

CITY PAIR PROGRAM
PRE-SOLICITATION CONFERENCE
FOR AIR TRANSPORTATION SERVICES

Tuesday, February 5, 2008

LOCATION:

GSA/QMAC

2200 Crystal Drive, Room L1301

Arlington, VA

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1 P R O C E E D I N G S

2 Time 11:03 a.m.

3 JERRY BRISTOW: Good morning, everyone,
4 and welcome to the Pre-Solicitation Conference for
5 fiscal year FY '09. My name is Jerry Bristow and I
6 will be your facilitator for today's briefing on the
7 City Pair Solicitation and I hope that each of you
8 have received an agenda. It is my, it is my
9 assignment to make sure that we keep on track and
10 that we're on the proposed agenda and that we're on
11 time.

12 This is the official start of the FY '09
13 procurement process, but before we get started, we
14 need to go over some administrative matters.

15 For those in attendance today, please
16 note that these proceedings are being electronically
17 recorded and the minutes will be transcribed and
18 placed on the City Pair Website as soon as they are
19 transcribed.

20 If you have a question, we ask that you
21 identify yourself by name along with the name of
22 your company or Government agency or organization.

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1 There are a number of people who were
2 unable to attend and we've opened up the bridge
3 teleconference line. We have some people on the
4 phone now and we'll do some introductions here in a
5 little bit.

6 We also have a roving microphone.

7 DENISE BANKS: No, we don't.

8 JERRY BRISTOW: I'll be roving it and we
9 ask that everyone use this so that we can be heard
10 and that your questions or discussions can be
11 recorded.

12 Restrooms are located out the door to
13 the left right down the hall. We have a new snack
14 bar across the way as well if you needed some
15 additional refreshments.

16 I'll watch the time and as it approaches
17 12:00 noon, on that mark I'll advise that we can
18 either break for 10 minutes, continue the discussion
19 or move forward in its entirety. We'll make that
20 selection at that time.

21 This Pre-Solicitation Conference is to
22 address the changes and the clarifications for the

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1 FY '09 solicitation items. Issues or concerns
2 outside of the solicitation or related to future
3 City Pair requests will be addressed at the
4 conclusion of this FY '09 solicitation conference
5 and immediately thereafter we will address those
6 issues.

7 As you know, GSA, and in particular, the
8 Federal Acquisition Service has undergone a major
9 transformation to re-align roles and
10 responsibilities and in the process selected those
11 people who will play an important part in managing
12 and directing programs such as the City Pair program
13 and into the future.

14 We're fortunate to have such a person in
15 place who is widely knowledgeable of the industry,
16 knowledgeable of the issues and knowledgeable of how
17 these programs work within the Government
18 environment and someone you know.

19 With that, I'd like to introduce Mr. Tim
20 Burke to provide us with the opening remarks.

21 TIMOTHY BURKE: Good morning, everyone.

22 UNIDENTIFIED SPEAKER: Good morning.

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1 TIMOTHY BURKE: Can I speak without
2 talking into that microphone, and that's okay?

3 UNIDENTIFIED SPEAKER: Yeah.

4 TIMOTHY BURKE: I'll only spend a couple
5 minutes.

6 Thanks very much and, Jerry, thank you
7 for the introduction. Thank you all for attending.
8 Those on the phone, I appreciate you participating.

9 A couple things I just want to open up
10 with. Jerry mentioned about us going through our
11 transformation at GSA and Federal Acquisition
12 Service. Jim Williams, our Commissioner, likes to
13 say this and I'm going to echo it, the
14 transformation is ongoing.

15 The actual reorganization is over.
16 We're implementing. It was a very challenging year
17 for us all. Certainly our City Pair industry
18 partners, our customers, DoD, I think there's some
19 other vendors in here, I thought I saw somebody from
20 CW here, you guys have all seen how we've gone
21 through the changes on it.

22 I will also state the changes, while

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1 they're important and they're markedly different,
2 some things are just the same. For example, you see
3 Becky Koses and her team, they are still very
4 tightly integrated as we take programs to maybe a
5 different approach towards getting the job done for
6 now and going into the future.

7 We're not losing the knowledge equity.
8 We're not losing the expertise. I think it is a
9 terrific segway for this part of the Agency,
10 especially in the travel group.

11 I also want to underpin something.
12 We've had very interesting dialogue and activities
13 with the airlines and we've had it with the
14 customers. I can't thank the customers enough, DoD,
15 AMC, Defense Travel Management Office and the others
16 that have participated in getting on the table the
17 changes that industry has been talking about for the
18 last couple years.

19 I know there might be a little bit of
20 disappointment in the '09 solicitation on the street
21 regarding the major issues that industry was looking
22 for. We think we've got really solid communication

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1 with you and working that will continue. And I
2 think in that light to Jerry and his team, they are
3 creating some time post this discussion to continue
4 those discussion points specifically. May not be in
5 the solicitation as you see it and that is for the
6 discussion for this next hour to two, but post this
7 meeting Jerry I think has created the invitation to
8 continue the dialogue.

9 It is not off the table for the future
10 models at the City Pair program. We recognize it's
11 important. We recognize it's a change in a dynamic
12 marketplace and we recognize that you tell your
13 superiors and your management that we need to get
14 the customer to move to more inventory controlled
15 similar commercial model.

16 We, on the other hand, as we've
17 expressed to you, have serious challenges in changed
18 management that must take place. We want a
19 sustainable long-term program. I know you folks
20 understand that. I do believe the investment that
21 especially DoD and a few other customers have made
22 in working with our City Pair program efforts is

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1 going to reap some benefits of where we're going
2 with the model for the future. So I'm excited about
3 that, I think it's going to continue.

4 And the invitation I'll close with is
5 still open, I do think we want to partner with you,
6 not necessarily in solicitation discussions. Again,
7 that's why Jerry is going to meet with you folks at
8 the end of the meeting, but I do think we want to go
9 forward and as one of your key representatives, Danny
10 and I have met and chatted, I do think there should be
11 a really strong effort, whether we white paper it
12 Denny or whether we spearhead it a different way, I
13 want to keep that dialogue active, I want it
14 progressive and I want us to be able to measure its
15 progress, all right.

16 I know it's critical for your management
17 to know what this model is for them and how they can
18 benefit from it. We're sensitive to that. If it's
19 not beneficial to your teams, you may not
20 participate or may not participate as broadly. That
21 has an impact on us and I think the customers
22 understand them very well.

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1 And I will close with one other final
2 statement that I shared with Jerry, I think at our
3 previous meetings we told you that we were going to
4 establish an executive governance council for travel
5 programs, travel programs, not just travel, not just
6 City Pair. We did do that in the interim in between
7 our last meeting and now, it was successful a few
8 weeks ago, successful described the following ways,
9 broadly attended, DoD, as well as their very senior
10 level folks, on this side I think the audience will
11 attest to, we appreciated their participation, we
12 included the 24 business reference model agencies
13 which represent the 24 largest other Federal
14 agencies besides the DoD, since DoD is half the size
15 of what we all do.

16 Well attended by both the CFO SES level
17 and deputy chief financial officer level. Much,
18 much was talked about around the City Pair program
19 and the issues at hand. It gave us an opportunity
20 to convey to management, especially the fiscal
21 management side of the Federal agencies, the real
22 dynamic in the marketplace that's active and it's

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1 current. We told them that we have our meeting
2 scheduled in February. They actually would like
3 some interim feedback before we get to final
4 solicitation and final decisions and awards and
5 within the realm that we can do that from a
6 contractual perspective, we will give them interim
7 updates.

8 So our process for change management of
9 the Federal Government is challenging in the fact
10 that it's broad and it's deep, but I think GSA is
11 going to stay to its commitment level in a very,
12 very real way in making the change management
13 environment doable where we want to change programs.

14 Some of the things we're talking about
15 is significant changes in the 29-year history of
16 this program. That doesn't make them unimportant,
17 it doesn't make them undoable. I want you guys to
18 know that, I don't want you to walk out of here and
19 feel that, well, we think all of a sudden seven days
20 is going to get thrown in tomorrow, seven day
21 advanced purchase, you know, solicitations on the
22 street as drafted. We'll get your feedback, we'll

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1 work it from there.

2 But it is not off the table for
3 continuing focus on what can be changed to the more
4 commercial model you've been asking us for. Fair
5 enough?

6 Thank you very much. Enjoy your
7 meeting. I appreciate the opportunity to speak.

8 JERRY BRISTOW: Thank you, Tim. I would
9 like to move this forward. I think the first thing
10 we need to do is make sure that we get all that's,
11 all of those that are in attendance, that we get
12 that recorded as well so as I pass this microphone
13 along, if you could please state who you are and the
14 company that you represent. Thank you.

15 RON IVESTER: Ron Ivester, CWTCO Travel,
16 group sales and business development.

17 PATTI SIZEMORE: Patti Sizemore, DoD.

18 JOHN LUNDEBY: John Lundebly, DoD.

19 GARY SZNAJDER: Gary Sznajder,
20 Continental Airlines.

21 DEBORAH SHANE: Deborah Shane, Mesa Air
22 Group.

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1 MICHAEL COX: Michael Cox, Express Jet
2 Airlines reservations center, reservations -- or
3 sales, sorry.

4 JOSHUA JUNK: Joshua Junk, AirTran
5 Airways.

6 KEVIN McMAHON: Kevin McMahon, AirTran
7 Airways.

8 HOWARD HICKS: Howard Hicks, Defense
9 Travel Management Office.

10 SHIRLEY HALL: Shirley Hall, Defense
11 Travel Management Office.

12 ANDREA CARLOCK: Andrea Carlock, Defense
13 Travel Management Office.

14 CARMEN MONTANEZ: Carmen Montanez, Army
15 G 4.

16 SARAH SISSON: Sarah Sisson, Northwest
17 Airlines.

18 DENNY CLIFFORD: Denny Clifford,
19 Northwest Airlines.

20 JEROME JOHNSON: J. Johnson, DoD,
21 USTRANSCOM.

22 PATRICK QUALE: Patrick Quale, American

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1 Airlines.

2 GEORGE COYLE: George Coyle, American

3 Airlines.

4 FRANK GALLUZZO: Frank Galluzzo, OSD

5 transportation policy.

6 BOB SHANNON: Bob Shannon, USTRANSCOM

7 policy and doctrine division.

8 BRIAN MUNSON: Brian Munson, Delta

9 Airlines.

10 LEE GRIGSBY: Lee Grigsby, Delta

11 Airlines.

12 KEVIN DEROUIN: Kevin Derouin,

13 Department of Justice.

14 NANCY MIZE: Nancy Mize, Department of

15 Justice.

16 GENE LEE: Gene LEE, GSA contracting.

17 THOMAS DELGADO: Tom Delgado, Express

18 Jet Airlines.

19 FRANK ROBINSON: Frank Robinson, GSA,

20 acting director for the Center for Travel

21 Management.

22 VINCE AQUILINO: Vince Aquilino, GSA's

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1 PMO.

2 TOM BILLONE: Tom Billone, United
3 Airlines.

4 ANN SCOTT: Annie Scott, GSA, dispute
5 resolution group.

6 CRAIG YOKUM: Craig Yokum, GSA travel
7 acquisition.

8 VIRGINIA GREBASCH: Virginia Grebasch,
9 GSA's Office of General Counsel.

10 JERRY BRISTOW: Thank you, everyone, I
11 appreciate your introductions. I'm sorry, we have a
12 few on the telephone. Can you please state who's on
13 the line, please?

14 PAM ARBITER: This is Pam Arbiter with
15 Midwest Air Partners.

16 MICHAEL O'BRIEN: Michael O'Brien,
17 United Airlines.

18 NESSI CASTY: (phonetic spelling) Nessi
19 Casty, Alaska Airways.

20 LEAH BRITTON: Leah Britton, Jet Blue
21 Airways.

22 WILBORN LILLY: Wilborn Lilly, ATA

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1 Airlines.

2 JERRY BRISTOW: Thank you. Is there
3 anyone else?

4 Thank you very much. Without further
5 ado, I'm going to introduce Denise Banks, Branch
6 Chief for the Office of Acquisition Services in
7 charge of the City Pair team.

8 DENISE BANKS: Good morning and thank
9 you, Jerry. Welcome to the FY '09 City Pair
10 Pre-Solicitation Conference.

11 Our objective this morning is to provide
12 you with an overview of the '09 acquisition and the
13 significant changes that have occurred since '08. I
14 welcome the opportunity to allow each of you to
15 present your questions when we have Q and A. I want
16 to remind you just as a note, previously in FY '08
17 you may have had discussions with Craig Yokum as the
18 CO for the City Pair team. Our CO this year is
19 Kristen Jaremback, so I just want to make sure.
20 She's sitting up front and we'll do our
21 introductions in a few minutes.

22 I also want to encourage each of you if

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1 you have not done so, I'm hoping that you have,
2 you've had a chance to look at the solicitation,
3 it's 97 pages long, has about four or five
4 attachments, I'm hopeful that you've had the time to
5 look at it, you've made your notations, if you did
6 not submit questions, that you've jotted down some
7 questions that you'd like to ask us at our Q and A
8 and I look forward to working with you.

9 I'm excited about the opportunity of
10 those of you who are currently City Pair vendors and
11 look for your participation in '09. I am also
12 encouraged about any new vendors who want to
13 participate in the program. Competition is healthy,
14 so we look forward to that and I'd like to introduce
15 the City Pair team.

16 In front we have Kristen Jaremback,
17 she's our CO. We did have Lauren, she was just here
18 and stepped away, but she's also a contract
19 specialist on the team. We have Jerry Ellis who is
20 a contract specialist on the team. Our PMO is
21 Vince, he's sitting in the back. I'd also like to
22 acknowledge and recognize our manager and my

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1 director, Rebecca Koses, she's sitting up front
2 here, and also for my team in the back I have Craig
3 Yokum, he's the CO with travel services and I have
4 Gene Lee, he takes care of our E Travel Solutions.

5 So I want to open up the floor and we'll
6 begin.

7 KRISTEN JAREMBACK: Good morning. I
8 apologize, right now Lauren is trying to get the
9 Power Point working. We are having a little bit of
10 an issue here, so I'll just proceed and hopefully
11 we'll get it on line soon.

12 Before I just start discussing the
13 significant changes which I, for the FY '09
14 solicitation, I'm just going to go over a few, just
15 address a few general requirements.

16 Attachment one is the proposal checklist
17 and I just want you to note here that you're not
18 required to submit the entire solicitation in its
19 entirety. Only the sections listed in the proposal
20 checklist are required and they have to be included
21 with an original signature, a hard copy original
22 signature and the sections are the Standard Form

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1 1449, the subcontracting plan and the accurate
2 schedule information declaration. All other
3 sections can be submitted electronically.

4 The next is Attachment 3, which is the
5 City Pair Offer Preparation System, also known as
6 COPS. This attachment is the COPS handbook which
7 helps in preparing and submitting the offers for the
8 market requirements. We encourage you to review the
9 COPS handbook and then although it has not changed
10 significantly, just to refresh your memory and when
11 we send out the test environment, we'll send out a
12 user name and a password. We encourage you to go in
13 and to test out the system to make sure you're ready
14 for when COPS is rolled out for you to submit your
15 offers.

16 Attachment 6 is a small business
17 subcontracting plan. This is just a model which you
18 can use to help you prepare and submit your
19 subcontracting plan. Currently our small business
20 office is working with the City Pair contracting
21 team as well as airline, current airline contract
22 holders to ensure the smooth process of submitting,

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1 of filling out and submitting the subcontracting
2 plan. And the office is currently working with
3 airlines to have one-on-one meetings, so we
4 encourage you to set up one with the small business
5 office so that you can, if you have any questions or
6 they can help you answer any or clarify any part of
7 the subcontracting plan process, they can do that
8 for you.

9 And if you have any questions after the
10 meeting regarding your subcontracting plan, you
11 could have your subcontracting representative
12 call Lauren Donnelly. Her number and information
13 will be listed hopefully at some point on the
14 screen.

15 Okay, now I will start talking about
16 some of the significant changes in the '09
17 solicitation. The first is Section B1 which is the
18 definition section and here we have a revision of
19 the capacity control, the -CA definition to clarify
20 that black-out periods of any duration are not
21 permitted. There's a question that we received on
22 this which I will read. It asked, elimination of

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1 black-out dates on -CA fares being made without
2 discussion or consultation with your airline
3 partners, why is this being done on a unilateral
4 basis?

5 This revision occurred due to instances
6 over the past year where black-out periods on -CA
7 fares caused issues for many Government travelers,
8 specifically during the holiday season. The -CA
9 fares should contain no restrictions -- excuse me,
10 is there a problem? Okay.

11 Okay. Like I was saying, -CA fares
12 should contain no restrictions similar to the YCA
13 fare except that you're able to control the
14 capacity. So the -CA fare, as you know, we allow,
15 it allows the carriers to control your own inventory
16 buckets without the need to have the black-out
17 periods.

18 The next area that I will be discussing
19 is fuel surcharges. And as there's been
20 nothing, no change since last year regarding the
21 fuel surcharges. In August of this past year, GSA
22 had sent out an interpretation of the clause which

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1 I'm just going to go over now so we're all clear
2 about what the interpretation of the fuel surcharge
3 clause is.

4 The letter stated that after award,
5 carriers can apply a fuel surcharge to the upcoming
6 contract fares even if the fuel surcharge was
7 initiated before the beginning of the current
8 contract -- the upcoming contract period but after
9 the time of submission of offers.

10 For example, for the FY '08 offers,
11 they were due in March 2007 and April 2007 for group
12 one and group two and the '08 contracts were awarded
13 in June 2007, with a contract effective date of
14 October 1, '07.

15 From the time of submission of offers
16 until the time of initiation of the contract period,
17 fuel surcharges may be implemented on contract fares
18 by submitting written representation that the
19 original offer price did not include any amount of
20 the anticipated fuel surcharge.

21 And all of the other provisions that's
22 stated in Section C 13, that's the fuel surcharge

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1 clause, they continue to apply and they include
2 written notification of the commercial fuel
3 surcharge imposed, the effected booking inventories
4 corresponding to the YCA, -CA, -CB fares, the
5 amount of the fuel surcharge, the markets that were
6 effected and a 14-day consecutive minimum is still
7 required before implementation to the contract fares.

8 There was a question we received on the
9 fuel surcharges and the question is, we would,
10 again, like to draw attention to a
11 mutually-beneficial verbiage update. This carriers'
12 misunderstanding or agreement or something similar
13 will clarify and eliminate misunderstanding or
14 possible loopholes during the price development. And
15 the suggestions were, carrier filed GSA pricing
16 excluding any form of previously baked-in fuel
17 surcharges, carrier filed GSA pricing without
18 anticipation we would require such fuel surcharge
19 at a later date and I believe my explanation
20 previously hopefully clarified that. If not, I
21 would take a question about that.

22 The next section is Section B 28 which

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1 is air carrier quality and safety which states that
2 award may be made if an air carrier is undergoing the
3 DoD approval process as long as the carrier is not
4 on the DoD approved list -- disapproved list.

5 Additionally, award may be made to a
6 carrier that has proposed to serve a market using a
7 code share as long as the code share partner is
8 undergoing the approval process and is not on the
9 DoD list of disapproved carriers.

10 There has been no change to this clause,
11 however I just want to bring your attention that it has
12 moved to Attachment 2, Section 8, where offerors are
13 required to fill out a section of that clause and
14 submit it with their proposal.

15 And finally, Section B 30, the civil
16 reserve air fleet program. In this section and in
17 other sections throughout the solicitation there's
18 been a change where it used to say certificate of
19 CRAF technical ineligibility. It will now be
20 referred to as letter of CRAF technical
21 ineligibility. It's simply a clarification just to
22 prevent any confusion.

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1 And with that, I'm going to turn it over
2 to Lauren and we have our Power Point up, which is
3 good.

4 LAUREN DONNELLY: Okay, well better late
5 than never, but it wasn't our fault, it was the
6 computer, darn it. No.

7 Okay, well, I would like to just make a
8 clarification on part D 7. Basically Houston Hobby
9 Airport is a domestic airport. We do not allow
10 international flights in and out on the City Pair
11 program out of Hobby, so, however, since the city
12 code for Houston is HOU and that's the airport code
13 for Hobby, we're just making a clarification that
14 Intercontinental is the only international
15 airport --

16 JERRY ELLIS: No.

17 LAUREN DONNELLY: -- to be called HOU,
18 but that's not to be confused for Houston Hobby, for
19 international flights.

20 JERRY ELLIS: Lauren, I'd like to make a
21 point, you can use Houston Hobby on a connection
22 basis for international markets. There's, there's

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1 no international non-stops out of Houston Hobby, but
2 there are out of Houston Intercontinental, so for
3 international purposes, HOU, the city Houston,
4 incorporates both IAH and HOU for international
5 markets.

6 LAUREN DONNELLY: Thank you, Jerry.

7 Does anyone have any questions about that? Okay.

8 The next section is also regarding D 7,
9 only this is regarding Section 2, capacity volume.
10 There's been a language change, but really our
11 interpretation has not changed.

12 It used to say based on the number of
13 seats available, it now says based on the capacity
14 available. This is still a part of a cost technical
15 trade-off that we use when evaluating group one
16 markets, however, like I said, this is just a
17 clarification.

18 Our interpretation has not changed and
19 nor will our evaluation. We know that this is
20 somewhat of a, you know, it could be a contentious
21 issue because the question was raised, this is a
22 question that was received, what is the intent of

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1 this, is this to reward, place more importance on
2 carriers that do not fly regional jets, what is
3 going to be the exact impact on evaluation.

4 At this, and I'll just repeat again, at
5 this time we do not plan on changing our method of
6 evaluation, but this is just to basically clarify
7 from previous years and also to allow for the
8 potential in the future if our main customer, which
9 is DoD, which is, you know, as you all know,
10 the agency that has the main issue with cargo
11 capacity on an occasional basis on the regional jets
12 just to allow for future understanding and
13 interpretation which we'll be working with you guys
14 at that point.

15 Attachment 2, Section 2, this was listed
16 on the changes. There actually has not been any
17 changes, we just wanted to, for the second year in a
18 row, bring to your attention that we are requesting
19 a point of contact for any customer service related
20 issues.

21 And the last thing that we wanted to
22 clarify is there are several group one and group two

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1 markets that are domestic but that they only have
2 one flight minimum service, whereas most of the time
3 there's at least a flight -- a minimum flight
4 requirement of two. The reason for this is that,
5 and these are predominantly out of San Juan, Puerto
6 Rico, Saint Thomas in U.S. Virgin Islands, Saint
7 Croix in the Virgin Islands, Palmdale, California,
8 and Salem, Oregon, and these are not necessarily
9 part of the extended connect markets, although some
10 of them do happen to reside there, but they are just
11 treated slightly differently with this one flight
12 minimum requirement to reflect typical commercial
13 flight availability.

14 So, you know, basically just to ensure
15 that we have a qualifying carrier.

16 With that I'm going to turn it over to
17 Jerry Ellis who will describe the methods that we
18 used to come up with our markets this year.

19 JERRY ELLIS: Good day, partners, and
20 customers of the City Pair program. I'd like to
21 give you just a brief overview of how we make the
22 market selection processes. There has been

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1 questions both in the past, both from our customers
2 and from our vendors of how do you select the
3 markets and why are there that many markets and how
4 do you arrive at the proper number of markets.

5 Well first of all, we survey our
6 customers via the Federal Agency Requirement Market
7 System, or known as FARMS, to determine their market
8 requirements.

9 Just to give you an overview for FY '09
10 under the FARMS network, we received over 35,000
11 market requests worldwide. Obviously we have to
12 pare this down to a workable number both for us and
13 for us to solicit to our carrier partners, and we
14 usually try to keep the field between 6,000 and 7,000
15 markets. We feel that that is enough to satisfy our
16 customers needs and yet keep it as a workable number
17 to send out in our solicitation.

18 How we derive that number is that we go
19 through and part of the FARMS is that there's an
20 estimated number of passengers to be utilized in
21 that market, we get, we take a combination of that
22 also from the O&D sales reports that we get from the

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1 smart pay card and from ARC and we look at all those
2 factors and we figure out which are the most
3 utilized markets that we should solicit for the
4 marketplace.

5 This year, something that we have done
6 this year that we have not done in the past, we've
7 put a great deal of analytical process into looking
8 at the markets that we solicit.

9 I think we're all aware that
10 historically that there has been many markets that
11 have traditionally and historically been solicited
12 that no carrier would meet the requirements either
13 that market is not served by a U.S. flag carrier
14 internationally or even under the extended
15 connection marketplace, no carrier would meet the
16 qualifications.

17 So what we did, we analyzed the markets
18 quite carefully and we threw out those markets that
19 we did not feel any carrier would qualify under any
20 conditions just so they would not, so-called, muddy
21 up the waters.

22 Next slide. Too complicated for me.

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1 Okay, so how did we arrive, and this is what we came
2 up, we actually came up with fewer markets than we
3 solicited last year.

4 We have a total of 6,805 markets and,
5 however, you're going to find that there's a little
6 bit different distribution in how the markets and
7 what area they fell into. There is 2,657 group one
8 domestic markets and you can read them up there, I
9 don't need to read them to you.

10 However, what you will see is a much
11 larger number in the extended connection markets and
12 basically what we tried to do is to ensure that
13 there was at least one qualifying carrier in every
14 market that we solicited and so some of those had to
15 fall to the extended connection markets.

16 There is a requirement by our customer,
17 however, they did not fit into the criteria for our
18 normal connection patterns and so they fell into the
19 extended connection, but we wanted to make sure that
20 the carriers had the ability to make a bid in that
21 marketplace.

22 We have, again, continued the, and

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1 actually expanded the extended connection
2 marketplace. You'll find more in the domestic
3 marketplace, especially in and out of Alaska and
4 Hawaii and a lot of those markets, again, to
5 Lauren's point, have only a single flight minimum
6 rather than a double flight minimum. There actually
7 are fewer group two domestic markets and
8 international markets, so we have tried to narrow
9 the scope down to a workable area.

10 Please note, again, that many
11 Alaska/Hawaiian markets to the Continental United
12 States have a one flight minimum. There are others,
13 to Lauren's point, there are some other Continental
14 United States domestic markets that have a one
15 flight minimum, most especially in the Caribbean
16 area.

17 Every market in the group one extended
18 connection market has a one flight minimum and
19 again, our intent is to ensure that at least one
20 carrier qualifies in every market that we solicit
21 rather than having a lot of markets out there that
22 no carrier meets minimums.

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1 I will now entertain any questions that
2 you might have of the markets or how the market
3 selection process works.

4 Any from the phone? Okay, no questions,
5 thank you very much.

6 JERRY BRISTOW: This must be the fastest
7 City Pair meeting on record, is it? But we are
8 going to open it up to the floor for discussions and
9 for questions, okay.

10 TOM BILLONE: Tom Billone, United
11 Airlines. I'm the one that wrote the two questions
12 about the cargo and capacity and the removal of the
13 fuel, about the removal of the black-out dates from
14 the capacity controlled fares and I'm really
15 concerned that sometimes, you know, we talk about a
16 partnership here, we've had three meetings with the
17 GSA City Pair team this year and not once was the
18 removal of the black-out periods brought up, all
19 right.

20 Now this was something that was put in
21 place when we went in with the dual fare system. As
22 all the airlines agreed to, that was the definition,

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1 now all of a sudden the definition is being changed
2 on us without consultation because some people had
3 issues over the holidays because they couldn't get
4 on a plane or whatever carrier put in. One of the
5 reasons I got was no carriers using.

6 I find that not in -- excuse me, not in
7 the good spirit of partnership and, matter of fact,
8 the City Pair team didn't even know that this was
9 available last year. When I questioned how do I
10 identify what black-out periods I can use, I was
11 told you can't use black-out periods and I had to
12 point to the specific definition in the contract to
13 Craig Yokum here saying no, no, no, we're allowed
14 black-outs and now all of a sudden my question is
15 now used against the airlines to change the
16 definition.

17 So, I'm totally against that change as
18 being unilateral. That's my first question and I
19 hope somebody answers that. I don't know how the
20 other carriers feel about that, but in the spirit of
21 partnership, I think it at least should have been
22 discussed with the carriers before that decision was

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1 made.

2 JERRY BRISTOW: Anybody answer that?

3 KRISTEN JAREMBACK: The change was
4 decided to be unilateral because it, the intent was
5 to have both the YCA and the -CA be, have no
6 restrictions on them and to not include any
7 black-out periods. The only difference between the
8 two fares is supposed to be that you can control the
9 capacity and the number of seats available on the
10 -CA so you can still control your inventory buckets
11 with the blank CA, so we don't find that it's, the
12 black-out periods is something that's needed.

13 TOM BILLONE: But that was negotiated,
14 that was something we negotiated with the split of
15 the fares and now all of a sudden you're saying it's
16 not convenient for you and we want to change it and
17 you didn't even discuss it with the airlines.

18 And this is, this is my point, you know,
19 maybe if you discussed it with the airlines ahead of
20 time we would be agreeable to change it, but
21 nobody's discussing this with us and I think it's
22 only fair. You keep using partners in your details

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1 and partnership and that's not part of the
2 partnership. I'm sorry, that's like here it is,
3 airlines, in your face again.

4 And I'm sorry, you know, I tried to be
5 the voice of reason, but sometimes you guys are
6 doing things that, you know, when I ask a question
7 and what I asked is used against the airlines as a
8 whole, the questions aren't going to be coming back
9 and forth.

10 I mean that wall is going up faster and
11 faster and it really is upsetting to me and again, I
12 don't know how the other airlines feel about not
13 being filled in on this. They may not care, but I
14 think it's something that we negotiated and we
15 should have all agreed to that. That's --

16 JERRY BRISTOW: Can I say one thing,
17 Tom?

18 TOM BILLONE: Yeah.

19 JERRY BRISTOW: This is a
20 Pre-Solicitation Conference and we hope that even
21 some of these changes that maybe we didn't have
22 opportunity to discuss them with you, they are in

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1 the solicitation, this is what this is for, to have
2 this type of discussion, to air this, these issues
3 and be able to move forward on this.

4 TOM BILLONE: Well I think we should ask
5 the other carriers. If they don't mind, that's
6 fine.

7 JERRY BRISTOW: Okay, exactly.

8 TOM BILLONE: You know, I mean that's
9 okay with me, but just so we have that discussion.

10 JERRY BRISTOW: Understand, thank you,
11 Tom.

12 DENNY CLIFFORD: Denny Clifford for
13 Northwest, just for the record, we do care, we agree
14 with United.

15 You know, number one, in the interest of
16 partnership, I concur with Tom. This should have
17 been laid out some time before. I understand,
18 Jerry, this is the purpose of this meeting, but
19 there are also other issues that we could have
20 brought up before this.

21 More importantly, though, I think, you
22 know, we should keep it where it was. There's a

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1 reason for the black-out period. We understand the
2 purposes for the blank CA, but the fact that, you
3 know, we've lived with that for so many years
4 already, we believe that there should be no change,
5 just for the record.

6 JERRY BRISTOW: Anybody else?

7 Control of the buckets is not sufficient
8 enough?

9 DENNY CLIFFORD: Right.

10 JERRY BRISTOW: Okay, just want to make
11 sure.

12 DENISE BANKS: Are there any other
13 questions on this issue? Any other comments from
14 any other vendors? Okay.

15 KRISTEN JAREMBACK: The other reason
16 this came up was because we were having issue, like
17 I had mentioned previously, we were having issue
18 with our travelers being able to make a reservation,
19 so that's where this issue came up, it wasn't
20 because it was stated to us before it was --
21 it came up because we had an issue and we're trying
22 to protect the interests of our travelers.

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1 TOM BILLONE: But they also have the YCA
2 fare that they can get.

3 KRISTEN JAREMBACK: I understand.

4 TOM BILLONE: They're not denied being
5 boarded on the flight or being able to get a flight,
6 they're just not able to get the really low fare
7 during that period of time and they're competing
8 with everybody else who is traveling. They always
9 have the YCA available so that, to me, is not a
10 valid argument, that they're having problems getting
11 seats, because they're not, they can get a YCA.

12 KRISTEN JAREMBACK: Okay, understand
13 that.

14 Anyone else have anything? Any other
15 questions?

16 JERRY BRISTOW: We're going to table
17 that for further review.

18 TOM BILLONE: Okay.

19 JERRY BRISTOW: Thanks for the comment.

20 DENNY CLIFFORD: Just one other comment,
21 you know, we've asked for ticket time limits,
22 apparently that's not going to be included in this

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1 solicitation. That would maybe be a compromise, if
2 you will, with respect to the black-out periods.

3 You know, you're not giving us TTL, can
4 you at least give us the black-out periods? And I'm
5 not caving on the TTL, by the way, but that would be
6 up for continuing discussions.

7 JERRY BRISTOW: Do we have any other
8 questions?

9 Tom.

10 TOM BILLONE: The second question --

11 JERRY BRISTOW: Hold on a second, she
12 can barely hear you, that's why.

13 TOM BILLONE: Okay, the second question
14 I asked had to do with the weighting on the number of
15 passengers and cargo space and, you know, yes --

16 DENISE BANKS: When you pick up the mic,
17 could you say who you are?

18 TOM BILLONE: Oh, okay, I'm Tom Billone,
19 United Airlines.

20 DENISE BANKS: Thank you.

21 TOM BILLONE: Thank you.

22 Have you really thought -- you're saying

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1 right now that there is no change but there may be a
2 change in, down the road as to how you evaluate
3 things based on the cargo space and the amount of
4 passengers an aircraft carries, okay, which actually
5 is a disadvantage to people running RJs in a
6 particular market because the RJs only have 50 to 70
7 seats and their cargo capacity is limited. All
8 right, I understand the DoD's concern because we've
9 had those issues come up constantly.

10 But you really need to think in the
11 broader picture on this thing as to what effect that
12 has. Say you say okay, X, Y, Z airline, you only
13 fly A 319s and this other airline only flies RJs
14 with 50 seats and you've got bigger cargo space, so
15 we're going to award you this City Pair contract.

16 You really need to look deeply into what
17 that means because you may be sorry for what you
18 asked for and there are a lot of issues that go in
19 with inter-lining and baggage and canceled flights
20 and who's protected and who's not, so it's just
21 something you may want to think about in the future.
22 It's an important issue because you may award a

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1 specific carrier a City Pair and they're going on a
2 connection internationally, what happens to their
3 bags, their bags are not going to be checked
4 through. What happens if their flight is canceled,
5 well if there's no inter-line agreement between the
6 carriers, they're not going anywhere.

7 So, those are some things you better
8 think about rather than just say well, you know, we
9 can't fly on this aircraft because rather than ship
10 our 10 boxes, we want to fly it.

11 So just something to think about.

12 JERRY BRISTOW: Answer that? Anything
13 else?

14 JOHN LUNDEBY: Yeah, John Lundebly from
15 the DoD. We've got one airline that's made a
16 significant change on baggage, the standard bag
17 perhaps being 25 dollars. We just are curious how
18 that will effect the GSA City Pair tickets if, what
19 category we fall into?

20 TOM BILLONE: I can answer that.

21 JERRY BRISTOW: And your name, please?

22 TOM BILLONE: Well it was on the news

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1 last night, I'm Tom Billone, United Airlines, I
2 anticipated this question today and these are on
3 non-refundable fares, all right, so if your
4 Government traveler thinks they're saving the
5 Government money by purchasing non-refundable fares,
6 they're going to be paying extra if they have two
7 bags.

8 So, it's the standard, you would fall
9 under basically what the, the premiere status would
10 be since it's a non- -- it's a fully refundable fare
11 and then the additional would fall under what the
12 regular program is now, the 100 dollars, so if you
13 had a third bag, instead of it being 82 dollars up
14 to whatever, I think it was 125, it's now going to
15 be 100 dollars. Extra large items, such as skis,
16 surfboards, and some people on Government travel
17 bringing skis and surfboards with them, they're
18 going to pay for those, also.

19 So, so it's, but the basic policy change
20 is still what it is for Government today.

21 VINCE AQUILINO: John, did you
22 understand that?

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1 In other words, I think what you're
2 saying, Tom, is that this does not apply to YCA or
3 -CA fares and then it applies to non-refundable
4 commercial fares is what you're saying.

5 JERRY BRISTOW: As you can see, the
6 dynamics of the airline industry are always in
7 motion here, so we have to make sure that we're
8 addressing and accommodating each of these issues.

9 Anyone else have any questions or, what
10 I prefer, discussion?

11 Is there anyone on the phone that has
12 any questions or items for discussion? We're going
13 to take that as a no.

14 With that, this concludes the City Pair
15 Solicitation, Pre-Solicitation Conference. Those
16 that would like to stay for any other items or
17 issues outside of the solicitation, we're going to
18 open that up. Feel free and you're welcome to stay.

19 This now concludes this and we can now
20 turn off the recording device, okay.

21 (Meeting adjourned at 11:46 a.m.)

22