



AMFA–Alaska Airlines Contract Negotiations Update

Update # 12 **September 6, 2016,**

Participants for AMFA:

*Louie Key – National Director
Earl Clark – Chairman and Region I Director
Jason Munson – Airline Representative, Local 14
Mark Dahl – Airline Representative, Local 32*

Participants for Alaska Airlines:

*Greg Mays – VP Labor Relations
Kurt Kinder – VP Maintenance & Engineering
Constance Von Muehlen – Managing Director, Airframe,
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Bob Hartnett – Director, Labor Relations Ground
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Megan Koering – Senior Financial Planning Analyst*

The Negotiating Committee is providing this update to the AMFA Membership at Alaska Airlines. This is the only official authorized source of negotiating communications by the Committee.

On August 29 – September 1, 2016, AMFA and Alaska Airlines met to continue negotiations at the Hilton Garden in Kennewick, WA. We started the first day, which was a half-day session, with the Company informing us that they planned to give us a complete comprehensive proposal the next day. As they weren't ready to give us the proposal without being able to go over it with us due to time constraints, we broke early for the day to allow the Company to work on their proposal for us.

On August 30, 2016, we started in the morning with the Company giving us a printed review of the language changes we have previously agreed upon. We discovered several errors while reviewing the printed version, which will be corrected by the next session. The Company then gave us their counter to our proposal on Article 22, Insurance, which we had given them during our July 18, 2016, session. The Company proposed increasing our monthly insurance contribution rates and 8% cap limits or the 80% / 20% for each year of the proposed agreement through the life of this agreement, rather than the actual amount that we are currently paying. The remaining article would remain as book, with exception to the increase in chiropractic care and increases to our Life and AD&D benefit. They did not offer any increases to our dental plan or hearing aid benefit.

The Company then gave us their comprehensive proposal for a 5-year contract with a 7% increase at the day of signing, along with 1.5% increases on the following years. They offered no changes to our retirement plans, and both the defined benefit plan and the defined contribution plan would remain at book. They did not offer any changes to our Article 2, Scope, but agreed to update LOA #9, Job Protection to cover through the next amendable date. The Company also wanted a Virgin America transition agreement letter.

We then asked for a caucus to review their offer, which we spent drafting our comprehensive counter offer. We got back to the Company about five hours later and told them that we were one of the first labor groups on the property to partner with Alaska Airlines on their “market based pay” philosophy and have successfully worked for years with them on that approach. We feel now that the market rates for aircraft maintenance technicians are going up, the Company is back peddling on their commitment and is attempting to pay us much less than the market rate would indicate. We want our members to be excited and proud of this contract and to be enthusiastic about moving forward under an agreement that recognizes their years of commitment to Alaska Airlines.

We then explained our comprehensive counter proposal, which included a 25% increase at the day of signing along with 5% increase on each of the down years of the agreement. We also proposed increasing the Technician Helper Step 1 starting wage to \$15.00 an hour in order to match the SeaTac minimum wage along

with increases of 5% for each step above the new Step 1 increase. We made increases to our shift differential of: \$0.65 for shift 2, \$1.00 for shift 3, and \$1.10 for shift 4 as well as increases to Inspector, Lead, Trainer, and RII premiums by \$0.25 per hour. We included in our proposal that if PBP targets are met, AMFA employees will be compensated at least 10% rather than our current 5% and have the option of directing these funds into their 401k plan.

On Article 20, Retirement and Article 22, Insurance we maintained our previous proposal to the Company of increased benefits to our members from the July 18–20 negotiation session. Those increases included the current 1.4% multiplier for those in the defined benefit plan, but it will be based on the highest five (5) years of consecutive earnings of your base hourly rate. We also proposed changes to the Company match for the 401k plan from \$0.50 to \$0.75 for each \$1.00 contributed by the employee up to the maximum employee contribution of 6%. For those in the enhanced 401k plan only, the Company contribution would increase to 9%. These changes would bring both plans up equally to 13.5% of eligible compensation. We proposed lower caps of 5% for insurance premiums, increasing our dental coverage from \$1,750 to \$2,500 a year, increasing hearing aid benefit from \$300 a year to an 80/20 split with no caps, along with the previously agreed changes to chiropractic care and increased Life and AD&D coverage up to a maximum of \$150,000. We also included additional layoff protection language if the Company chooses to farm out maintenance into Article 2, Scope. We added language changes previously discussed on LOA #9, which occurred during the May31–June 2 negotiation session. We included the additional stations of Orange County and Sacramento to the previously added protected stations of San Diego, San Jose and Las Vegas. After explaining our proposal to the Company, we broke for the day.

The following morning the Company started out by saying that they were not surprised by our asking of a wage increase of 25%, but that they do not like the idea of paying the Tech Helper/Janitor Classification \$30.00 an hour at top scale at the end of our agreement. They stated that they were surprised we purposed to increase our PBP, as we have stated in the past that we feel the PBP money is not part of our economic package. The Company was also concerned that we still have open language issues that needed to be discussed further, and they did not have a counter for us at this time.

We then moved on to discuss one of our open language items – Article 14, Sick Leave. After a lengthy discussion, we choose to withdrawal our proposal on selling sick leave or converting it to vacation hours, after the cap of 1650 hours have been reached. We explained that without that option, it could just lead an employee upon reaching the cap to call in sick in order to stay below the cap of 1650 hours.

We then moved on to LOA #12, Vacation Buy Back. The Company has offered to allow you to sell vacation hours and give you an option to put those funds into your 401k plan, which we agreed to. We plan on updating LOA #12 at our next session. We then agreed upon future negotiation dates before we ended the day.

Remember to check your local's website for the most up-to-date information on times and locations of negotiations: www.amfa14.org and www.amfa32.com. If you have any questions, please contact your Airline Representative or attend your next monthly membership meeting for a question and answer period.

If you plan to attend a future negotiation session, please contact your Airline Representative to RSVP; by RSVP'ing you are guaranteed a seat if the room is full.

Sincerely,

Your Negotiations Committee

Upcoming Negotiation Dates – Upcoming meeting accommodations and times are yet to be determined.

September 27–30 Seattle, WA

October 11–13 Location to Be Determined