

UNITED STATES POSTAL SERVICE
Labor Relations Department
475 L'Entant Plaza, SW
Washington, DC 20260-4100

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| ARTICLE | 32 |
| SECTION | |
| SUBJECT | HIGHWAY CONTRACTS |

Mr. Donald A. Ross
Director
Motor Vehicle Service Division
American Postal Workers Union,
AFL-CIO
1300 L Street, N.W.
Washington, DC 20005-4107

Re: M. Biller
Washington, DC 20005
H7C-NA-C.2

Dear Mr. Ross:

We met to discuss the above-captioned grievance at Step 4 of the grievance-arbitration procedure.

The issue in this grievance is whether the Postal Service has the right to terminate the cost comparison process of highway contractor (BCR) vs. Postal Vehicle Service (PVS) when a modification to the original statement of service results in a contractor renewal rate that falls below the threshold amount required by Article 32.3G1 of the National Agreement.

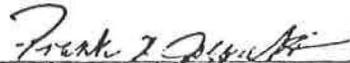
In this case, a statement of service was provided to the union April 1, 1987. The contract in effect at that time was for \$77,907.63 and above the \$75,000 threshold provided for in the above cited article. On May 27, 1987, a revised statement of service was provided to the union. The mileage requirement was reduced by 11,725 miles resulting in a renewal rate from the contractor of \$69,726. As a result, the Postal Service informed the union that it was renewing the current contract in that amount. The union contends that once the comparative cost process has begun, it must be completed regardless of cost quotes that are made during the process.

The grievance is settled as follows: In those instances where the Union has been furnished a statement of service pursuant to the criteria established by Article 32.3G1 of the National Agreement, the Postal Service will continue to consider all timely cost proposals prior to making a final determination, even if subsequent cost proposals fall lower than the threshold amounts provided at said Article. This will also include cost proposals that fall below the threshold level due to service modifications made after the original statement has been provided to the Union. Where service modifications or contract submissions result in cost proposals higher than the threshold amount provided at said Article, such contract renewals will be considered pursuant to Article 32.3G1 at the next contract renewal.

Please sign and return the enclosed copy of this letter as your acknowledgment of agreement to settle this case.

Time limits were extended by mutual consent.

Sincerely,


Frank X. Jacquette, III
Labor Relations Program
Analyst, Principal


Donald A. Ross
Director
Motor Vehicle Service
Division

DATE 10/18/89

DATE 10-30-89

