

August 20, 2013

Josh Graves
Teamsters Local Union 104
1450 S. 27th Ave.
Phoenix, AZ. 85009



Dear Brother Graves:

In reference to our conversations concerning: GM Replenishment, Liquor Selection, Candy Selection, and Milk Selection standards, an onsite audit was conducted at the Safeway Distribution Center in Phoenix, AZ the week of July 7, 2013, the areas of concern and adjustments put in place are as follows:

1. Updated Milk Travel:

While conducting time studies within the Milk Selection Section, the "Loaded Long Outside Travel" was found to be under applied and outside a reasonable means. Although the studies for this job function were deemed reasonable as a whole, an update to EXE's - AMEQA travel table was completed by Manny Navarrete (Safeway's Industrial Engineer) as of 7/22/2013 so that one's performance is reflective of the travel conditions while performing tasks within this area.

```
Enter the outside aisle long travel with load per distance.
-----WITH LOAD-----  -----WITHOUT LOAD-----
INSIDE AISLE      Constant  Per Dist  Constant  Per Dist
Short travel:    0.0541   0.0036   0.0449   0.0036
Long travel:     0.1059   0.0015   0.1059   0.0015

OUTSIDE AISLE
Short travel:    0.0541   0.0036   0.0449   0.0036
Long travel:     0.1059   0.0019   0.1059   0.0015

RF UNIT ID: 17020001
```

2. Liquor Selection:

Much concern had been brought up about the amount of time it takes when items are shorted during the selection process. When items / cases are shorted during the selection process, EXE will recalculate the standard time for quantities not selected, the problem which occurs during this process is that while the system is accurately calculating the standards for items selected, the time allocated when product is shorted is 0.000 (Zero), but the dialog between the selector and "VOICE" is unaccounted for. Manny Navarrete has gone and performed some work sampling within these areas of concern and has added a frequency of 0.2000 in order to compensate the selectors within the "Flow" / "Shelf" so that one's performance is not hindered when dealing with shorted product.

In addition to the added frequency, and the results of the audit were found to be within reason, the minimum short travel distance within AMLRA was updated from 8 ft to 4 ft bay to bay travel

as defined by EXE's - IMLOA coordinates. The update to this table will allocate system travel more accurately when selecting dense assignments within 4 foot bay location ranges.

```
Assignment Point: ASG 901
Vertical Travel: N NO
Two Way Travel: N NO
Handling Constant: 0.2000
Dynamic Assignment Point: Y YES

Enter the selection job code type.
Jobcode Type: D DIRECT Func: SE SELECT Sfunc: PP PICKPALL
Calculate Selection Stds: Y YES
Minimum Travel Distance: 4.0000
Number of Assignments to Create: 1
Staging Point:
Exclude Travel to Stage/Door: N NO
```

3. Delays / Downtime:

All workers should record downtime for delays that are not included in the standard such as:

- Waiting / loading of tote label printers
- Handling additional cases due improper inventory.
- Obtaining Pallets from the trailer when pallets are not readily available.
- Obtaining boxes / totes when not staged in designated pick up areas.
- Delay incurred when selection assignments are re-sequenced.
- Battery changes, supervisor meetings, or equipment problems.
- Any excessive delay beyond what is allocated in the standard and or any time spent performing non-standard work.

In addition to Safeway's detailed delay policy, when dealing with double decked pallets of the same item, forklift operators are at times systematically directed to put these items into the same reserve location. The problem that comes into play when these occurrences happen, is that if for some reason the forklift cannot reach the vertical height in order to place the pallet on top of the pallet already in the reserve, or at times crush the product in the reserve, employees must notify their supervisor and be granted delay for the time spent handling the additional pallet.

Note: Putaway and Replenishment actions of this sort are not a part of the commingle frequency when handling multiple pallets of DIFFERENT items within the GM area. The commingle frequency engineered for Putaway and Replenishment within the GM area was studied during and is deemed reasonable for the conditions observed.

4. Candy Room Selection:

Many concerns arose in reference to Candy Room selection in produce, due to major store distro orders, seasonality, congestion, and slotting throughout the selection aisles. Safeway must be very proactive regarding slotting items within this selection section. Product such as promotional items and master case shippers need to be monitored on a daily basis to insure that these items are set in location types which are conducive to the selection process. When ones warehouse slotting is calamitously set , ones handling of product will be unreflective of the time spent rearranging cases in order to maintain the integrity of the pallets being selected.

Following the audit, Manny Navarrete has broken out the Candy Room into a separate Selection Section so this area can be controlled when seasonality and distro orders impact the operation.

Conclusion

The Standards for Liquor Selection, Milk Selection, Candy Selection, and GM Replenishment were found to be within an acceptable range and therefore reasonable for the conditions observed. Although the fore mentioned standards are within an acceptable range, it is necessary that the recommendations are implemented and maintained, as to ensure the accuracy and safety of the standards is upheld.

As always, any assistance or guidance with any of the proposed recommendations is available for the members of Teamsters Local Union 104. Additional assistance for other areas of the warehouse is also available upon request.

If there are any other concerns that you wish to discuss please do not hesitate to ask.

Fraternally,

Robert L. Johnson II
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