

## **Report from the US Airways Labor Committee meeting**

### **Summary:**

**The meeting was held on January 18, 2012 at 3:45PM in Phoenix, AZ**

**The meeting began with reports from;**

### **Scott Kirby-President;**

The industry is doing remarkably well even with the high fuel prices which we were able to pass on to the passengers and we are going to be profitable this year which is unusual. The revenue environment is very strong and fuel prices are elevated even more and the industry is doing well passing that on. We are running the best airline in the industry. If something happens in Iran we may have some major issues regarding fuel.

### **Doug Parker-CEO;**

In flight service has improved greatly. Newer food products introduced have been popular. The profits for the year will be around \$85 million. We are not going to lose much in the 4th qtr, which is good news with the fuel prices highest in history. We are very happy about that.

Delta slot swap project updates will be discussed in the board meeting.

There has been immense speculation on the AMR bankruptcy and what might be our role. What the board will hear is AMR creates new opportunity versus where they were outside of bankruptcy. Of course, bankruptcy allows companies to do things to their cost structure. Their labor costs were so much higher than ours. They could not produce a profit. There has been huge speculation. We are doing what you would want us to do which is staying abreast of the situation. We have hired advisors and we want to be sure they are accurate with the reports. Bankruptcy is a long process as most of you are aware. Speculation does not mean things are going on; they are the result of people looking at the industry.

The speculation is also caused by the history of the past few years where we talked about a desire for consolidation. We have an obligation to see if anything makes sense and studying it diligently. I don't want to get distracted from running this company and we need to focus on that at the same time as looking into consolidation. We are

in a position that we can do something or not about a merger, we are currently in a good position to stand alone as well.

**The IBT/CWA Passenger Service Association raised the following issues;**

**Harassment and Intimidation**

The RDU manager has been disciplining agents for 1 minute delays, even though Donna Paladini, VP of Operations advised us in an earlier meeting that day that the company does not discipline for one minute delays. We have two people we know of in that location that were placed on discipline levels because of this. The agents in RDU were briefed by management on December 31 they were told "even if God himself is standing in front of you, you do not hold the flight to re-accommodate anyone." Yet we heard that a flight was held in Charlotte for 15 minutes for President Kirby connecting from a Paris flight. President Kirby replied he was unaware of this and we said it was probably local management ordering the hold for him without his knowledge.

**We advised the Board and management that agents are being berated and harassed by managers to get the flights out on time which is causing a very stressful work environment. Gate agents are being told to leave behind revenue and non-revenue standbys by management on a regular basis.**

The Captain attending this meeting on behalf of USAPA agreed with us, saying he saw the fear in the eyes of the agents trying to get the doors closed on time in RDU recently and the relief when the pilot told them the delay was not going to be put on their backs if he could help it. He said he refuses to leave behind standbys and will keep them from closing the door until they are boarded. He does not like to leave with empty seats when he knows customers, crew and non-revs are standing by. He said he even had a verbal altercation with the RDU manager himself who was upset that his stations on-time performance was being jeopardized because the Captain refused to leave the passengers behind and held the flight. We get reports that the RDU management team is known to yell at the members in front of passengers on a regular basis.

Human resources are now planning meetings in RDU in the next few weeks. The Local Union Reps will be present to support the members during the investigation.

The Union has complained about the treatment by local management in RDU for a very long time, we hope this will help reduce the stress and harassment the members are experiencing there.

### **Loss of Revenue and unruly or violent passengers;**

We discussed a recent incident on a flight dealing with a large group flying from EWR-CLT-STT. We described how it cost the company well over \$20,000 of revenue when local management did not follow through when the Captain denied boarding for their CLT-STT leg due to threatening behavior on the previous flight. The Captain on the EWR-CLT flight was called out of the cockpit to address the parents of some children having a food fight on the plane. One of the parents verbally threatened the Captain. The Captain called the CLT - STT Captain and told them about the situation and asked them to deny the group boarding on the connecting flight. This should have been the end of dealing with these customers. They should have been given a refund of the last leg of the trip and return flight and banned from our airline for the protection of all of the customers, employees on the ground and in the air. That was not the case. A CLT manager rebooked the 10 customers on the following day to STT causing an overbooking. They put them up in a hotel and gave them meal vouchers as well. The involuntarily bumped passengers the following day were put up in hotels in MIA, given meal vouchers and we bought them all First class seats on American to STT. How much did this cost us? Why is the company siding with the customer that threatens our employees?

Doug Parker said he was unaware of this and so did our COO- Robert Isom. We told them they should look into this and we had copies of the PNR we would send them to show that this did take place and we would like to see this revenue loss stopped.

### **Attendance policy**

The Union showed an example of how punitive the current attendance policy is and described how easy it is to get disciplined for simply using the sick days we earn each month. We feel the company should address the employees that have serious attendance issues. There used to be a "6 month clean clause" in reservations, which would remove you from a level if you had no occurrences in a 6 month period, we requested this policy be brought back. Robert Isom said they would take a look at the policy again and get back to us.

### **Hiring**

The company stated they were meeting to get approval for the budget for this year in the following day's board meeting. We followed up by asking if increasing staffing, especially at the gates so we can get our flights out on time, was going to be part of that budget. The airports are always working short and forcing mandatory overtime due to lack of staffing. Robert Isom said they are reviewing the staffing levels and they would also show us the staffing model they use so we could see how the numbers are arrived at for each location. No indication the budget would include more hiring.

### **Ineffective grievance process**

The Union advised the board that the grievance process usually is a rubber stamp in our opinion once it gets to level 2 and level 3. If a local manager wants to issue discipline, fire an employee or not follow the contract language, they contact the regional director and labor relations representative to get their input and advice. That same director or labor relations representative is the hearing officer at the level 2 and 3 hearings. They usually will stand by their original advice they gave the manager and will not overturn the lower level decisions. We know this because local management tells us they have called labor or the director and this was their decision. We feel this is such a waste of our time and resources. The company should be using someone to hear the level 2 and level 3 grievances that has had no knowledge or input in the grievance issue and let their decision be made solely on the facts presented in the hearing by both sides. We do not feel all of the labor relations representatives practice this but it is very prevalent. The level 3 hearing officer for Winston-Salem Reservations has worked well with the Union leaders and is usually very fair.

The Union is going to attempt to renegotiate the grievance process in the next contract to try and keep this from happening. Labor relations representative Beth Holdren was in attendance on behalf of Al Hemenway, VP of Labor relations. Her response was she does not have a problem overturning her own decisions she has given management at the lower level and has done it often. Her answer basically reaffirms that local management does not make their decision based on the facts of the case presented by the shop steward or the union rep in the lower level grievance hearings. The labor relations officer is not hearing both sides of the story when they give their advice to management in the level 1 or level 2 process, they never talk to the union before giving their advice to management. Yet when we raise issues with management in labor meetings, their reply is "there are

always two sides to every story and we will check with the local manager to get their side”.

Many of the other labor leaders felt the same about the grievance process being a rubber stamp.

### **Piedmont agent pay freeze**

Doug Parker and the board were advised that we were outraged by the merit pay freeze imposed by our solely owned subsidiary Piedmont airlines on the workers that are in negotiations for their first contract. They were told that the average agent in PHX makes \$8.50 an hour and can qualify for food stamps. The agents believe the triple play bonus will not be paid to them as well and the Union felt this will affect the bottom line when the agent’s moral dropped because of this. We asked why the agents should run from plane to plane now, like they have been doing because of short staffing and lack of equipment, since they are not going to be given a well deserved raise, this may affect the coveted on time performance as well. The company never did this to the East employees during first contract negotiations. We do know that America West did it to the West customer service agents when they voted in the IBT. The company is making money and described in the meeting how pleased they are with the work all of the groups are doing to make this company successful. This express group plays a vital role in the success and on time performance of the company, they deserve this raise, it is only, at most, 6% of their wage, which is usually under \$10.00 an hour to begin with. Doug Parker said he felt they would be getting a wage increase once negotiations were completed. We advised him that they need this increase to survive now, not later.