



AMFA/Alaska Airlines Contract Negotiations Update

Update # 16 **December 5, 2016**

Participants for AMFA:

*Bret Oestreich – 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
Bob Hartnett – Director, Labor Relations Ground
Sonia Alvarado – Manager, Labor Services M&E
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 December 1 and 2, 2016, AMFA and Alaska Airlines met to continue negotiations at the Courtyard Marriott in Anchorage, Alaska. We started the first day at 9:00 AM with the Company giving an update on their draft of the new Maintenance & Engineering (M&E) expense report policy and where they are at with publishing it. We should see it next year so that stations can budget for the change. The Company then gave an update on the Commuter Pass Policy for M&E. The Company said that they are waiting for changes to the pass policy to come out before they do anything. The AMFA Committee is reviewing to see if we need to put this in our Collective Bargaining Agreement (CBA).

We moved on to Article 28, Shift Differential and tentatively agreed (TA'd) the entire Article. The change is an increase in second shift differential to \$0.60 an hour from \$0.51 an hour, third shift to \$0.75 an hour from \$0.58 an hour, and relief shift going to \$0.80 an hour from \$0.61 an hour.

Before lunch we TA'd changes to Letter of Agreement (LOA) # 12, Vacation Buy Back Program. Changes include language to allow employees to request to receive pay in lieu of taking vacation up to two times per year during the period of December 1 to September 15, under the following guidelines. The employee can cumulatively "cash out" a maximum equal to the amount of vacation taken in the previous calendar year and current vacation bid year (year to date of request) combined. Hours cashed out during the year will not be used to calculate available lines for vacation bidding as outlined in paragraph C of Article 13. The parties will meet to assess the process for its effectiveness and to consider any mutually agreed to changes for the following year. For the purposes of this LOA, "cash out" is defined as either a lump sum payment or a contribution to the employee's 401(k), which will be 401(k) Company match-able. The Committee does not see this as an improvement to our retirement, no matter what the Company says.

After lunch we passed our latest economic counter proposal to the Company. We remained with our previous Schedule A Scale proposal for Aircraft Technicians to receive a 20% increase on day of signing with 3% increases on the out years of the Agreement. We continue to accept the Company's proposal for increases of our License Premiums to \$2.00 for first license and \$3.00 for the second license, for a total of \$5.00 an hour. We maintained our last offer for Schedule A increases for Tech Helper/Janitor Step 1 to \$15.00 per hour, for Steps 2-11 3.75% increases to each subsequent Step. Article 23, Annual Wage Review stays intact with a 3% minimum wage increase. We kept the same health care proposal as passed to the Company in November, which is a cap percentage of 7% of the 2016 rates that we are currently paying. We made a change to our retirement proposal in the defined benefit plan that would change the wording from best five (5) consecutive years of service to the best five (5) years of service for calculating retirement pay.

In this pass we also withdrew Article 2, Scope that we had proposed. We withdrew our proposal for Scope knowing that we would renew LOA #9, Job Protection.

We also proposed to remove our participation in the PBP Plan in its entirety. We proposed to go back to a true profit sharing plan and to go back to the Variable Pay Plan (VPP) that we were in prior to the 2005 CBA; VPP is a way to share in the success of Alaska Airlines, and under this plan members will receive a lump sum distribution equal to 1% of their pay for each percentage point above 5% of Alaska's pretax margin, up to a pretax margin of 20% (or a maximum of 15% of gross earnings).

After reading our proposal to the Company, they took a long break. We then moved on to talking about what the Company has been responding to in the water cooler on Alaskasworld and how upsetting it has been to some of our Technicians. The first day ended.

On December 2, we started the day with the Company telling us that they were not ready to give us a counter economic proposal at this time and would be ready to give us their counter at our next session in January. We then moved on to discussing LOA # 13, Medical Plan Collaboration to cut cost and establish a Wellness Plan. We told the Company how disappointed we were in the program. The Wellness Plan started out with good intentions, but nothing has happened in the last two (2) years to help reduce our insurance costs. We discussed options with the Company of removing the entire letter, but decided to table this for now until we can have Keith Abernathy, MD Human Capital Operations, at the table for further discussions.

We then moved onto LOA # 9, Job Security and agreed to TA the letter. We accepted additions to the language that the Company will not subcontract any aircraft maintenance to McGee Air Services, Inc. We also added the additional stations of Orange County (SNA) and Sacramento (SMF) to the list of protected cities of Anchorage, Juneau, Seattle, Portland, Oakland, San Francisco, Los Angeles, Phoenix, Las Vegas, San Diego, and San Jose. We back dated the protection date to October 18, 2016.

We ended the day talking about part-time Technician Helpers and how it could take them up to one year to finish the 1080 hours probation period; if you are part-time, you can't bid to a Technician slot even if they have an A&P license and they cannot use sick leave for one year. We feel this is unfair, but the contract is clear on hours not days.

Our Committee would like to thank the observers that took the time to attend. 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 location, accommodation, and time are yet to be determined.

At the end of writing this update the Company has informed AMFA that they would like to schedule another negotiating session on Friday, December 9, 2016, in a location to be determined in the Seattle area – AMFA has agreed.

January 4–5, 2017