

AMFA/Southwest Airlines AMT Contract Negotiations Update

Update #47 November 4, 2016

Participants for AMFA:

Bret Oestreich – National Director Michael Nelson – Director, Region II Craig Hamlet – Airline Representative, Local 11 Shane Flachman – Airline Representative, Local 18 Mike Young – Airline Representative, Local 32 Lucas Middlebrook – AMFA Counsel

Participants for Southwest Airlines:

Mike Ryan – VP, Labor Relations
Gerry Anderson – Sr. Director, Labor Relations
Cindy Nagel – Sr. Director, Labor Relations
Bill Venckus – Director, Labor Relations
Scott Collins – Director, Central Region
Mark Lyon – Sr. Manager, Labor Relations
John Donnelly – Manager, Financial Planning
John Brutlag – Director, Aircraft Standards

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.

We met with the Company in Dallas, Texas, on Tuesday, November 1, for a scheduled two and a half day mediated negotiation session. The entire Company committee was physically present at the bargaining table; however, it is difficult to characterize their actions as bargaining or negotiating. Instead, the Company presents its must-have demands, and if we do not agree wholesale the discussion concludes. The most recent example of this unfortunate practice occurred in response to our attempt to bridge the gap on the Company's alleged must-have changes to our scope language.

The Company initially proposed the following language to significantly increase its ability to outsource our protected work:

Replace Article 2.6 with the following – All check types defined as Line or intermediate level maintenance under the Southwest Maintenance Program Specification is recognized as coming within the jurisdiction of the Union and shall be performed by Employees subject to this Agreement unless otherwise provided in this Article, regardless of whatever designation, name, or interval is applied to such work in the future. The Company may "zero time" any lower level maintenance task, check or maintenance package during a higher level maintenance event. (In return, the Company is willing to retain the employee headcount per aircraft ratio currently in LOA #1).

We could not agree to such open-ended language that would allow the Company to outsource the lion's share of our work. However, these are negotiations, and therefore we spent a considerable amount of time as a Committee crafting a conceptual Article 2 proposal that would have maintained Article 2 status quo until the MAX program was implemented. With respect to the MAX program, our conceptual proposal would have protected all of our intermediate MAX maintenance work up to nine years with the four heavy lines of maintenance in Dallas performing 9Y checks and above. In addition, our conceptual proposal provided the Company the ability to outsource 3Y MAX checks and higher after the aircraft reaches nine years old. In exchange for providing the Company this ability to outsource, we sought headcount and job classification (i.e. Shop, Intermediate, Heavy) protections that reflect the current staffing levels. We also proposed to keep the Outsourcing Liaison position so that we would have the ability to monitor the outsourcing that is being performed currently and that would be performed with the MAX program as well.

What was the Company's response to this proposal? The Company reverted to its original Article 2.6 proposal set forth above and rejected everything else we proposed with the exception of a system-wide mechanic to aircraft ratio that would exist at the time of ratification of an agreement. Does this type of supposed negotiation sound familiar? This is exactly what the Company has done with its continuing demands regarding inspector backfill, paid rest, down-lines, and ETOPS. We are met with the same response when we offer partial relief to their alleged needs – it is either what the Company proposed or nothing. The Company negotiators are physically present at the table, but their conduct reflects a far cry from the RLA requirement to make every reasonable effort to reach an agreement.

We worked in caucus with the mediator on Wednesday afternoon to evaluate the state of these negotiations and what options we have available going forward. She suggested that we discuss the Technical Trainers at our next session. We also advised her that we would like to discuss 401(k) and insurances at the beginning of the next session. The mediator cancelled the Thursday, November 3, session given the unfortunate deadlock on Scope discussions.

Our next session is in Dallas, TX on the afternoon of November 28, and one full day on the 29th. We also agreed to meet without the mediator on November 30, if needed. We are frustrated with the manner in which the Company has chosen to demand as opposed to negotiate. We know you are equally, if not more, frustrated. The Company's lead negotiator commented that it seemed as if we did not trust the Company. He is correct – trust is earned and trust can be destroyed as well. The Company's conduct over the past years wherein it bargains by breaching and forcing arbitrations signals an inability to abide by its agreements with your Union and with you. Our trust can be regained, but the Company needs to alter the manner in which it has chosen to treat this hard-working and professional group of mechanics.

Please contact your representative to answer any questions you may have related to these negotiations. As we cautioned previously – please continue to watch what the Company does as opposed to what it says.

Sincerely,

Your Negotiating Committee