

# Supermarket chain to close 10 area stores in next two months

February 16, 2011 | By Maria Panaritis, Inquirer Staff Writer

The bankrupt supermarket company that owns Pathmark and Super Fresh told employees Tuesday that it plans to close 10 stores in South Jersey, Southeastern Pennsylvania, and northern Delaware over the next two months.

More than 585 union jobs are affected by the planned shutdowns, and union leaders greeted the news with pessimism, fearing even further trouble for their roughly 40,000-strong Mid-Atlantic workforce and possibly more closings as parent company Great Atlantic & Pacific Tea Co. Inc. slogs through Chapter 11 bankruptcy.

Two union officials in South Jersey, where most of the shutdowns will occur over the next two months, said they felt the company, despite its stated intention to reorganize and survive bankruptcy, was not executing a convincing turnaround plan.

"I think their version of trying to turn it around might be off the backs of the people, which is scary," said Sam Ferraino, of United Food and Commercial Workers Local 1360, who represents clerks in five affected stores in Bucks County and South Jersey. "I hope to God they do have a plan, and I hope they do turn it around. But it's not encouraging. The last thing I want to see is more people on the street."

Brian String, president of UFCW Local 152, was likewise grim. Since A&P declared bankruptcy, said the meat cutters' union leader, in-store operations seem to have slackened rather than sharpened.

"We see a lot of empty shelves, we see department managers putting in orders who aren't getting what they need to satisfy customers," said String, explaining reasons for his disenchantment. "In some cases they're not getting enough product and in some cases they're not getting correct product."

A call and an e-mail to A&P corporate headquarters seeking comment about the planned closures were not returned Tuesday.

On the chopping block are Pathmarks in Deptford; Saucon Valley, near Lehigh University; and Glasgow, Del.; and seven Super Fresh supermarkets in Mount Holly; Hammonton; Cape May Court House; Hamilton Township; Hightstown; Yardley; and Lionville, Chester County, union officials said.

Union and company officials met with workers at those stores in the morning to break the news. Despite an undercurrent of fear that had taken hold regarding closings since the bankruptcy filing, workers were upset to learn their stores would be eliminated, Ferraino said.

"The people are shocked," he said. "I guess no one expects it to end."

A&P, based in Montvale, N.J., filed for Chapter 11 protection in December citing \$3.2 billion in liabilities. The company blamed labor costs and expensive vendor contracts, in part, for pushing it over the edge, although sales had been on the decline for some time.

Plus, it has carried considerable debt in connection with its acquisition of the troubled Pathmark chain in 2007. That deal in and of itself was viewed as weakening the supermarket corporation owing to Pathmark's own persistent woes.

Wendell Young IV, president of UFCW Local 1776, said about 80 of his clerks would be affected by the store closings at Saucon and Lionville. About 265 part-time and full-time clerks are affected at five sites in South Jersey and Bucks County, Ferraino said. And across all 10 stores, an additional 240 meat cutters and deli workers are in the line of fire, said String, of the meat cutters' and deli workers' union.

"I'm not saying I agree or disagree with the move, but they're eliminating stores that they feel that they won't be able to turn around," said Young. "They're trying to restructure the company so that they emerge from bankruptcy - that's what they told us, that this is part of that restructuring effort."

String was less sanguine. He said a meeting Friday between organized labor officials and representatives from A&P did not inspire confidence.

"I am not convinced they have a turnaround strategy in place," String said. "Furthermore, I do believe there will be more store closings coming, as well."

It was no surprise to one industry market-research analyst to see which 10 supermarkets in the region had been singled out for elimination.

"All of these stores are unprofitable units and have been for a long time," said Robert Gorland, vice president of Harrisburg-based Matthew P. Casey & Associates. His company performs feasibility studies on potential sites being considered for new supermarkets.

A few of the stores on A&P's list may be of interest to competing chains, he said, but not all of them, "because some of them are in very highly competitive areas where there's a lot of competition nearby."

The Deptford Pathmark, for example, is near two Wal-Mart Super Centers, both of which operate with nonunion retail staff.

If a competitor were to acquire one of the 10 soon-to-be-decommissioned A&P sites, nothing would mandate that union workers be hired - a trend that has become common in recent years as nonunion chains such as Giant, Wal-Mart, and Wegmans have opened new stores in the region.

Some veteran workers at the 10 stores being shut down 60 days from now will be able to transfer to other A&P-owned stores if they have adequate seniority.

The hundreds of employees on the receiving end of layoff notices will likely be the lower-wage earners with fewer years of experience, leaving surviving veteran workers reassigned but still employed at other A&P-owned stores.

The details of those "bumping rights" moves are to be hashed out in the weeks ahead. But already, the prospect of adding high-wage veterans to other Pathmark and Super Fresh stores is worrying even union officials.

Stores that are doing well, explained Ferraino, could weaken under higher labor costs. And that, Ferraino said, could give the company a reason to ask the bankruptcy judge for labor-contract concessions that otherwise might remain off the table.

"If they force the labor rates up, they can then petition the court saying the labor rates are so high that they need relief in the contract," said Ferraino, adding that he was echoing fears of other UFCW leaders from Connecticut on down to Maryland who have been in contact with one another.

"We're all thinking that - that that's what's heading our way," Ferraino said, "that this is just the beginning."