of any subcontracting. A statement of the Union's views and proposals will be included in the initial Comparative Analysis and in any Decision Analysis Report relating to the subcontracting under consideration. No final decision on whether or not such work will be contracted out will be made until the matter is discussed with the Union.

The Postal Service's position is that Article 32 does not support the Union's position. Article 32.1.B of the National Agreement requires the Postal Service to give advance notification to the Union about subcontracting only when there will be a significant impact on bargaining unit work. The Postal Service determined that there was no significant impact to the bargaining unit

The Postal Service gives due consideration, pursuant to Article 32.1.A, to the relevant factors under Article 32.1.A—public interest, cost, efficiency, availability of equipment, and qualifications of employees in evaluating the need to subcontract. While the documents are unavailable, the Postal Service asserts that all work associated with the PLANET Code Retrofit Plan was evaluated and given due consideration in accordance with Article 32 as a normal course of business.

The Postal Service states in MMO 59-00 that the PLANET Code Retrofit Plan is a modification to the FSM 1000. Approved modifications are installed in accordance with the Administrative Support Manual (ASM) Section 532.22.

532.22 Installation

Approved modifications are installed on field equipment by Postal Service personnel when feasible. When personnel, time, special equipment, or cost limitations preclude using Postal Service personnel, contract services may be used (see procurement policies and regulations in the *Purchasing Manual*).

As indicated above, the Postal Service was unable to retrieve the information requested by the APWU, including information demonstrating that the Postal Service has given due consideration to the five factors under Article 32.1.A. By letter dated December 11, 2005, which stated: "Some national postal contract case files, such as those for the installation of PLANET Codes in which

the contract was let in 1999, are transferred to storage after two years and retained for another four years at a national storage facility. After a total of six years, these records are destroyed. Therefore, the requested information is not available."

The APWU argues that the Administrative Support Manual prohibits the subcontracting of the installation, as well. The APWU cites Section 535 of the Administrative Support Manual. The Postal Service disagrees in that the modification does not fall into the category of routine preventive, predictive, or corrective maintenance, thus, it is not work that is typically considered when manpower requirements are determined. The Postal Service cites Administrative Support Manual, Section 532.22 as the applicable language for the modification in the PLANET Code Retrofit Plan. In order to accomplish this work using Postal Service maintenance employees; it would have to be performed through costly overtime payments or by delaying existing scheduled maintenance work. None of these solutions provide an economically sound strategy; therefore, the alleged violation of Section 535 of the ASM is not supported.

Finally, the Postal Service raises the APWU's approximate eight-year wait to make a national dispute for this issue. The filing of a dispute after the retention period for the documents makes it impossible for the Postal Service to prepare and defend a case with proper documentation.

In conclusion, it is the Postal Service's position that while the Union has alleged violations of the National Agreement, the Union has failed to identify a specific contractual issue as required by Article 15.2(Step 4).

Therefore, under the relevant contractual provisions, arbitral authority and past practice, no violation of the national agreement has occurred.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald J. Scott", written in a cursive style.

Ronald J. Scott
Labor Relations Specialist
Contract Administration (APWU)