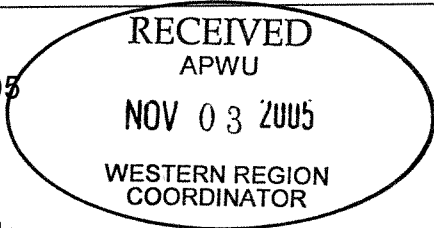




November 1, 2005



Mr. Omar Gonzalez
Western Regional Coordinator
American Postal Workers Union, ALF-CIO
500 Airport Blvd., Suite 450
Burlingame, CA 94010

To: Pacific Area Local(s) *San Diego CAL Local*
 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

cc: S. Davila HQ NIA

Dear Omar:

This is to advise you that we have revised the withholding authorization for the San Diego Performance Cluster from up to 146 residual assignments to up to 116 residual assignments. Based on a reassessment of the number of employees who will self place through the voluntary bidding process we have lowered the number of assignments to be withheld. A further update will be provided in the next few weeks which reflects PARS phase 2 deployment (add) and the completion of placement arising from the San Bernardino REC closure (deduction). San Diego is also authorized to withhold up to 6 residual Electronic Technician assignments in the maintenance craft at the San Bernardino and San Diego plants for impacted Electronic Technicians at the San Bernardino REC.

The San Diego Performance Cluster is authorized to withhold up to 85 residual assignments in the clerk craft in impacted plants and post offices and up to 31 residual assignments in the clerk craft in the San Bernardino installation and post offices within 50 miles of the San Bernardino Remote Encoding Center for impacted clerks at the San Bernardino Remote Encoding Center.

This withholding authority supersedes all previous authorizations to withhold. No further withholding is authorized for the Marina AMP. By copy of this letter, the San Diego Performance Cluster is being advised that once the posting of the withheld and residual assignments at sites which received employees as a result of the Marina AMP is complete and unencumbered employees are placed, any remaining withheld assignments in the clerk and maintenance craft which cannot be supported under this new withholding authorization must be released. The disposition of the released assignments must be discussed with the union at the local level.


This withholding authority, unless extended and/or updated will expire at the end of calendar year 2006. The San Diego Performance Cluster had a total of 85 assignments withheld in the clerk craft all of which were in the two sites that

received employees as a result of the Marina AMP. They are in the process of finalizing posting and filling these assignments and placing unencumbered employees at the sites that received full-time clerks as a result of the Marina AMP.

If and when it becomes necessary to excess from the craft or installation, you will receive a separate package detailing the operational impact identifying the number and names of the junior employees to be excessed and addressing specific PTF work hour reductions and casual and TE separations.

Attached are copies of the impact statements that are currently being utilized nationally by the Postal Service. There is an impact statement for each identified impact for each impact installation. These impact forms have been shared with the union at the national level.

If you have any questions or wish additional information, you may contact Linda Shumate at (626) 855-6446.


Gary L. Connely
Manager, Labor Relations

Attachments

cc: G. Sanchez
K. Wolny
K. Lucas
R. Ordonez
District Manager, San Diego
Manager Human Resources, San Diego
L. Shumate



August 12, 2005

Mr. Omar Gonzalez
Western Regional Coordinator
American Postal Workers Union, ALF-CIO
1799 Old Bayshore Blvd., Suite 240
Burlingame, CA 94010-1312

Dear Omar:

This is to advise you that the Pacific Area has given the San Diego Performance Cluster authorization to withhold up to 146 residual assignments for clerks who will be impacted by APPS, AHS, Auto Induction and Labor Scheduler and the San Bernardino Remote Encoding Center (REC) closure. San Diego is also authorized to withhold up to 6 residual Electronic Technician assignments in the maintenance craft at the San Bernardino and San Diego plants for impacted Electronic Technicians at the San Bernardino REC.

The San Diego Performance Cluster is authorized to withhold up to 115 residual assignments in the clerk craft in impacted plants and post offices and up to 31 residual assignments in the clerk craft in the San Bernardino installation and post offices within 50 miles of the San Bernardino Remote Encoding Center for impacted clerks at the San Bernardino Remote Encoding Center.


This withholding authority supersedes all previous authorizations to withhold. No further withholding is authorized for the Marina AMP. By copy of this letter, the San Diego Performance Cluster is being advised that once the posting of the withheld and residual assignments at sites which received employees as a result of the Marina AMP is complete and unencumbered employees are placed, any remaining withheld assignments in the clerk and maintenance craft which cannot be supported under this new withholding authorization must be released. The disposition of the released assignments must be discussed with the union at the local level.

This withholding authority, unless extended and/or updated will expire at the end of calendar year 2006. The San Diego Performance Cluster had a total of 85 assignments withheld in the clerk craft all of which were in the two sites that received employees as a result of the Marina AMP. They are in the process of finalizing posting and filling these assignments and placing unencumbered employees at the sites that received full-time clerks as a result of the Marina AMP.

If and when it becomes necessary to excess from the craft or installation, you will receive a separate package detailing the operational impact identifying the number and names of the junior employees to be excessed and addressing specific PTF work hour reductions and casual and TE separations.

Attached are copies of the impact statements that are currently being utilized nationally by the Postal Service. There is an impact statement for each identified impact for each impact installation. These impact forms have been shared with the union at the national level.

If you have any questions or wish additional information, you may contact Linda Shumate at (626) 855-6446.


Gary L. Connely
Manager, Labor Relations

Attachments

cc: G. Sanchez
K. Wolny
K. Lucas
R. Ordonez
District Manager, San Diego
Manager Human Resources, San Diego
L. Shumate

AUTOMATION/OPERATIONAL IMPACTS AND ESTIMATED SAVINGS CAPTURE - UPDATED 7/23/05

| PERFORMANCE CLUSTER | SITE | EQUIPMENT/EVENT | LDC | ESTIMATED DEPLOYMENT /ACCEPTANCE DATE | WORKHOUR SAVINGS | FTE IMPACT | NUMBER AUTHORIZED TO WITHHOLD | |
|---------------------------------------|--------------------|---------------------|-----|---------------------------------------|------------------|------------|-------------------------------|-----|
| SAN DIEGO | M.L. Sellers | APPS | 11 | 1-Feb-06 | 99,360 | 54 | 34-54* | |
| | | ATHS/Auto Induction | 11 | Jul-06 | 14,720 | 8 | 8 | |
| | San Bernardino | Labor Scheduler | 11 | 1-Aug-06 | 73,600 | 40 | 28-38 | |
| | | ATHS/Auto Induction | 11 | Mar-06 | 27,600 | 15 | 15 | |
| | San Bernardino REC | REC Closure | 11 | August 2005 to February 2006 | 57,040 | 31 | 31 | |
| TOTAL IMPACTS FOR PERFORMANCE CLUSTER | | | | | | | 148 | 146 |

116

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Site Impact Cover Page Mech and Tech

Employee Count and hour data as of date periods 7/10/2004 thru 7/8/2005

Program Name

Auto Induction System/Automated Tray Handling System

Brief Description of program

The auto induction system and the automated tray handling systems are modifications to the AFM-100's that will eliminate the need to manually feed mail and handle trays. They will result in a reduction in staffing on the AFM-100's.

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Overtime

| | |
|---|------|
| a. Current overtime rate per Accounting Period *: | 6.9 |
| b. Current overtime hours per Accounting Period *: | 5315 |
| c. Planned reduction in overtime hours per Accounting Period *: | 695 |
| d. Proposed overtime hours after installation: | 4620 |
| e. Proposed overtime rate per Accounting Period *: | 6.0 |

Casuals

| | |
|---|----|
| a. Current number of Casuals on rolls: | 57 |
| b. Average hours worked by Casuals per Accounting Period *: | 82 |
| c. Planned reduction in Casual hours per Accounting Period *: | 0 |
| d. Number of Casuals impacted by reduced hours: | 0 |
| e. Number of Casual positions to be eliminated: | 5 |
| f. Number of Casual positions remaining: | 52 |
| g. Justify the need for these remaining Casuals: | |

There is no planned excessing from the craft or installation and reductions in casuals are being taken due to loss of volume. All remaining casuals will be utilized in accordance with the Das award.

PTF

| | |
|--|-----|
| a. Current number of PTFs on rolls: | 132 |
| b. Average hours worked by PTFs per Accounting Period *: | 82 |
| c. Planned reduction in PTF hours per Accounting Period *: | 0 |
| d. Number of individual PTFs impacted by reduced hours: | 0 |

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Regular

- | | |
|--|-----|
| a. How many full-time positions are to be abolished / reverted: | 54 |
| b. Will there be any employee excess: | Yes |
| c. Of employees to be excess out of their sections, remaining within their installation, how many will be: | — |
| Excess from manual operations: | 0 |
| Excess into manual operations: | 10 |
| Excess into machine operations: | 40 |
| d. Will excess out of installation be required: | No |
| e. How many positions out of installation (Employees): | 0 |
| j. List the anticipated post offices and vacancies to which assignment will be made: | |
| Not applicable. | |

g. Provide a narrative explaining the need for excessing: Excessing will be limited to sections. There is no anticipated excessing from the craft and installation. The need to excess from sections is due to the reduction in required staffing on the AFSM-100's.

h. Provide a narrative of your current and future plan and any adjustments made as a result of deployment :

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Site Impact Cover Page Mech and Tech

Employee Count and hour data as of date periods 7/10/2004 thru 7/8/2005

Program Name
APPS

Brief Description of program

The Automated Package Processing System (APPS) replaces the SPBS at the rate of one APPS for every two SPBS machines. It is staffed with Mail Handlers and processes off size parcel and flats.

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Overtime

| | |
|---|------|
| a. Current overtime rate per Accounting Period *: | 6.9 |
| b. Current overtime hours per Accounting Period *: | 5315 |
| c. Planned reduction in overtime hours per Accounting Period *: | 77 |
| d. Proposed overtime hours after installation: | 5237 |
| e. Proposed overtime rate per Accounting Period *: | 6.8 |

Casuals

| | |
|---|----|
| a. Current number of Casuals on rolls: | 57 |
| b. Average hours worked by Casuals per Accounting Period *: | 82 |
| c. Planned reduction in Casual hours per Accounting Period *: | 6 |
| d. Number of Casuals impacted by reduced hours: | 50 |
| e. Number of Casual positions to be eliminated: | 7 |
| f. Number of Casual positions remaining: | 50 |
| g. Justify the need for these remaining Casuals: | |

PTF

| | |
|--|-----|
| a. Current number of PTFs on rolls: | 132 |
| b. Average hours worked by PTFs per Accounting Period *: | 82 |
| c. Planned reduction in PTF hours per Accounting Period *: | 0 |
| d. Number of individual PTFs impacted by reduced hours: | 0 |

Mech / Tech Site Impact Report

| | |
|--------------------------------------|---------------------------|
| Office San Diego Bid Group | PayLocation ALL |
| Craft Clerk | LDC ALL |
| | Function ALL |

Regular

- | | |
|--|-----|
| a. How many full-time positions are to be abolished / reverted: | 31 |
| b. Will there be any employee excess: | Yes |
| c. Of employees to be excess out of their sections, remaining within their installation, how many will be: | — |
| Excess from manual operations: | 11 |
| Excess into manual operations: | 0 |
| Excess into machine operations: | 20 |
| d. Will excess out of installation be required: | No |
| e. How many positions out of installation (Employees): | 0 |
| j. List the anticipated post offices and vacancies to which assignment will be made: | |
| Not Applicable | |

g. Provide a narrative explaining the need for excessing: The APPS eliminates the need for SPBS clerks. Bids will be abolished and clerks will be excessed from the section and will need to be placed in other sections.

h. Provide a narrative of your current and future plan and any adjustments made as a result of deployment : Additional impacts may be forthcoming based on the fact that the APPS is capable of processing off size parcels and flats that now need to be done manually.

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Site Impact Cover Page Mech and Tech

Employee Count and hour data as of date periods 7/10/2004 thru 7/8/2005

Program Name
APPS

Brief Description of program

The Automated Package Parcel Sorter replaces the APPS at the rate on one APPS for every two SPBS machines. It is capable of processing off size parcels/bundles and flats and is staffed with mail handlers. It will reduce and/or eliminate the need for SPBS clerks at the bid installation and will necessitate the abolishment of bids. SPBS clerks will be excessed and placed into withheld assignments in the impacted installation.

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Overtime

| | |
|---|------|
| a. Current overtime rate per Accounting Period *: | 6.9 |
| b. Current overtime hours per Accounting Period *: | 5315 |
| c. Planned reduction in overtime hours per Accounting Period *: | 695 |
| d. Proposed overtime hours after installation: | 4620 |
| e. Proposed overtime rate per Accounting Period *: | 6.0 |

Casuals

| | |
|---|----|
| a. Current number of Casuals on rolls: | 57 |
| b. Average hours worked by Casuals per Accounting Period *: | 82 |
| c. Planned reduction in Casual hours per Accounting Period *: | 0 |
| d. Number of Casuals impacted by reduced hours: | 0 |
| e. Number of Casual positions to be eliminated: | 5 |
| f. Number of Casual positions remaining: | 52 |
| g. Justify the need for these remaining Casuals: | |

There will be no excessing from the craft or installation. Casual reductions will be taken with other impacts and the casuals that remain will be utilized in accordance with the Das Award.

PTF

| | |
|--|-----|
| a. Current number of PTFs on rolls: | 132 |
| b. Average hours worked by PTFs per Accounting Period *: | 82 |
| c. Planned reduction in PTF hours per Accounting Period *: | 0 |
| d. Number of individual PTFs impacted by reduced hours: | 0 |

Mech / Tech Site Impact Report

Office
San Diego Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Regular

- | | |
|--|-----|
| a. How many full-time positions are to be abolished / reverted: | 54 |
| b. Will there be any employee excess: | Yes |
| c. Of employees to be excess out of their sections, remaining within their installation, how many will be: | |
| Excess from manual operations: | 0 |
| Excess into manual operations: | 10 |
| Excess into machine operations: | 40 |
| d. Will excess out of installation be required: | No |
| e. How many positions out of installation (Employees): | 0 |
| j. List the anticipated post offices and vacancies to which assignment will be made: | |
| Not applicable. There is no anticipated excessing from the craft or installation. | |

g. Provide a narrative explaining the need for excessing: As noted above, the APPS replaces the SPBS and will result in a need for fewer SPBS clerks. Bids will need to be abolished and impacted clerks will need to be excessed from the affected sections and placed into withheld assignments in other sections.

h. Provide a narrative of your current and future plan and any adjustments made as a result of deployment : The initial impact is to the SPBS clerks. There may be an additional impact to the manual parcel/flats distribution operations.

Mech / Tech Site Impact Report

Office

San Bernardino Bid Group

PayLocation

ALL

Craft
Clerk

LDC
ALL

Function
ALL

Site Impact Cover Page Mech and Tech

Employee Count and hour data as of date periods 7/10/2004 thru 7/8/2005

Program Name

LABOR SCHEDULER

Brief Description of program

Labor Scheduler is a staffing and scheduling program that is designed to staff the plant at the optimal level needed to meet the operating plan. It reconfigures staffing and bid alignment and results in a need to abolish and excess employees from sections as well as results in total staffing.

Mech / Tech Site Impact Report

Office
San Bernardino Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Overtime

| | |
|---|------|
| a. Current overtime rate per Accounting Period *: | 9.2 |
| b. Current overtime hours per Accounting Period *: | 4037 |
| c. Planned reduction in overtime hours per Accounting Period *: | 44 |
| d. Proposed overtime hours after installation: | 3993 |
| e. Proposed overtime rate per Accounting Period * : | 9.1 |

Casuals

| | |
|---|----|
| a. Current number of Casuals on rolls: | 19 |
| b. Average hours worked by Casuals per Accounting Period *: | 81 |
| c. Planned reduction in Casual hours per Accounting Period *: | 0 |
| d. Number of Casuals impacted by reduced hours: | 0 |
| e. Number of Casual positions to be eliminated: | 5 |
| f. Number of Casual positions remaining: | 14 |
| g. Justify the need for these remaining Casuals: | |

There is no anticipated need to excess from the craft or installation at this time. Casual reductions are being taken as a result of other impacts. Remaining casuals will be utilized in accordance with the Das Award.

PTF

| | |
|--|----|
| a. Current number of PTFs on rolls: | 81 |
| b. Average hours worked by PTFs per Accounting Period *: | 76 |
| c. Planned reduction in PTF hours per Accounting Period *: | 0 |
| d. Number of individual PTFs impacted by reduced hours: | 0 |

Mech / Tech Site Impact Report

Office
San Bernardino Bid Group

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Regular

- a. How many full-time positions are to be abolished / reverted: 40
- b. Will there be any employee excess: Yes
- c. Of employees to be excess out of their sections, remaining within their installation, how many will be: —
- Excess from manual operations: 10
- Excess into manual operations: 12
- Excess into machine operations: 13
- d. Will excess out of installation be required: No
- e. How many positions out of installation (Employees): 0
- j. List the anticipated post offices and vacancies to which assignment will be made:
Not applicable. There is no projected excessing from craft or installation at this time.

g. Provide a narrative explaining the need for excessing: As noted above, there is no anticipated excessing from craft or installation. There will be a need to abolish and realign bids and excess from sections to get the workforce into jobs where they are needed.

h. Provide a narrative of your current and future plan and any adjustments made as a result of deployment :

Site Impact Report

Office
San Diego bid Cluster

PayLocation
ALL

Craft
Clerk

LDC
ALL

Function
ALL

Site Impact Cover Page

Employee Count and hour data as of date periods 7/10/2004 thru 7/8/2005

MANUAL INCOMING SECONDARY DECENTRALIZATION

| | | | |
|--------------------------------------|-----|--|-----|
| Current number of Casuals on rolls: | 57 | Number of Casual positions remaining: | 50 |
| Current number of PTFs on rolls: | 132 | Number of PTF positions remaining: | 132 |
| Current number of PTRs on rolls: | 17 | Number of PTR positions remaining: | 17 |
| Current number of Regulars on rolls: | 795 | Number of Regular positions remaining: | 795 |

Reason for Impact: The Labor Scheduler is a staffing and scheduling model that is designed to set plant staffing at an optimal level. It identifies the right number of bids with the right skills with the right schedules to meet the operating plan. It will result in a realignment of the current bids and will result in a need to excess from sections.

MANUAL INCOMING SECONDARY DECENTRALIZATION

Employee data as of date periods 7/10/2004 thru 7/8/2005

| | | | |
|-------------------------------|-----------------|------------|----------------|
| Hour Savings a Year 125120 | Function ALL | LDC ALL | Craft Clerk |
| Office ALL | | | PL ALL |

Overtime

| | |
|--|------|
| a. Current Overtime Rate per PP: | 6.9% |
| b. Current Overtime Hours per PP: | 5315 |
| c. Planned Reduction in Overtime Hours per PP: | 0 |
| or Plan Percent Rate: | -0.2 |
| d. Proposed Overtime Hours after Installation per PP : | 5160 |
| e. Proposed Overtime Rate per PP after Installation: | 6.7% |

Casual

| | |
|--|----|
| a. Current number of Casuals on rolls: | 57 |
| b. Average hours worked by Casuals per PP: | 82 |
| c. Planned reduction in average Casual hours per PP: | 0 |
| d. Number of Casuals impacted by reduced hours: | 0 |
| e. Number of Casuals positions to be eliminated: | 7 |
| f. Number of Casuals remaining: | 50 |

PTF

| | |
|--|-----|
| a. Current number of PTFs on rolls: | 132 |
| b. Average hours worked by PTF's per PP: | 82 |
| c. Planned reduction in average PTFs hours per PP: | 0 |
| d. Number of PTFs impacted by reduced hours: | 0 |
| e. Number of PTFs remaining: | 132 |

PTR

| | |
|-------------------------------------|----|
| a. Current number of PTRs on rolls: | 17 |
| b. Number of PTRs remaining: | 17 |

Employee data as of date periods 7/10/2004 thru 7/8/2005

| | | | |
|---------------------|----------|-----|-------|
| Hour Savings a Year | Function | LDC | Craft |
| 125120 | ALL | ALL | Clerk |
| Office | | | PL |
| ALL | | | ALL |

TE

| | |
|---|----|
| a. Current number of TEs on rolls: | 62 |
| b. Average hours worked by TE's per PP: | 74 |
| c. Planned reduction in average TEs hours per PP: | 0 |
| d. Number of TEs impacted by reduced hours: | 0 |
| e. Number of TEs remaining: | 0 |

| | | | | |
|----------------|------------------------|-----|--------------------------|----|
| Regular | Current OnRolls | 795 | Average PP WrkHrs | 67 |
|----------------|------------------------|-----|--------------------------|----|

| | |
|--|----|
| a. How many full-time positions to be abolished and or reverted: | 68 |
| b. Will there be any employee excessing (Yes/No): | No |
| c. Of employees to be excessed out of their sections, but remaining within their installation, how many will be: | |
| - Excessed from manual operations: | 0 |
| - Excessed into manual operations: | 0 |
| - Excessed into machine operations: | 0 |
| - Estimated number through Attrition: | 0 |
| d. Will excessing out of installation be required (Yes/No): | No |
| e. How many employees excessed out of installation or craft: | 0 |