National Association of Postal Supervisors

2017 Spring Executive Board Meeting
March 8-10, 2017

Official Minutes

The Spring 2017 Executive Board meeting was called to order at 8 a.m. on March 8 by Chairman of the Board Tim Ford. Rocky Mountain Area VP Myrna Pashinski gave the invocation; the Pledge of Allegiance was led by New England Area VP Greg Murphy. Capitol-Atlantic Area VP Troy Griffin and Northwest Area VP Cindy McCracken were selected by President Brian Wagner as sergeant-at-arms. Secretary/Treasurer Chuck Mulidore conducted the roll call of officers; all 25 board members were present.

Welcome remarks were made by President Brian Wagner, Executive Vice President D. Ivan Butts and Secretary/Treasurer Chuck Mulidore. Wagner welcomed the Executive Board to Alexandria for the Board meeting. He complimented Butts and the NAPS Headquarters staff for a successful and informative 2017 Legislative Training Seminar (LTS).

Butts also welcomed board members to the meeting and thanked them for supporting NAPS' efforts, as well as all the delegates for their legislative activism on Capitol Hill. That said, more work needs to be done to pass NAPS' legislative agenda. Mulidore then welcomed the board and said challenging times are ahead for NAPS. He also thanked Butts and the board for an outstanding LTS.

Central Region VP Craig Johnson moved, seconded by Northeast Region VP Tommy Roma, to adopt the board agenda and program, which previously had been distributed to the Board. The motion passed on a voice vote. Texas Area VP Jaime Elizondo moved to suspend the reading of the previous board meeting minutes. This motion was seconded by Eastern Region VP Richard Green and passed on a voice vote. A motion was made by Michiana Area VP Kevin Trayer, seconded by Southeast Area VP Bob Quinlan, to accept the minutes of the previous board meeting as presented; the motion passed on a voice vote.

Ford welcomed the board and explained the rules and protocol of the meeting. Mulidore gave his report. As of March 1, 2017, he said, NAPS' investments totaled $13,764,363. This is a 2017 calendar-year-to-date increase of approximately $570,766 or 4.33 percent. Total assets at the end of NAPS Quarter 2 (Nov. 30, 2016) were $18,042,672.91. Quarter 2 "revenues less expenses" was ($421,772.62).

This was reflected in the secretary/treasurer's financial report published in the March 2017 issue of *The Postal Supervisor*. As of March 1, 2017, the NAPS General Fund, consisting of the PNC checking and money market accounts, was $415,024.02 and $320,239.82, respectively, totaling $735,263.84

On Oct. 11, 2016, Mulidore participated in an overall insurance review of NAPS Headquarters with Erie Insurance and NAPS insurance broker Statland/Katz. The adequacy of coverage, deductibles and liability were discussed. As follow-up, the insurance audit/review has been completed with revised coverages and deductibles. The new flood insurance policy is reflected in the NAPS Property Inc. budget, as the coverages would affect the King Street Metroplace Owners Association (KSMPOA) and adjoining 1729-1733 King St. properties.

NAPS filed with the U.S. Patent and Trademark Office on Feb. 20, 2017, to register two NAPS logos: the most recognized red/white circle logo, as well as the modern looking logo used at LTS. This is an effort by NAPS to control who or what entities use the logos. Part of this process was to update NPI registration in the state of Delaware, which had lapsed, and to register NAPS as an entity in the state of Virginia, which had not occurred previously. This process should be completed shortly.

On Feb. 21, 2017, Wagner, Butts and Mulidore attended the annual NPI Board of Directors meeting with Stoladi Property Group to discuss and approve the NPI budget and discuss tenant leases and issues related to maintenance, updates and necessary tenant improvements to the NAPS building. As of Feb. 1, 2017, the NAPS building was 89 percent leased. The former Ladas and Parry space on the lobby level currently is vacant. NAPS had been receiving regular owner distributions through February 2017. The past three months of the NAPS FY 2016/2017 will not yield any owner distributions, nor will FY 2017/2018, due to maintenance and tenant improvements.

As of March 1, 2017, 4,326 NAPS members have registered on the www.naps.org website. NAPS continues to send out monthly *NAPSHQ2U* newsletter issues, but will provide special issues when necessary. The NAPS Facebook page is being regularly updated and "tweets" continue to be made on NAPS' Twitter account. As of March 1, 2017, NAPS Headquarters social media results were as follows:

• *NAPSHQ2U* goes to 6,449 members, with an average "open rate" of 32 percent. Approximately 38 percent of those opening *NAPSHQ2U* view the issues on their computers; the remaining 62 percent view *NAPSHQ2U* on their mobile devices.

• The NAPS Facebook page has 1,562 "likes."

• NAPS has 451 Twitter followers.

As of the February 2017 DCO (reflecting DCO membership through PP1 and PP2), NAPS had 26,659 members (25,295 active and 1,364 associate; 95 percent and 5 percent, respectively). Total membership from one year ago (PP1 and PP2

2016) was 26,237 (24,868 active and 1,369 associate)—an overall total SPLY increase of 422 members or 1.6 percent.

As of the February 2017 DCO, the total number of active EAS non-members was 9,533. This number is based on the USPS payroll files of non-member EAS employees coded non-postmasters. Based on current membership totals, there are approximately 26 percent non-members. To date, the NAPS September 2015 membership drive has generated 369 new members. NAPS continues to encourage membership growth by giving $25 NAPS checks to sponsors of new members. These 369 new members will generate $33,579 in new annual per-capita dues.

The latest NAPS Headquarters membership drive launched in mid-January 2017 has generated, as of March 1, 165 new members, resulting in $15,015 in new annual per-capita dues. There is no sponsorship award. Local and state branches continue to receive their NAPS Non-Member and Change Summary reports, along with their DCO and Mail reports on a monthly basis.

Mulidore presented the NAPS FY 2018 budget, which begins June 1, 2017, and goes through May 31, 2018. A motion to accept the preliminary financial report was made by Illini Area VP Luz Moreno and seconded by Trayer; the motion passed on a voice vote.

Discussion took place regarding the Disciplinary Defense Fund (DDF), including the need to have a signed DDF form with each case. Scialla Associates does not validate membership; branches must do their due diligence and ensure cases submitted to Scialla Associates for DDF representation are for NAPS members only. There was a general conversation about the DDF among board members and Scialla.

NAPS also must have properly completed Merit Systems Protection Board (MSPB) *Forms 185*, which often are not submitted with case files to Scialla Associates. Members will be encouraged *not* to efile. Sexual harassment cases are serious; supervisors must be aware of their responsibilities. There are 33 DDF cases awaiting scheduling at the MSPB; 16 cases are awaiting decisions. There was further discussion about DDF cases, including the process to file and hear cases. There are *650* hearings vs. MSPB cases. It was pointed out there are too many TACS and sexual harassment cases.

An update on SPAC was given by Butts, Legislative Counsel Bruce Moyer and SPAC Manager Katie Maddocks. At LTS, 16 new members signed up for the "Drive for 5," generating approximately $8,500 per year in additional payroll contributions to SPAC. Capitol Hill visits after LTS were very positive. H.R. 756, H.R. 760 and H.R. 942—legislation affecting postal and federal employees—were the chief bills supported by NAPS. There also was discussion on Medicare integration, LTS and postal reform legislation in response to Moyer’s presentation.

Sheri Davies, ConferenceDirect, gave an update on LTS. There were excellent room pickup totals. Also, NAPS collected $10,000 in vendor sponsorship money to help offset LTS costs.

There was no old business. Under new business, the board heard from four potential providers of DDF services. On Dec. 31, 2017, NAPS’ current vendor, Charlie Scialla of Scialla Associates, will retire. The board narrowed the choice down to two. NAPS Headquarters will review additional information from these two potential DDF providers and submit it to the board. A final decision is planned for the fall 2017 Executive Board meeting in October.

Moyer gave an update on the current state of pay talks. Howard Risher, part of NAPS’ pay-talks team and an expert on federal-sector pay, joined the discussion and talked about the pay consultation process.

Auxiliary President Patricia Jackson-Kelley and Southern Region VP Bonita Atkins reported that the Auxiliary collected $21,740.50 during the three days of LTS. Some additional funds were deposited after LTS, raising the LTS SPAC total to $23,841.50.

USPS Chief Operating Officer David Williams addressed the board. He said the Postal Service currently has 48,000 strong leaders; the agency wants them all to be successful. In Quarter 1, 30 of 31 service indicators improved. The best Quarter 1 indicator was Marketing Mail/Periodicals Composite. Building on service performance from last year, the USPS needs to improve motor vehicle safety and First-Class Mail service as it is not meeting the target. Also, First-Class and Standard Mail need to advance.

The biggest costs were on the financial side with soft revenue and volume. Volume is down in plants 5.4 percent to SPLY. Williams said they must bend the cost side to avoid a $500 million loss and work to earned hours in all functions. An additional challenge is using 5,000 FTE supervisors above what is authorized; he wants to at least keep EAS employees in cell 6 of NPA. The question of plant closures was raised; 65 Phase 2 consolidations are not complete but no decisions have been made.

Also discussed was scheduling changes of EAS employees, voluntary or paid. The USPS does not want EAS employees working seven continuous days or more. There is pressure to reduce EAS hours and not force schedule changes on EAS employees.

There has been an increase in HRM claims. Williams said they need to take hazards out of the workplace, protect service, follow contracts and maintain integrity. The HRM workload has increased. HR is reviewing criteria that determine district staffing. A vehicle survey was conducted and revealed that poor vehicle conditions impact the postal brand, as well as lobby and building conditions.

Williams said he has eliminated all telecons at Headquarters, except one that he has with the area vice presidents. Also, the focus of the Lean Six Sigma program is to move NPA into Cell 6 or higher for all EAS employees. There have been better NPA results for EAS employees through January 2017 than January 2016. Overtime, currently at 12.4 percent, needs to be reduced to 7.6 percent to be successful.

USPS Vice President of Labor Relations Doug Tulino reported that the USPS is trying to finalize the NALC agreement, which, hopefully, will occur soon. Additional areas of focus include the 10-year price review by the Postal Regulatory Commission required by the 2006 “Postal Accountability and Enhancement Act” and H.R. 756. He said Medicare integration, as proposed by H.R. 756, should not be impacted in terms of insurance price reductions with the potential repeal of the “Affordable Care Act” by Congress.

Tulino also talked about Article 8. The overtime (OT) admin tool is used to track OT and eliminate OT grievances. The USPS cannot afford to pay $32 million in OT grievance violations, he said.

Bruce Nicholson and Phong Quang, USPS Labor Relations and Policy Administration, represented the USPS at the consultative meeting. Minutes of the consultative meeting were printed in the June issue of *The Postal Supervisor*.

Executive Board Committee reports were presented:

• SWCs—Pilot sites in the Northeast Area are testing SWCs proposals.

• Training—They will be developing standard work for training.

• Legislative—There was an update on legislative priorities and goals.

• Ethics—No report was given.

• Postmaster—Recognize new membership opportunities and make postmaster recruitment an ongoing process

• Membership—It is the responsibility of all board members to attend career conferences, new supervisor training and Postmaster Essentials classes and engage daily with non-members.

• PFP Advisory—There was a review of NAPS proposals to improve NPA for FY 2017.

• Duties and Responsibilities—The committee presented the board with a revised *Duties and Responsibilities Guide* for FY 2018.

Postmaster General Megan Brennan addressed the board. She discussed several high-profile stamp unveilings she attended recently. She said there is growth in package volumes in lower-revenue product lines. FedEx, UPS and Amazon generate 88 percent of that product line.

UPS and FedEx are working to drive more parcel volume back into their business; thus, Brennan predicted, parcel growth for the USPS will slow. Priority volume is relatively flat, which is a concern. Single-piece First-Class Mail has declined 5 percent, commercial mail is down 2 percent. Standard (Marketing) Mail is stable and Periodicals are down slightly.

The workload continues to shift, she pointed out, adding the USPS must continue to match earned hours and complement. There is no exigent price increase this year, which is worth $2 billion—$700,000 in the 1st quarter of FY 2017 in lost revenue.

Absent legislative change, Brennan said, the USPS could be out of money by fall 2018 as a result of the $10 billion payment due this year. The Postal Service strongly supports H.R. 756. Regarding Medicare integration in H.R. 756, she said 78 percent of postal retirees already are enrolled in Medicare, indicating it is a positive. Consequently, there should not be opposition to this proposal.

She referred to the 10-year price review required by the 2006 “Postal Accountability and Enhancement Act.” The intent was to see if the price cap was working and enough revenue is being generated to cover expenses. Brennan said a price cap tied to the rate of inflation is fundamentally unsuited to the Postal Service’s current business model. The agency has competition in every product line, she said, so let the market dictate pricing.

Brennan said the USPS is striving to keep mailers in the mail. Standard Mail makes up 53 percent of the mail volume, which is one of the reasons the name was changed to Marketing Mail.

She summarized the challenges for the organization, including pushing legislation, regulatory reform and USPS efforts to control costs. As for Employee Engagement, Brennan is concerned with employee response rates; the survey is one instrument to measure the employee work environment. Brennan stressed the USPS needs to invest in training and communication; there certainly is more work to be done, she said.

NAPS accountant Jack Wallace updated the board on accounting policies relative to board and NAPS Headquarters expenses.

Jim Stokes, Stoladi Management, updated the board on the NAPS Headquarters building. He said 89 percent of space is leased, with several additional tenant renewals coming in FY 2018. This will drive tenant improvement costs up, he explained, even as normal maintenance is ongoing. The vacancy rate in Alexandria is 17.9 percent, up from 17.2 percent. Construction costs are up; tenant improvements average $35 per square foot. Stoladi has an on-site property manager for NAPS Headquarters, plus a senior engineer.

Phil Brown, PNC Investments, updated the board on NAPS' investments, portfolio and investment strategies.

Motion 1—Richard Green, seconded by Tommy Roma, that

"*To ensure the financial stability of NAPS, be it resolved that NAPS Headquarters creates a 'rainy day' fund by setting aside in an interest-bearing money market account all funds above $12 million in the NAPS investment portfolio. Be it also resolved that quarterly withdrawals for the investment portfolio be set up to ensure compliance with the motion.*"

Discussion: Is there a need to set up such a fund with the investment account performing well? The motion was tabled March 9 at 2:15 p.m.

Motion 2—Cornel Rowel, seconded by Tommy Roma:

"Motion to accept the FY 2018 budget as presented."

The motion passed unanimously.

Motion 3—Craig Johnson, seconded by Kevin Trayer, that

"NAPS makes a $1,000 donation to PERF each month beginning June 2017 for the next three years."

Discussion: Executive VP Butts indicated funds are low. Some board members felt NAPS should provide funds to help PERF rebuild its funds.

The motion passed unanimously.

Motion 4—Richard Green, seconded by Tommy Roma, that

"The NAPS Executive Board adopt a committee recommendation relative to changes in the Executive Board Duties & Responsibilities Guide.

Voting "yes" were Butts, Mulidore, Roma, R. Green, Walton, Warden, Aglidian, Griffin, Needham, Trayer, B. Green, Rowel, Quinlan, S. Green, Elizondo, McCracken, Cherry and Atkins. Voting "no" were Wagner, Johnson, Murphy, Moreno, Mooney and Pashinski. As board chair, Ford does not vote. The motion passed.

Motion 5—Richard Green, seconded by Cornel Rowel, that

"The NAPS resident officers contact Wheeler Upham and Al Lum to resubmit bids based on the RFP that specifically provides DDF services required per the NAPS Constitution and Bylaws.

Discussion: This motion was not necessary because the board narrowed the field to two presenters based on presentations. Other members felt a new RFP was necessary after the board cut two of the four presenters.

Voting "yes" were Roma, R. Green, Warden, Murphy, Aglidian, Griffin, Needham, Rowel and S. Green. Voting "no" were Wagner, Butts, Mulidore, Johnson, Walton, Trayer, Moreno, Mooney, B. Green, Elizondo, Pashinski, McCracken, Cherry and Atkins. Ford abstained. The motion failed.

Recommendation 1—Bart Green, that

"*Whereas the* Executive Board Duties & Responsibilities *states electronics are allowed to be purchased every four years, recommend that electronics be allowed to be purchased every two years. On purchasing new equipment, board members must turn in the old equipment to the resident officers within 30 days of purchasing new equipment. This would be effective with a new election term."*

The recommendation was withdrawn.

Recommendation 2—Craig Johnson, seconded by Louis Atkins, that

"The Executive Board selects two DDF providers to review and begin the process of researching to determine who will be the best DDF provider for NAPS."

Recommendation passed on a voice vote.

The fall 2017 Executive Board Meeting will be Oct. 22-25 at NAPS Headquarters.

President Brian Wagner asked that we pray for our members and each other. Tommy Roma moved, seconded by Richard Green, to adjourn; the motion passed on a voice vote.

Respectfully submitted by Chuck Mulidore, NAPS National Secretary/Treasurer.