



AMFA/Southwest Airlines Contract Negotiations Update

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Participants for AMFA:

Earl Clark – Region I Director
Michael Nelson – Region II Director
Bob Cramer – Airline Representative Local 4
Matt Townsend – Airline Representative Local 11
Shane Flachman – Airline Representative Local 18
Mike Young – Airline Representative Local 32
Lucas Middlebrook - AMFA Counsel
Louie Key – AMFA National Director

Participants for Southwest Airlines:

Mike Ryan- VP, Labor Relations
Jim Sokol – VP, Maintenance Operations
Michelle Jordan- Director, Labor Relations
Mark Lyon – Sr. Manager, Labor Relations
Sam Moser - Manager, Financial Planning
Christina Bennett – Southwest Counsel
Don Roberts – Manager, Phoenix

The Negotiating Committee is providing this update to the AMFA Membership at Southwest Airlines. This report is the only official authorized source of negotiating communications by the Committee. The Company has expressed deep concerns with the negative propaganda that has recently been distributed and posted throughout the system from an anonymous source; we will only take ownership of this official update.

We met in San Antonio, TX on Monday, February 10, 2014, to begin a scheduled two and a half day Aircraft Maintenance Technician (AMT) negotiations session. AMFA National Director Louie Key joined our committee and began the session with a speech identifying several issues that our committee feels are impeding the negotiation process. These items include the huge concessionary “wants” from the Company, the inaccurate Company updates, and the publicizing of the covered work groups’ Collective Bargaining Agreements (CBA) and negotiation progress on their new website. The discussion morphed from the initial statements into a fairly vigorous conversation. The Company accused our committee of misleading the membership about to the Company’s proposal to restrict day trades and international field service. The Company was also concerned by the negativity towards the Company being generated in response to an anonymous written negotiation report circulating on the floor.

During the Company’s most recent earnings call, CFO Tammy Romo explained that “with respect to our labor contracts, I think a goal would be more cost neutral.” Our committee wanted clarification of this term, and asked the Company to confirm that cost neutral bargaining meant that if language was altered and this change reduced costs, then those savings would be reinvested into our contract; however, the Company committee’s characterization of “cost neutral” was much different. The Company committee explained its “cost neutral” approach as follows: “if you save [us] \$500 million, [the Company is] not putting that back into the contract.” Our Committee sees this as a concessionary approach to bargaining – an approach we have made clear our membership is not interested in considering. We also told the Company we felt Article 4 Classifications of Work for the Technical Support Technicians had to be finished before we could move forward, regardless of the direction we chose. The Company then shared another PowerPoint Presentation that concluded with their five (5) “must have” items: duty limit restrictions, field service “considerations” for international and Hawaii while limiting the union scope to routes within the US territories, streamline Article 2 Scope to a headcount to aircraft ratio, new sick policy, and expand the pay scale from the current five (5) year top-out.

After lunch we presented our Article 4 proposal dealing with the Technical Support Technicians (MX Controllers and MX Trainers are complete). We had a long discussion detailing how this group would work in the current maintenance structure and the other articles in the CBA before our Article 4 proposal was accepted for this group. After further Article 4 discussions we revealed the Company added a sixth “must have”, which was gutting the Plant Maintenance Technician’s duties and renaming the group Aircraft Support Technicians. The Company said that the Dallas Maintenance Hangar was getting too large and it needed Plant Maintenance to be free to support the maintenance of aircraft. The Company did agree that they were also proposing to have this work performed at a lower, potentially non-union vendor, rate.

On Tuesday we began by presenting our Article 6 counter, which we took back to current language in regards to keeping short hour pay, 24 hour duty limit, and paid rest. Our counter proposal also removed any reference to “qualifications” to be eligible to work overtime in a bid location. The Company did admit there are big economic savings tied to “duty limits.” After a short caucus, we told the Company we thought we were too far apart and, therefore, should “table” Article 6 at his time. We then presented our counter offer to Articles 12 and 13, which we basically took back to current language and removed any reference to the Company’s new sick time policy. The Company then presented its Article 11 counter, which removed our proposed vacation carry-over program saying it was for tax reasons. They also rejected our proposal to sell back up to 200 hours of vacation due to their feeling that time off was needed for our group. We have proposals that sought an automated process for bidding vacation; the Company said it was already in the works (also bidding, day trades, etc.). We did tentatively agree (TA) in principle to Article 16 as we removed our “me-too” proposal and will leave the matching percentages open to negotiate once we begin economics.

After lunch on Tuesday, the Company delivered yet another presentation – this one by Jim Sturgis, Barry Lott, and Todd Ellison - which outlined the Company’s Maintenance Planning Program through MSG 2, MSG 3, and the future program named EPIC. The EPIC program takes into consideration input from 737 carriers for the purpose of expanding the intervals for which maintenance is to be accomplished. The presenters explained that the net would be a longer duration between “C” checks and many tasks falling out of the “C” check, which would be performed more frequently at the line locations. A few items from the Company’s PowerPoint Presentation are: potential for increased headcount at line stations, required intermediate maintenance will decrease generally due to increased interval on the “C” checks, and the potential for headcount realignment. They also presented that the -800s will begin their transition in April (finished around 12 months) and the -700 will begin to transition when WIZ is capable. After the presentation we needed to caucus as a committee, and when we returned we discussed Article 5 and Article 10 in an interest based format. There was much discussion dealing with ways to make the bid process flow better and easier to understand and administer. The Company had a proposal to change the shift start times to give more flexibility if required for international service. We also discussed our concerns with “qualifications” being inserted into our language. To wrap up the day, we presented our Article 7 proposal, which addresses current concerns with the Company’s placing our members that are attending training in a hotel and/or location that is undesirable.

On Wednesday morning the Company presented its counter proposal to Article 24. We had limited discussion as the Company said it was going to look into several of the issues they struck from our proposal. The Company said they would like to work through Article 24 language in an interest based manner at our next session. We also acknowledged that we have a lot of work to accomplish addressing the MX Controllers, MX Trainers, and Technical Support Technicians in several other Articles in the CBA; therefore, leaving any notion of an abbreviated conclusion very remote.

In summary, our San Antonio session was productive in that several of our goals were obtained. Arguably, the most important goal being the fact that the parties were able to work long hours engaged at the table without the usual distractions associated with meeting at the Company headquarters. We also requested that our April 16 and 17 session be held at a city outside of Dallas. We will make sure there is adequate notice once the city has been determined. Please do not hesitate to contact anyone from the Negotiation Committee if you have any questions or concerns.

We continue to be committed to making a concerted effort to reach an agreement that addresses our members’, and the Company’s, concerns. Our Committee would like to thank the observers that took the time to attend. Remember, the most important word in the language of the working class is solidarity – stay engaged, remain informed – the membership solidarity is what fuels our Committee. Thank you for your support.

Sincerely,
Your Negotiating Committee

Upcoming Negotiation Date – Dallas: March 12-13, 2014