



March 22, 2006

Mr Robert C Pritchard
Director, Motor Vehicle Division
American Postal Workers Union
AFL-CIO
1300 L Street, NW
Washington, DC 20005-4128

Certified Mail
7002 0860 0006 9347 6435

Dear Bob:

This letter is in response to your March 3 correspondence regarding the appropriate rate for labor costs per hour in a Vehicle Maintenance Facility (VMF) when considering subcontracting.

All of your prior correspondence regarding appropriate labor cost per hour appeared to have questioned the Diamler-Chrysler reimbursable warranty rate that was published in the March 25, 2004, Vehicle Maintenance Bulletin V-05-04. Therefore, all prior responses from the Postal Service addressed the reimbursable warranty rate for that specific contract and not VMF labor cost per hour that should be used for cost comparison purposes when considering subcontracting. Please understand that there is a distinct difference between a reimbursable warranty rates which is tied to a negotiated contract versus the VMF labor rate used by the Postal Service when determining whether it is appropriate to subcontract.

The appropriate VMF labor cost per hour is \$42.24. This is the labor rate per hour used by the Postal Service when determining feasibility of subcontracting. This represents the average rate for a PS-7 Automotive Mechanic.

If you have any additional questions regarding this matter please contact Rodney Lambson of my staff at (202) 268-3827.

Sincerely,

A handwritten signature in cursive script that reads "John W. Dockins".

John W. Dockins
Manager

Contract Administration (APWU)

