

APRIL
2018

SFO Business Agent Report



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LOA #29 Industry Reset – An Explanation

As we are now in the second year of the Collective Bargaining Agreement, we've been receiving some questions about LOA #29, so we decided to put together a basic explanation for folks.

As many of you know, our members had to endure many years of total compensation that did not reflect the quality of work that was being performed on a daily basis or the status that should be associated with working for one of the largest carriers in the country. The combination of Industry and Company misfortunes conspired to make the term 'Industry Leading Compensation' a distant and positively unattainable objective. Fortunately, things are different now and our CBA, and LOA #29 in particular, assures that our members will remain at the top of the industry in total compensation for years to come and deservedly so.

The basic premise of LOA #29 is very simple: At two years, four years and six years after Date of Ratification (December 5th, 2016), and every year beyond the amendable date thereafter, a measurement of 'Annual Wages and Benefits' will be taken of the top three industry carriers (United Airlines, American Airlines, and Delta Airlines). Those measurements will result in a total rate calculation for each carrier. The total rates for American and Delta will then be averaged. If the total rate for United is not at least 2% above that industry average, then wages at United will be increased so that the United total rate is equal to 2% above the industry average.

The Annual Wages and Benefits is the sum of Annual Employee Wages, Annual Employee Benefits, and Time-Off Adjustments. It is calculated for 10, 20, and 30 Years of Service weighted 20%, 60%, and 20%, respectively.

The Annual Employee Wages is the sum of basic wages, license premiums, line premium, longevity premiums, and HSA/HRA contributions at the measurement date. A profit sharing comparison is made based on a percentage of total wages, and the result is converted to a dollar amount which is added to the other factors to get the total Annual Employee Wages.

Annual Employee Benefits consist of retirement benefits and active medical plan cost share. Retirement benefits are calculated as a percentage of total wages and include Defined Contributions (401K Company contributions) and Defined Benefit (CARP). Active medical plan cost share is also calculated as a percentage of total wages. After the percentages are calculated, they are also converted to a dollar amount using total wages.

The Time-Off Adjustment is made using three factors: sick pay accrual, vacation accrual, and holidays (both fixed and floating). As with previous factors, the percentage is converted to a dollar amount for use in the comparison to the industry average consisting of American and Delta.

As mentioned previously, the 'Annual Wages and Benefits' is the sum of the 'Annual Employee Wages, Annual Employee Benefits and Time-Off Adjustment calculated for 10, 20 and 30 Years of Service weighted 20% (10 YOS), 60% (20 YOS) and 20% (30 YOS).



The total rate used for comparison against the industry average is the Annual Wages and Benefits plus or minus the Scope Adjustment. The Scope Adjustment is simply the ratio of technicians per aircraft.

It should be noted here that all the factors used for the calculations are readily available through SEC filings and other public sources. When this language was being negotiated, the Company set out a huge list of factors that they wanted considered in this calculation, some of them very abstract. It was no small feat to get the factor list down to what we have now. And, although we will obviously use our actuaries when we are determining retirement related costs, the calculations will definitely be simpler as a result of those efforts.

Again, after all calculations are complete, the total rates for American and Delta will be averaged. If the total rate for United is not at least 2% above that industry average, then wages at United will be increased so that the United total rate is equal to 2% above the industry average. If there is to be a wage increase, it is contractually mandated to take effect the first pay period after each measurement date.

All eyes are on the industry right now. The probability of wage movement through the use of the industry reset at the two-year measurement will obviously increase based on short-term movement by American and Delta. But that is by no means guaranteed. We will continue to keep our eyes on the industry to see how things shake out. And, of course, we will strive to make sure you are informed throughout.

Labor History for the Month of April

April 29th, 1899 - Angry over low wages, the firing of any miner who held a union card, and the planting of company spies, miners seize a train, load it with 3,000 pounds of dynamite, and blow up a mill at the Bunker Hill mine in Wardner, Idaho. On May 3, the Governor declared martial law and 700 miners were arrested, hundreds kept imprisoned in a hastily constructed military prison for over a year.

April 29th, 1943 - The special representative to the National War Labor Board issues a report, "Retroactive Date for Women's Pay Adjustments," setting forth provisions respecting wage rates for women working in war industries who were asking for equal pay. A directive issued by the board in September 1942 stated that "rates for women shall be set in accordance with the principle of equal pay for comparable quantity and quality of work on comparable operations."

April 28th, 1971 - The Occupational Safety and Health Administration — the main federal agency charged with the enforcement of workplace safety and health legislation — is formed. April 28 is designated as Workers' Memorial Day, an international day of remembrance for those workers killed, injured, or made sick on the job.

We must never forget!

Workers Memorial Day Note from Safety Committee Chairman Ralph Ortiz

On April 28th each year, Labor observes Workers Memorial Day to remember those who have suffered and died on the job. Every worker death is a tragedy. Each brother or sister killed or injured on the job impacts their family in unimaginable ways. Unions and their members honor those brothers and sisters. Let this year be the year that all brothers and sisters return home safely each and every day to their families.

A special thanks to Brother Ralph for these thoughtful words.



Labor Quotes

Today in America, unions have a secure place in our industrial life. Only a handful of reactionaries harbor the ugly thought of breaking unions and depriving working men and women of the right to join the union of their choice. I have no use for those -- regardless of their political party -- who hold some vain and foolish dream of spinning the clock back to days when organized labor was huddled, almost as a hapless mass. Only a fool would try to deprive working men and women of the right to join the union of their choice. —*Dwight D. Eisenhower*

Our labor unions are not narrow, self-seeking groups. They have raised wages, shortened hours, and provided supplemental benefits. Through collective bargaining and grievance procedures, they have brought justice and democracy to the shop floor. —*John F. Kennedy*

No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level --I mean the wages of decent living.—*Franklin D. Roosevelt*

Great quotes from great men. We see all around us the repercussions of the demise in Unionism in this country, but nothing illustrates that more than the disparity in wealth between the one percenters and everyone else in this country and the resulting contraction of the middle class.

Stay Informed

The communication process is an extremely important part of what we do to represent our folks here at SFO and, as we have been outlining for quite some time, we have been blasting out the BA Report along with any other communication we get from the Airline Division or the International to anyone who registers at the TeamstersSFO website. We feel that it is essential for all of our members to be engaged and informed at all times. Therefore, we encourage all of you to spread the word to your fellow technicians to go to the TeamstersSFO website and click on the 'email signup' tab to get on the list.

Additionally, the Chief Stewards hold weekly meetings with the Shop Stewards to pass on any important informational items that may come up during the month. It is crucial to our process that every work area on every shift have Shop Steward representation and that the Shop Steward give, at a minimum, weekly briefings to his/her crew so that all the information gets to our members and members have the opportunity to ask questions.

Most importantly, we urge you to also consider getting more involved. Every month, on the last Thursday, we hold Craft Meetings at Local 856. At these meetings, the membership hears reports from the Business Agents and other members of the SFO Committee on Grievances, Safety, Member Assistance, and the TSAP program. Additionally, all members have an opportunity to ask questions and to bring up topics for discussion. Check your IBT Bulletin Board for dates and times and make it a point to stop by whenever you can.

As always, stay informed!

In Solidarity

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We're on the Web!

See us at:

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