Unionized workers in Pennsylvania reject offer from Acme Markets
By Maria Panaritis; Inquirer Staff Writer
The Philadelphia Inquirer

Acme Markets, whose struggling corporate parent rattled shareholders by losing $202 million in its last quarter, was rebuffed this week by local unionized clerks, who rejected an offer to eliminate up to 300 positions through buyouts.

United Food and Commercial Workers Local 1776 sent Malvern-based Acme a letter Thursday informing the grocer that Philadelphia-area members had voted "no" to the cash-saving maneuver Wednesday night, president Wendell Young IV said.

About 100 of their South Jersey counterparts who belong to another UFCW local accepted similar voluntary buyouts and left their jobs just after Christmas.

The push by Supervalu Inc. of Minnesota, which owns Acme and other chains, comes as high corporate debt obligations and declining sales have pinched its cash flow. Supervalu recently said it would shut five unprofitable Acme stores by the end of February.

Though sensitive to the company's tenuous finances, unionized clerks and officials in Southeastern Pennsylvania said they worried that the buyout - affecting mostly veterans - would jeopardize Local 1776's pension and health and welfare funds. Those funds also serve unionized Super Fresh and Pathmark employees, whose parent company, A&P, recently declared bankruptcy under the burden of debt and low sales.

Because the buyout offer - lump-sum payments and some health coverage for those eligible - would go mostly to higher-earning members, it would spur a flood of early pension withdrawals and retiree health-benefit outlays.

That would be a problem, Young said, because at the same time the company would be reducing the number of active employees. Veteran workers, in particular, contribute hearty sums to both funds.
Acme has declined to assist in replenishing the funds, he said.

Supervalu spokesman Steve Sylven issued the following statement from the company:

"We continue to operate in a competitive and challenging economic environment and need to make the very difficult decisions we believe are necessary to meet our ever-changing business needs to reposition the company for the future. The voluntary severance program is an important part of that strategy, and we are disappointed that it appears that UFCW Local 1776 will walk away from the fair and generous plan that all of our other locals agreed was in the best interests of their members."

Acme first made its proposal to Local 1776 over the summer, only to have it rejected twice before being considered again this week at the company's request, Young said. The grocer refused to modify its proposal to invest some projected savings into the pension and health funds, which is why members turned it down, he added.

"Some of the savings should be used to cushion the impact of the early out," Young said.
He suggested that Acme would do well to reconsider negotiating better terms. Without approval from Local 1776, he noted, Supervalu cannot implement any buyouts and, therefore, will not realize any cost savings at Acme.

"It's going to cost them more money not doing it our way," Young said.
There was less resistance in South Jersey. Members of UFCW Local 1360 there are younger, and the impact on pensions and health care was deemed less acute, union president Sam Ferraino said.

Partly because Acme stores there were developed more recently, Ferraino said, his members have greater age diversity. In addition, the total number of South Jersey employees offered buyouts was only about one-third of what Acme was pursuing in the Pennsylvania suburbs, he said, which was less taxing on pensions and benefits.

"We had to weigh our options, too," Ferraino said, "because, as you know, Acme isn't one of these companies that are doing wonderful right now."

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