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13	POSTAL WORKERS UNION, AFL-CIO
14	UNITED STATES DISTRICT COURT
15	NORTHERN DISTRICT OF CALIFORNIA
16	ŠAN FRANCISCO/OAKLAND DIVISION
17	
18 -	AMERICAN POSTAL WORKERS UNION, AFL-CIO and SAN FRANCISCO LOCAL 2,
19	AFL-CIO and SAN FRANCISCO LOCAL 2, AMERICAN POSTAL WORKERS UNION, AFL-CIO, Plaintiffs, Plaintiffs,
20	Plaintiffs, COMPLAINT
21	v.
22	UNITED STATES POSTAL SERVICE,
23 .	Defendant.
24	Defondant
25	INTRODUCTION
26	1. This is a suit to enforce a collective bargaining agreement between the American
27	Postal Workers Union, AFL-CIO (the APWU or Union) and the United States Postal Service

(USPS, Postal Service, or Employer). Plaintiffs seek injunctive relief on the grounds (1) that

COMPLAINT - CASE NO

APWU has filed a grievance alleging that the Postal Service has violated contractual provisions that establish prerequisites with which the USPS must comply before it decides to "contract out" ("subcontract") work performed by employees represented by APWU and (2) that injunctive relief to preserve the status quo while an arbitrator decides whether a contractual violation occurred is necessary to preserve the integrity and effectiveness of the arbitration process and to prevent an award by the arbitrator in favor of the Union from being rendered meaningless.

- 2. The Postal Service, which employs approximately 6,885 truck drivers who are represented by the APWU, has notified the APWU that it has decided to replace all its postal truck drivers in California, approximately 840 drivers, with contractor-employed drivers. This decision will be implemented beginning on November 17, 2012. The elimination of all postal truck driver jobs in California (roughly 12% of all postal truck drivers nationwide) "will have a significant impact on bargaining unit work" within the meaning of the parties' collective bargaining agreement.
- 3. The Union has filed a grievance under the parties' collective bargaining agreement and has demanded that the processing and arbitration of that grievance be expedited. The grievance is presently scheduled to be arbitrated on November 27 and 28, 2012. The Postal Service has refused to delay the implementation of its decision to subcontract all postal truck driver jobs in California until after the Union's grievance has been decided by the arbitrator appointed to hear it.
- 4. If the Postal Service is not enjoined from proceeding with its plan, (1) the Union will lose its contractual right to be informed in advance of decisions to contract out work of its members and to participate in the decision-making process; (2) the Union will lose its contractual right to receive a financial analysis of the decision before its implementation; (3) postal truck drivers will be forced into retirement or transferred to non-driving jobs; (4) postal trucks will be disposed of by reassignment to other states or by sale; and (5) the Union will lose its right to obtain a meaningful remedy in arbitration for the violation of its collective bargaining agreement because the arbitrator will be reluctant to rule in favor of the Union if the subcontracting, sale of trucks, and retirement and reassignment of employees has already taken place and, even if the arbitrator does

order the Postal Service to restore the status quo ante and comply with the contractual provisions it has violated, the actions taken by the Postal Service in pre-maturely implementing its decision to contract out the work in question will irreparably undermine any possibility that might have existed that the parties could reach an agreement as to that work.

JURISDICTION AND VENUE

- 5. This Court has jurisdiction under 39 U.S.C. §§ 409(a) and 1208(b); 28 U.S.C. §§ 1331 and 1339; and 28 U.S.C. § 2201.
- 6. Venue is proper pursuant to 39 U.S.C. § 1208(b), and 28 U.S.C. §1391(b)(2) and (e).

INTRADISTRICT ASSIGNMENT

7. Pursuant to Civil L. R. 3-2(c) this action should be assigned to the San Francisco or Oakland Division of the Northern District of California, because a substantial part of the events and omissions giving rise to the claims herein occurred in counties in the San Francisco/Oakland Division. Of the approximately 840 postal drivers and other Motor Vehicle Service employees Plaintiff APWU represents in California, approximately 135 are represented by the San Francisco Local of the APWU and are among those employees who have been informed by the Postal Service that their jobs will be eliminated on November 17, 2012. Another approximately 123 drivers are represented by the Oakland Local of the APWU and have been notified that their jobs will be eliminated on February 14, 2013.

PARTIES

- 8. Plaintiff APWU is an unincorporated labor organization with its offices at 1300 L Street, N.W., Washington, D.C. 20005. The APWU is a party to three collective bargaining agreements with the Defendant United States Postal Service and represents, for purposes of collective bargaining, approximately 209,000 employees of the Defendant. APWU represents approximately 6,885 truck drivers employed by the Postal Service and covered by the 2010 National Agreement collective bargaining agreement to which the APWU and the Postal Service are parties.
 - 9. Plaintiff San Francisco Area Local, Local 2 of the American Postal Workers Union,

AFL-CIO (the Local or San Francisco Local), represents Postal Service truck drivers who live and work in San Francisco and the San Francisco area. The San Francisco Local offices are at 1239 Howard Street, San Francisco, CA 94103. Truck drivers represented by the San Francisco Local have received notices that their jobs will be eliminated on November 17, 2012.

10. Defendant United States Postal Service is, pursuant to 39 U.S.C. §201, "an independent establishment of the executive branch of the Government of the United States" The headquarters of the Postal Service are at 475 L'Enfant Plaza, SW, Washington, DC 20260. The Postal Service does business in every State and Territory of the United States.

STATEMENT OF FACTS

The Collective Bargaining Agreement

- 11. At all material times, Plaintiff APWU and Defendant USPS have been parties to collective bargaining agreements providing the terms and conditions of employment of postal employees in the bargaining units represented by Plaintiffs APWU and the San Francisco Local, at Defendant USPS's various facilities. One of the APWU and Postal Service's collective bargaining agreements, the National Agreement, applies to employees in several nationwide bargaining units, including Motor Vehicle Service Employees.
- 12. The current National Agreement took effect November 21, 2010, and expires at midnight on May 20, 2015.
- 13. Postal employees represented by Plaintiffs have, at all material times, been engaged in the operation and maintenance of trucks used to transport mail between postal facilities. The APWU represents for purposes of collective bargaining approximately 6,885 truck drivers employed by the Postal Service. Approximately 840 of those truck drivers are employed in the State of California.
- 14. The Postal Service's discretion to contract out work that is being performed by APWU bargaining unit employees is restricted by the terms of Article 32 of the National Agreement.
- 15. When the Postal Service is considering whether to subcontract work that will have a significant impact on bargaining unit work, its right to subcontract is subject to conditions

precedent stated in Article 32, Section 1.B of the National Agreement, which provides (emphasis added):

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 avoid subcontracting and 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.

- 16. The deliberative process required by Article 32.1 is a form of negotiations requiring that the Union and the Postal Service exchange views and information so that the Postal Service can undertake a fair consideration of all reasonable factors. The APWU is entitled to have these factors considered as part of the Postal Service's deliberations undertaken before any final decision is made to contract out jobs.
- 17. In addition to the requirements of Article 32.1, the National Agreement in Article 32.2 also requires that the Postal Service make a fair and reasonable comparison of the alternatives, and provide the Union certain specified types of information for its use in analyzing the alternatives, even if the subcontracting at issue will not have a significant impact on bargaining unit work.
- 18. Section 32.2 requires that the Postal Service provide certain enumerated information to the Union at least 60 days prior to any motor vehicle highway contracting, including:
 - a. "[a] statement of service including frequency, time of departure and arrival, annual mileage, and proposed effective date of contract."; and
 - b. a statement how the impacted employees will otherwise be utilized.
- 19. A Memorandum of Understanding that is part of the National Agreement further restricts the Postal Service's ability to subcontract work by providing that:

It is understood that if the service can be performed at a cost equal to or less than that of contract service, when a fair comparison is made of all reasonable costs, the work will be performed in-house.

The Actions By The Postal Service

20. On June 7, 2012, the USPS Manager for APWU Contract Administration, Patrick M. Devine, wrote an official letter to President Cliff Guffey of the APWU, informing the APWU that "the Postal Service has made the decision to subcontract Postal Vehicle Services in all Pacific Area mail processing and network distribution facilities in the State of California." Mr. Devine's letter informed the APWU that, regulations approved by the California Air Resources Board ("CARB") in 2008 would require "significant reduction in vehicle emissions to meet federally imposed clean air standards." Mr. Devine's letter concludes:

The most important justification for subcontracting is the availability of equipment. The Postal Service does not currently have the equipment necessary to comply with the legislation; nor the capital available to purchase vehicles at the rate required for compliance with the law.

No significant impact to the bargaining unit is anticipated.

- 21. In response to Mr. Devine's June 7, 2012 letter, President Guffey called Mr. Devine and demanded a meeting to discuss the Postal Service's decision. That meeting took place on July 31, 2012. In attendance were President Guffey and APWU Motor Vehicle Craft Director, Robert Pritchard, among others for the APWU, and several representatives of the Postal Service, including Mr. Devine.
- 22. At the July 31, 2012, meeting, Postal Service representatives advised Mr. Guffey and Mr. Pritchard that it would cost the Postal Service approximately \$8 million to retrofit postal trucks to comply with the relevant CARB regulations and that the Postal Service had decided to contract out truck driving work because of the unavailability of money for that retrofit.
- 23. President Guffey responded that the money for the retrofit could be made available from the "Workforce Benefits, Employment Opportunities, Training and Education Fund" ("Fund") that was established by the parties in the 2010 National Agreement. The Postal Service must contribute \$60 million per year to the Fund. While the Fund's first priority is to pay for the Employer's share of health insurance benefits for temporary employees called Postal Service Employees ("PSEs"), the Fund can also pay such expenses as the cost of additional benefits for PSE employees, training and education of employees, and *supplementing existing resources to*

make it more economical to avoid contracting out. Expenditures from the fund are subject to the control of APWU President Guffey and Postal Service Vice President for Labor Relations Douglas Tulino, who are required to meet periodically to discuss how the fund will be expended.

- 24. During the term of the 2010 National Agreement, PSE health insurance will require less than \$90 million of the \$270 million that will be contributed to the Fund. No other commitment of any expenditure from this fund has been made. Thus, there is ample money available in the Fund to pay for retrofitting the postal trucks in California. Insofar as the cost or retrofitting postal vehicles to meet the requirements of CARB regulations was a significant factor in the Postal Service's decision to contract out all California truck driver jobs, that cost can be met from the Fund .
- 25. On August 10, 2012, Mr. Devine wrote again to President Guffey, stating that Devine's August 10 letter "replaces my letter dated June 7, 2012 (enclosed)." Mr. Devine's August 10 letter then states that "[a]fter carefully considering the relevant factors under Article 32.2 of the National Agreement the Postal Service is *proposing* to subcontract Postal Vehicle Services in all Pacific Area mail processing and network distribution facilities in the state of California." (Emphasis added.)
- 26. President Guffey wrote to the Postal Service on September 21, 2012, confirming his offer to make the necessary funds available to retrofit postal trucks in use in California to meet the CARB requirements and avoid subcontracting.
- 27. While the Postal Service has never officially responded to that offer, and while its August 10 letter stated that it is now merely "proposing" to subcontract all Postal Vehicle Service in California, the Postal Service has officially notified all California postal truck drivers, and some other Motor Vehicle Services employees, that they will be involuntarily reassigned outside the Motor Vehicle Craft, a process known as "excessing." These notices were sent to employees both before and after the Postal Service's June 7 and August 10 letters to President Guffey. Drivers in San Francisco, Anaheim, Santa Ana, and the City of Industry will be excessed on November 17, 2012. All remaining California drivers will be excessed on February 14, 2013.
 - 28. In response to a September 6, 2012, request by the San Francisco Local that

management post full-time driving assignments for 2013 so that drivers could bid for those assignments in accordance with the National Agreement, management responded that "[d]ue to the New California Emission Standards...the PVS [Postal Vehicles Service] transportation will convert to Highway Contract Routes on November 17, 2012... There will be no more assignments available in 2013...." Thus, the Postal Service's actions show that its alleged "proposal" to contract out work is in reality a final decision to do so.

The Union's Grievance

- 29. The Postal Service violated the National Agreement by making a decision to contract out all PVS work in California (a) without giving the Union advance notification, even though the CARB regulations were adopted four years ago; (b) without meeting with the Union while developing the initial comparative analysis report; (c) without considering the Union's views on costs and other factors and the Union's proposals to avoid subcontracting before making its decision; and (d) without including a statement of the Union's views and proposals in the initial Comparative Analysis and in any Decision Analysis Report.
- 30. On September 21, 2012, based on the Postal Service's violations of the collective bargaining agreement, the APWU initiated at the national level a dispute at Step 4 of its grievance arbitration procedure, and demanded expedited arbitration of that dispute. In its grievance, the APWU protests the fact that, in violation of Article 32.1, the Postal Service made its decision to contract out all California postal truck driving work without complying with the conditions precedent to such a decision stated in Article 32.1. The APWU also protests the fact that, in violation of Article 32.2, the Postal Service failed to provide the Union certain specified information material to the issue of contracting out; and the fact that the Postal Service has not made a fair comparison of all reasonable costs in making its decision to contract out, in violation of the parties' Memorandum of Understanding that is a part of the parties' 2010 National Agreement.
- 31. The Postal Service has failed to meet the requirement of Section 32.2 that it provide certain enumerated information to the Union at least 60 days prior to any motor vehicle highway contracting.
 - a. It has failed to give the APWU "[a] statement of service including frequency, time of departure and arrival, annual mileage, and proposed effective date of contract."

- b. It has failed to state how the impacted employees will otherwise be utilized.
- 32. The Postal Service has also failed to make a fair comparison of all reasonable costs in its consideration of contracting out all California truck driving work. The Postal Service uses a form called the "Form 5505" to make comparisons between the cost of using the Postal Vehicle Service and the cost of using contractors to perform the work using Highway Contract Routes ("HCRs"). The Postal Service provided the APWU in Washington, DC, a Form 5505 for each of the affected locations in California and a consolidated Form 5505 showing the comparison of the cost of performing postal transportation in California using the Postal Vehicle Service (postal drivers) and using contractors. That analysis is deficient and flawed in at least the following ways:
 - a) It double counts the cost of postal vehicles.
 - b) It inflates postal truck costs by using only Tractor Trailer costs when most postal vehicles are smaller, less expensive trucks.
 - c) It triple-counts the cost of postal management attributable to postal truck drivers, because the cost of postal management is included in calculating the cost of trucks, which is then double-counted, and then the cost of management is charged to the PVS in a separate additional entry on the Form 5505.
 - d) It inflates postal personnel costs by assuming all postal personnel are Tractor-Trailer Operators, the most expensive postal truck drivers, when a substantial percentage of affected drivers are Motor Vehicle Operators, a less expensive driver.
 - e) It misstates the mileage to be driven by postal drivers as compared to contract drivers, inflating the relative mileage attributed to postal drivers.
 - f) It omits almost all the costs of administering highway contracts, assuming for each contract a total administrative cost of \$999. APWU can show that in the San Diego office alone the Postal Service employs three network specialists to administer HCR contracts in the vicinity of San Diego at a cost of more than \$300,000.
 - g) It ignores the fact that the 2010 National Agreement will lower the average hourly cost of PVS drivers.
 - h) It ignores the fact that the APWU has proposed to the Postal Service that a much higher percentage of PVS drivers in California be changed to low-cost temporary postal drivers in order to reduce PVS costs in California.
 - i) It ignores the fact that, due to a retirement incentive of \$15,000 currently being offered to postal employees, many postal drivers in California will retire and, as they retire, they can be replaced by lower-cost drivers.
- 33. Given a fair comparison of truck costs, some combination of career postal drivers and non-career postal drivers, it will be less costly for the Postal Service to continue to perform its

trucking operations internally rather than to contract out that work.

34. The parties have agreed to an arbitration in Washington, DC on November 27 and 28, 2012, before one of the two arbitrators designated by the parties to hear national-level arbitration cases for the APWU and the Postal Service. This was done at the insistence of the APWU, by postponing arbitration of another case that had been set for arbitration on those dates.

CLAIM FOR RELIEF

(Enforcement Of Collective Bargaining Agreement; Declaratory and Injunctive Relief)

- 35. Plaintiffs incorporate by reference the allegations of paragraphs 1-34 above.
- 36. By engaging in the conduct described above, the Postal Service violated the provisions of Articles 32.1 and 32.2 of the National Agreement.
- 37. A preliminary injunction is needed to preserve the status quo until the arbitrator issues his decision and determines the appropriate remedy. In the absence of a preliminary injunction, Plaintiffs and their members will suffer irreparable harm. Specifically, if the Postal Service contracts out all California motor vehicle operations and disposes of its vehicles before the arbitrator can rule, the arbitrator will be very reluctant to rule in favor of the Union. Moreover, even if the arbitrator does rule in the Union's favor and orders the Postal Service to restore the status quo ante until those deliberations have been completed, the increased costs of newer-acquired vehicles, and of breaking the subcontracts entered into by the Postal Service, and other costs incurred by the Postal Service in prematurely implementing its decision to subcontract, will add to and alter the cost comparison in favor of continuing to subcontract. The possibility of agreement between the parties on a fair and reasonable cost comparison, and agreement as to whether the work should continue to be performed by employees represented by the Union, will be irreparably undermined.
- 38. The retirement under duress of hundreds of California postal drivers the disposition of postal vehicles either through reassignment or sale and the reassignment of drivers to non-driving jobs or to distant driving jobs, are all changes that would, if they were to occur before the discussions required by Article 32.1 occur, irrevocably change the cost dynamic and the range of possible outcomes as a result of discussions between the parties. Thus, whatever agreement might

have been reached before the contracting out took place will be made impossible by the premature and improper implementation of contracting out by the Postal Service.

- 39. Injunctive relief is also necessary because, the Postal Service has demonstrated, by its prior conduct, that it disregards the remedial decisions of arbitrators. For example, on November 19, 2008, Regional Panel Arbitrator Eduardo Escamilla sustained an APWU grievance concerning the manner in which postal truck drivers had been excessed from their employment in Tacoma, Washington in January, 2007, and replaced by Highway Contract Route drivers. Arbitrator Escamilla ordered, among other things, that "in order to place the parties in bargaining positions they enjoyed prior to the contract violation, the Postal Service is directed to cancel the HCR [Highway Contract Route] contracts and return the PVS operation to the Tacoma facility...." Case No. EOOV-4E-C 07040571, November 19, 2008, at 40-41. The Postal Service did not comply.
- 40. Subsequently, on January 18, 2012, Regional Panel Arbitrator Vern E. Hauck, Ph.D., sustained an APWU grievance, finding that the Postal Service, in violation of the Escamilla award, had failed to cancel the HCR contracts at issue and had failed to restore the 32 or 33 postal drivers to their work in Tacoma. He concluded that those failures violated the National Agreement. Case No. E06V-4E-C09233486.
- 41. Because the Postal Service has continued to refuse to comply with these arbitration awards, the APWU was forced to file suit in federal court on October 4, 2012, in the U.S. District Court for the Western District of Washington seeking an order enforcing the Award of Arbitrator Hauck including, but not limited to, restoring 32 or 33 full-time postal career driving positions in Tacoma. Case No. 3:12-cv-05885-RBL.
- 42. The balance of hardships also favors the granting of an injunction pending arbitration because, if an injunction is not issued, the Union will lose its contractual rights without any effective remedy; PVS employees will have their jobs eliminated and be required to choose between retirement and reassignment to non-PVS work; the USPS will not have the opportunity to consider the views and proposals of the Union before making its contracting out decision; and the Postal Service will incur very substantial extra costs because it is not permitted to lay off its PVS

employees, and has insufficient vacant positions into which to reassign them. In contrast, issuance of an injunction will restore the parties to their rightful positions before the contract violations in this case occurred, protect postal employees, and provide some benefit to the Postal Service while avoiding waste of Postal Service funds.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray that this Court issue a declaration and order:

- (1) Finding that the APWU is likely to succeed on its claim that, by failing to consider the Union's proposals and views and failing to meet with the Union before making a final decision to contract out all postal truck driver jobs in California, and by failing to make a fair and reasonable comparison of alternatives and provide the Union with information to analyze the alternatives, the Postal Service has violated the National Agreement;
- (2) Finding that the USPS, by agreeing to comply with certain requirements before making a decision to contract out a significant portion of bargaining unit work, and by also agreeing to arbitrate grievances alleging that the Postal Service did not comply with those requirements, expressly or impliedly agreed to refrain from altering the status quo until an arbitrator decides the Union's grievance.
- (3) Finding that injunctive relief is necessary to defend the integrity and effectiveness of the arbitration process and to prevent the arbitration process from being rendered meaningless because the arbitrator will be reluctant to rule in favor of the Union if the subcontracting, sale of trucks and retirement and reassignment of employees has already taken place and that, even if the arbitrator does order the Postal Service to restore the status quo ante and comply with the contractual provisions it has violated, the actions taken by the Postal Service in pre-maturely implementing its decision to contract out the work in question will irreparably undermine any possibility that might have existed that the parties could reach an agreement as to that work;
- (4) Finding that the threatened harm to Plaintiffs, and its members, outweighs any possible harm to defendant from an order requiring defendant to postpone any decision on

Dated: October 16, 2012

- contracting out California truck driver jobs until after the arbitrator who will hear the Union's grievance on November 27 and 28, 2012, has issued his decision on the merits of the grievance;
- (5) Finding that the public interest in the arbitration of labor disputes and in having public agencies comply with their contractual obligations, will be served by an order maintaining the status quo until the Union's grievance has been arbitrated; and
- (6) Ordering that, until after the arbitrator who will hear the Union's grievance on November 27 and 28, 2012, has issued his decision on its merits, the Postal Service refrain from making or carrying out any part of its decision to contract out California Postal Vehicle Service jobs, including but not limited to disposing of postal trucks by sale or by reassignment to other areas or entering into contracts with any entity or person to perform any California truck driver work currently performed by USPS employees;
- (7) Setting bond at a nominal amount under Fed.R.Civ.P. 65(c);
- (8) Awarding costs, expenses and attorney's fees to Plaintiffs; and
- (9) Providing such other additional relief as is just and proper.

Dated: October 16, 2012 O'DONNELL, SCHWARTZ & ANDERSON, P.C.

By: Darryl J. Anderson

ALTSHULER BERZON LLP

By: Peter D. Nussbaum