

# TRANSCRIPT OF PROCEEDINGS

---

IN THE MATTER OF: )  
 )  
CITY PAIR PROGRAM FY 2008 )  
PRESOLICITATION MEETING )

Pages: 1 through 79  
Place: Arlington, Virginia  
Date: February 6, 2007

---

## HERITAGE REPORTING CORPORATION

*Official Reporters*  
1220 L Street, N.W., Suite 600  
Washington, D.C. 20005-4018  
(202) 628-4888  
hrc@concentric.net

GENERAL SERVICES ADMINISTRATION

IN THE MATTER OF: )  
 )  
CITY PAIR PROGRAM FY 2008 )  
PRESOLICITATION MEETING )

Room L 1301a  
GSA/FAS  
2200 Crystal Drive  
Arlington, Virginia

Tuesday,  
February 6, 2006

The parties met, pursuant to the notice, at  
10:40 a.m.

BEFORE: LINDA SMITH  
Chief, Special Programs Branch

APPEARANCES:

Air Carriers:

- GINNY CARRUTHERS, Alaska Airline
- DENNY CLIFFORD, Northwest Airlines
- SARA SISSON, Northwest Airlines
- GARY SZNAJDER, Continental Airlines
- GEORGE E. COYLE, American Airlines,  
Manager, Military and Government Sales
- LAURA BARFIELD, American Airlines
- PAMELA ARBEITER, Midwest Airlines
- DEBORAH SHANE, Mesa Air Group
- BRIAN MUNSON, Delta Airlines
- LEE GRIGSBY, Delta Airlines
- ERIC ROUX, Delta Airlines
- TOM BILLONE, United Airlines
- MIKE O'BRIAN, United Airlines
- JOSHUA JUNK, AirTran Airways
- KEVIN McMAHON, AirTran Airways
- MICKEY BOWMAN, AirTran Airways

APPEARANCES: (Cont'd)

GSA:

UMEKI THORNE, GSA  
REBECCA KOSES, GSA  
BARNEY BRASSEUX, GSA  
LINDA SMITH, GSA  
CRAIG YOKUM, GSA  
ERGENE LEE, GSA  
JERRY W. ELLIS, GSA  
ANGELA JONES, GSA  
STEPHANIE COOKE, GSA  
KRISTEN JAREMBACK, GSA  
LAUREN DONNELLY, GSA  
MAHRUBA UDELOWLA, GSA  
ANNIE SCOTT, GSA  
VERA BOSTICK, GSA  
DAVID PERRY, GSA  
GREGORY ROLLINS, GSA  
EDDIE MURPHY, GSA  
KEVIN JOHNSON, GSA  
DIANE HAWKINS, GSA  
DANIA PARKER, GSA  
GEORGE ALLOWAY, GSA  
LORIMAE TADALAN, GSA  
JUAN LAGUNA, UNISYS/Contractor  
NATALYE SOLDATCHENKOVA, UNISYS/Contractor  
LAUREN DONNELLY, GSA  
KEVIN GALLAGHER, GSA 016  
VINCENT AQUILINO, GSA  
TIM BURKE, GSA

Agency:

BOB SHANNON, US Transcom  
JOHN LUNDEBY, Air Force  
WILLIAM TIRRELL, PDTATAC

APPEARANCES: (Cont'd)

Agency:

BARBARA GULICK, NSF  
KIM BRYANT, NSF  
DEBBIE WELLS, PDTATAC  
BARBARA DUQUETTE, EDS  
TERRI WOUNDY, NCUA  
HOWARD HICKS, DTMO  
SHIRLEY HALL, DTMO  
ANDREA CARLOCK, DTMO  
RONALD IVESTER, Sato Travel Consolidated Group  
Management Services  
KLAUS STAEFE, NASA  
FRANK GALLUZZO, OSD  
BILL FOUTS, DHS  
QUEENIE COX, ITC  
DEBORAH STONER, NSA  
AL DEMARCKI, EPA  
DIANA JOAQUIN, DHS  
DAVID MOORE, CDC  
SARA FLOYD, EPA  
DOROTHY SUGIYAMA, DOI  
ANGELA DAVIS, DHS  
HOWARD BARRS, NAVY

P R O C E E D I N G S

1

2

(10:40 a.m.)

3

MS. KOSES: I'm Becky Koses, director of the contracting division, and I just want to take a moment to thank each of the carriers for their participation in the City Pair program. Specific to this program, your participation has made an immeasurable difference in the lives of the men and women that serve this country in both military and civilian capacities. We recognize that these are good times for carriers with high load factors, and so your continued support of the federal government in particular is to be commended.

14

So thank you, AirTran, for your support of the whole Atlanta federal complex, with the service you provide to all three Washington area markets. Your service helped CDC accomplish its mission, to prevent and control infectious and chronic diseases, injuries, workplace hazards, disabilities, and environmental health threats.

21

Thank you, Alaska Airlines. All of your markets support awards from the Pacific Northwest cities to Canada and Alaska destinations and help support the U.S. and Canada North American Radar Defense Network.

25

1           Thank you, American Airlines, for your  
2 overall outstanding participation and being the  
3 carrier with the most markets awarded. Your support,  
4 in particular, of the New York City-to-Nairobi market  
5 helped USAID and the Peace Corps reduce AIDS and  
6 helped with humanitarian efforts.

7           Thank you, American Trans Air, for  
8 supporting our United States Postal Service and our  
9 Naval Training Center, Great Lakes, employees on their  
10 important mission assignments in the Chicago area.

11           Thank you, Delta, for your outstanding  
12 representation from your Atlanta hub, both  
13 domestically and internationally, that supports the  
14 U.S. Army Forces Command and the Centers for Disease  
15 Control, and your service in the Washington-Seoul  
16 market that helps support the ongoing negotiations in  
17 that part of the world.

18           Thank you, Frontier, for your great support  
19 in the Rocky Mountains area and adjoining states, most  
20 especially your Denver service that helps major DoD  
21 commands, the FBI, the U.S. Mint, and the Social  
22 Security Administration.

23           Thank you, Midwest Airlines, for the several  
24 Midwest markets to key destinations, especially Kansas  
25 City. You help support the FBI, Corps of Engineers,

1 and your service in Kansas City has special meaning to  
2 GSA, as it is home to our National Finance Center,  
3 and, of course, your infamous cookies have made many  
4 travel experiences much more enjoyable.

5           Thank you, Northwest, for your outstanding  
6 service in key Midwestern and Big Sky markets to  
7 Washington, plus your service in Anchorage to  
8 Washington and Honolulu, to Seattle and Portland. All  
9 help our Alaskan and Hawaiian and DoD commands.

10           Thank you, Southwest, for the service in  
11 several key cities, like Baltimore, in support of  
12 Operation Patriot Express; Houston, helping NASA; and  
13 several Southwestern markets to support federal  
14 agencies in that part of the country.

15           Thank you, United Airlines and the Star  
16 Alliance, offering outstanding domestic and  
17 international representation in and out of Washington,  
18 D.C., in support of DoD, the State Department, and  
19 other government agencies. Thank you, in particular,  
20 for the service in the Washington-Kuwait market in  
21 support of DoD and State.

22           Thank you, US Airways, Air West. Your  
23 merger expands your service area, and thank you, in  
24 particular, for the outstanding service in the shuttle  
25 triangle of Washington, Boston, and LaGuardia.

1           The numerous markets in and out of the  
2 Reagan National area help support the nation's  
3 capital, and whether you carriers provide and support  
4 long-range, international, strategic, inner-theater  
5 operations; short-range, international theater  
6 operations; domestic CONUS, DoD supply distribution;  
7 or Alaskan Aerospace Defense Command support, a  
8 double-thank you goes to all of the carriers in  
9 support of DoD's Civil Reserve Air Fleet program.

10           I want to thank you all for your loyalty,  
11 your great support of our country, and your continued  
12 participation in the City Pair program. Let's give  
13 them all a round of applause.

14           (Applause.)

15           MR. BURKE: Good morning, everyone. Who is  
16 absolutely freezing their tail off? Yes? Come on,  
17 Denny. I know you guys are located in Minneapolis,  
18 but this is cold.

19           First of all, I'm Tim Burke. I have met  
20 many of you folks before, and I just want to say a  
21 quick hello and give you an update on a couple of  
22 things.

23           The Federal Acquisition Service, you've  
24 heard about the last three to four months, has been  
25 formally approved and is in the formation phases,



1 reorganizations. Certainly, the airline business  
2 understands that a little bit: mergers, acquisitions.  
3 We are in that same process.

4           Very similar to a merger and acquisition, we  
5 are moving two of our largest operating procurement  
6 divisions, the Federal Technology Service and the  
7 Federal Supply Service, into one operating unit known  
8 as the Federal Acquisition Service. The senior  
9 management is in place.

10           Jim Williams is the commissioner, and he has  
11 done a terrific job working with those folks who have  
12 left government space and retired and have helped  
13 start this to install the new leadership of the  
14 management party, Barney Brasseur, who I think you met  
15 at the last partnership meeting. Barney is in that  
16 position. He is also occupying a second position.  
17 That's the deputy commissioner, since that job is void  
18 right now and will be filled.

19           I've been asked by Barney to sort of marry a  
20 couple of worlds in the interim while those jobs are  
21 being filled, and that's the Office of Transportation  
22 Management property and travel. Most of my work to  
23 date at GSA has been around the policy side of things  
24 and the e-government initiatives.

25           I am providing resources, working closely

1 with Becky and Linda, and Vince Aquilino, who works in  
2 our program office, has been sort of integrating to  
3 support the rest of the acquisition management team,  
4 and I wanted to give that introduction to you guys.  
5 They are going to handle the presentation today.

6 I'll just close with a couple thoughts. For  
7 most of you, while I'm here at least in the role of an  
8 admin (ph), I certainly appreciate the commercial  
9 models that the airline industry is used to. I  
10 understand the relativity law. I know it's changed a  
11 lot since I did it, but I've stayed pretty active with  
12 it.

13 GSA is sensitive to the fact that the  
14 marketplace is a different place than it was a couple  
15 of years ago. It certainly is different than it was  
16 even a year ago. We need to be responsive to that.  
17 The purpose of these meetings is to do just that.  
18 Your participation, filling this room and staying in  
19 constant communication with the program team and the  
20 acquisition team is incredibly critical.

21 I'm going to be very interested. I know  
22 there's been many things that have changed over the  
23 years, and some things that I think have been wanting  
24 to have changed by industry and haven't changed may  
25 not change right away or may be able to change right

1 away, and that's the part that I'm going to be keying  
2 the listening to.

3           So I welcome the input. I actually am  
4 grateful that I have a chance to participate in a  
5 little bit more active role than I have in the past.  
6 I don't know how long I will be doing it, but at least  
7 for today, unless something changes at GSA within the  
8 next few hours, I'll be actively involved, so I'm very  
9 interested in your feedback.

10           I'll turn it to you now, Thomas. Are there  
11 any questions, before I do that, that anyone might  
12 have about our reorganization or restructuring?

13           (No response.)

14           MR. BURKE: Terrific. Thank you.

15           MS. SMITH: Good morning and welcome. I'm  
16 Linda Smith, and I'm the branch chief of the Special  
17 Programs, and the City Pair program is one of the ones  
18 that I work with very closely. I want to thank all of  
19 you for your patience. We've gotten our technical  
20 difficulties addressed, and we're looking forward to a  
21 very interesting meeting.

22           What we thought we would do, as you see on  
23 the agenda here, is, after I'm done, I'm going to  
24 introduce Thomas Peters, who is going to be the  
25 facilitator, making sure we keep on track and get

1 through all of the agenda items, and then we'll have  
2 introductions of everybody that's in the room, and  
3 then I'll introduce the contracting team, and we'll  
4 start going through the proposed changes to the FY 08  
5 draft solicitation. We would like, even if they are  
6 minor, we would just like to go over them so that  
7 everybody is aware of them.

8           And then, after that, we plan to open it up,  
9 as requested, to discuss with customer agencies and  
10 industry the several topics that were submitted and  
11 comments and questions such as ticketing time limits,  
12 change and refund fees. So that would come after  
13 we've gotten through this part of the solicitation.

14           So it gives you an overview of how we hope  
15 to proceed. We'll probably take a break somewhere in  
16 there, seeing how fast we move along or don't move  
17 along. So, with that, I'm going to turn it over to  
18 Thomas.

19           MR. PETERS: Thanks, Linda. Like Linda  
20 said, I'm going to facilitate the meeting. I'm going  
21 to do the best I can to keep us all on track and cover  
22 as much ground as possible. I know that there is a  
23 lot to cover.

24           Most importantly, I think, for all of you,  
25 you need to understand that the restrooms are right

1 outside, and, again, there's also some vending  
2 machines out and then down to the left.

3           Because this meeting is being transcribed,  
4 it's really important that everybody use a mike when  
5 you speak, and it would be great if you could identify  
6 yourself. Dania, in the back, is going to help us  
7 out. She is going to be kind of our roving microphone  
8 person. There she is, so everybody can get a visual  
9 on Dania there, who is coming at you with that stick.

10           So that would be fantastic if, when you  
11 have a question, if you could wait for the mike, and,  
12 of course, it also requires that only one of us speak  
13 at a time. So if we could kind of do that, I think  
14 we're going to get pretty far along the way.

15           What we would like to do to get that  
16 started, actually, is have a round of introductions.  
17 Dania is going to go by and ask each of you to  
18 introduce yourself and what organization you're from,  
19 and that will get us going.

20           Dania, if you don't mind, starting in the  
21 back with the introductions.

22           MS. PARKER: Dania Parker with GSA.

23           MR. LAGUNA: I am Juan Laguna,  
24 UNISYS/Contractor.

25           MS. SOLDATCHENKOVA: Natasha Soldatchenkova,

1 UNISYS.

2 MS. DUQUETTE: Barbara Duquette, EDS.

3 MR. SHANNON: Bob Shannon, Department of  
4 Defense, United States Transportation Command.

5 MR. ALLOWAY: George Alloway, GSA, Travel  
6 and Transportation, Region 3.

7 MS. SCOTT: Annie Scott, GSA, Audit  
8 Division.

9 MS. BOSTICK: Vera Bostick, GSA, Audit  
10 Division.

11 MS. STONER: Debbi Stoner, National Security  
12 Agency, DoD.

13 MS. BRYANT: Kimberly Bryant, National  
14 Science Foundation.

15 MS. GULICK: Barbara Gulick, National  
16 Science Foundation.

17 MS. JONES: Angela Jones, GSA,  
18 Transportation.

19 MS. WOUNDY: Terri Woundy, NCUA.

20 MR. GALLAGHER: Kevin Gallagher, GSA, Office  
21 of the Inspector General.

22 MS. JOAQUIN: Diana Joaquin, U.S.  
23 Citizenship and Immigration Services for National  
24 Policy.

25 MR. ROUX: Eric Roux, Delta Airlines.

1 MR. GRIGSBY: Lee Grigsby, Delta Airlines.  
2 MR. MUNSON: Brian Munson, Delta Airlines.  
3 MR. MOORE: David Moore, Centers for Disease  
4 Control, in Atlanta.  
5 MR. SZNAJDER: Gary Sznajder, Continental  
6 Airlines.  
7 MS. CARRUTHERS: Ginny Carruthers, Alaska  
8 Airline, East Coast Sales, based in Washington, D.C.  
9 MR. DEMARCKI: Al Demarcki, EPA, Financial  
10 Management Division.  
11 MS. FLOYD: Sara Floyd, EPA.  
12 MS. DAVIS: Angela Davis, Department of  
13 Homeland Security, Headquarters.  
14 MR. LUNDEBY: John Lundebly, Air Mobility  
15 Command, supporting the Department of Defense.  
16 MR. BARRS: Larry Barrs, Department of the  
17 Navy.  
18 MR. STAEFE: Klaus Staefe, NASA, Agency  
19 Transportation Manager.  
20 MS. VANSLOW: Debbie Vanslow, EPA,  
21 Cincinnati Finance Center.  
22 MS. BARFIELD: Laura Barfield, American  
23 Airlines.  
24 MR. COYLE: George Coyle, American Airlines.  
25 MR. ROLLINS: Greg Rollins, GSA, Services

1 Acquisition Center.

2 MS. COOKE: Stephanie Cooke, GSA, Services

3 Acquisition Center.

4 MS. UDDOWLA: Mahruba Uddowla, GSA, Services

5 Acquisition Center.

6 MR. MURPHY: Eddie Murphy, GSA.

7 MR. LEE: Ergene Lee, GSA.

8 MR. JOHNSON: Kelvin Johnson, GSA.

9 MR. McMAHON: Kevin McMahon, AirTran

10 Airways.

11 MR. JUNK: Joshua Junk, AirTran Airways.

12 MS. CARLOCK: Andrea Carlock, Defense Travel

13 Management Office.

14 MR. HICKS: Howard Hicks, Defense Travel

15 Management Office.

16 MS. HALL: Shirley Hall, Defense Travel

17 Management Office.

18 MR. IVESTER: Ron Ivester, Sato Travel,

19 Business Development.

20 MS. SISSON: Sara Sisson, Northwest

21 Airlines.

22 MR. CLIFFORD: Denny Clifford, Northwest

23 Airlines.

24 MS. ARBEITER: Pam Arbeiter, Midwest Air

25 Group.



1 MS. SUGIYAMA: Dorothy Sugiyama, Department  
2 of the Interior.

3 MS. BOWMAN: Mickey Bowman, Mesa Airlines.

4 MS. SHANE: Deborah Shane, Mesa Airlines.

5 MS. PERRY: Ruth Perry, GSA CFO.

6 MS. WELLS: Debbie Wells, Per Diem Travel  
7 and Transportation Allowance Committee.

8 MR. GALLUZZO: Frank Galluzzo, Office of  
9 Transportation Policy, OSD.

10 MR. O'BRIAN: Michael O'Brian, United  
11 Airlines.

12 MR. BILLONE: Tom Billone, United Airlines.

13 I'm proud to announce our nonstop service, Washington  
14 Dulles to Beijing, starting in March, and Washington  
15 Dulles to Rome, starting April 1st.

16 MS. COX: Queenie Cox, U.S. International  
17 Trade Commission.

18 MS. THORNE: Umeki Thorne, GSA, Office of  
19 Government-wide Policy.

20 MS. TADALAN: Lorimae Tadalán, GSA,  
21 SmartPay.

22 MS. SMITH: Thank you. Now I would like to  
23 introduce the Vince Aquilino from the program office;  
24 Craig Yokum, contracting officer on the City Pair  
25 program; Jerry Ellis, contract specialist on the City

1 Pair program; Kristen Jaremback, contracting officer;  
2 and Lauren Donnelly, contract specialist. Together,  
3 we make up the City Pair Group and work together to  
4 work with industry and continue to make this a  
5 partnership that works for both sides.

6           So, as I said, what we'll do is we'll go  
7 through these sections, and each person is going to  
8 address certain sections in the sections that are  
9 listed here, and then also we'll address comments and  
10 questions that we got that are relative to those  
11 sections, as we speak to them. Then, as I said, we'll  
12 open it, at the end, for discussion on other topics.

13           So, Craig, would you like to start with B.1?

14           For your convenience, we have highlighted  
15 the changes or the sections that we're talking about.  
16 There may not be a change, but it may be something we  
17 just wanted to bring out to everybody's attention.

18           MR. YOKUM: Good morning. I'm Craig Yokum,  
19 City Pair contracting officer. I'm going to start  
20 with Section B.1, Definitions.

21           In this section, we've added a few more  
22 words to the definitions section, and I'll read those  
23 through. I just wanted to comment that I have also  
24 cross-referenced a number of the definitions already  
25 there with hyperlinks to help you through the

1 document. If you pull this off FedBizOpps, you can  
2 click on some of the highlighted areas you will see  
3 going through this and go right to that section  
4 without having to sort of do a data search or  
5 something like that.

6           The first definition I have is "City Pair  
7 program," which is pretty obvious. It just wasn't  
8 really included in the solicitation before, so I just  
9 wanted to add that.

10           We have composite fare, contract business  
11 fare, double connect, which Jerry will address a  
12 little bit later on today; fuel surcharge, Group 1,  
13 Group 2, which are separate from Group there, so that  
14 clears up any confusion you might have; line item  
15 number, and segment/-leg. We assume there is leg  
16 segment, but somebody may want to look up segment  
17 instead of leg.

18           Moving on to the next section, B.7, for  
19 Fiscal Year 08 we have received a wider variety of  
20 federal agency data, and we want to thank the  
21 participants this year in FARMS, specifically, the  
22 Departments of Defense, State, Interior, Justice,  
23 Homeland Security, and Health and Human Services for  
24 contributing the number of markets they did to help us  
25 formulate what Group 1 and 2 markets we're going to

1 offer this year.

2           We also received data from SmartPay and ARC,  
3 and from these we've created our market City Pairs.  
4 We have noticed the higher or denser network of  
5 domestic and international potential markets for  
6 inclusion in the solicitation. So what we've had to  
7 do is move up the cutoff from 120 to about 140 this  
8 year. We do have exceptions to the rule, however, for  
9 those markets with specific political or agency  
10 interests, also markets in and out of Washington,  
11 D.C., congressional requests, or foreign capitals that  
12 otherwise might have been excluded.

13           In the future, we're expecting to increase  
14 the number of markets and PAX counts as we move to the  
15 e-Gov-DTS automated systems.

16           Next, I believe Jerry will speak on B.9

17           MR. ELLIS: Thank you, Craig.

18           Good morning. I would like to draw your  
19 attention to Section B.9.4, Sections (d) and (f),  
20 "Domestic Markets Connecting Service." Regarding the  
21 extended connection markets, we are continuing that  
22 program, and we're adding some selected Alaska and  
23 Hawaii origin and destination markets, which will have  
24 two connection points, as a minimum service criteria,  
25 instead of the single connect.

1           These markets will be identified as Items  
2 No. 4000 through 4047. Some examples of those are  
3 Item No. 4000, "Anchorage to Atlanta"; 4010,  
4 "Anchorage to Honolulu"; 4019, "Anchorage to Norfolk";  
5 and Item 4044, "Honolulu to San Antonio." These are  
6 highly desired markets by our customers, so we're  
7 trying to make it easier for carriers to qualify so we  
8 can award these markets.

9           Also in this group and in some of the normal  
10 Group 1 markets, some Alaska markets and one Group 2,  
11 domestic markets, are identified as one flight, as the  
12 minimum criteria, instead of the normal two. We've  
13 reduced the minimum number in order for airlines,  
14 again, to qualify in higher desired markets from our  
15 customers.

16           Some examples of those: in Group 1, Item  
17 108, "Anchorage to Washington Dulles Airport"; Item  
18 112, "Anchorage to Las Vegas"; and the Group 2,  
19 domestic market, is Item 6059-----, "Washington  
20 National Airport to Missoula, Montana." Again, these  
21 are desired markets by our customers, and we are  
22 trying to make it easier for airlines to qualify in  
23 order to be able to award these markets.

24           I now would like to draw your attention to  
25 Section B.10.5, "International Markets Connecting

1 Service,". Again, we are continuing the pilot program  
2 allowing up to two connection points and/or 300 total  
3 minute connection time in order to, again, have  
4 further point beyond markets be eligible to be awarded  
5 in the City Pair program. These markets will be  
6 identified as Item No. 4500 to Item 4565, and, again,  
7 some examples: Item 4526, "San Diego to Naples"; Item  
8 4538, "St. Louis to Okinawa"; and Item 4558,  
9 "Washington to Luxembourg."

10           There are some questions that I would like  
11 to address now, some questions that came to us from  
12 industry, which I would like to address. Two  
13 questions came in regard to the domestic market.

14           Some domestic markets have a one-flight-  
15 minimum requirement. Which markets are these? For  
16 example, is there a common thread among them?

17           Almost all of these markets are either  
18 Alaska or Hawaii markets where routinely flight  
19 adjustments are made by industry, and the two-flight  
20 minimum is not maintained year-round.

21           Also, by customer request, there is one  
22 Group 2 market, which we identified, "Washington  
23 National to Missoula." That was identified as not  
24 having a two-flight minimum by any carrier.

25           Another question: Service in a market.

1 Please explain how the seasonal service in a market is  
2 treated in respect to the awards. I think that was  
3 adequately answered before.

4 I would like to draw your attention now to  
5 Section B.13.2. If a carrier changes a bucket  
6 designator for any or all capacity controls contract  
7 fares, it is anticipated that the government  
8 passengers, both booked and ticketed, will be  
9 protected in that new bucket classification.

10 This has been the industry standard, you  
11 know, to protect your customers when bucket changes,  
12 and, in the past, we sincerely appreciate any effort  
13 that you would to support the government travel in  
14 moving forward. Again, we had some questions  
15 regarding that, and I would like to address those  
16 three questions.

17 Airlines would have the ability to change  
18 the class for any or all \_CA fares as long as it  
19 adheres to the bid guidelines of the above bottom  
20 three classes service.

21 That is correct, and nothing has changed in  
22 that regard.

23 What is the catalyst for the provision that  
24 both reservations and ticketed passengers be protected  
25 in the new bucket on the \_CA fares if the original

1 bucket is changed? Please note that if the ticket  
2 time limits are implemented, it largely removes this  
3 problem.

4           Another question: Please explain the need  
5 for the purpose of the proposal language referenced in  
6 B.13. There is a rate of \_CA fares, capacity control  
7 \_CA fares -- excuse me -- bucket changes during the  
8 term of the contract. It is anticipated that  
9 government passengers, both booked and ticketed, at  
10 the time of the change, will be protected and a new  
11 bucket. This is not consistent with our company's  
12 commercial practice, nor do we understand the need for  
13 it.

14           The simple answer is that it is true that  
15 you can change the capacity control bucket as long as  
16 it conforms to the contract language above the bottom  
17 third. We experienced an overall capacity control  
18 bucket change from a carrier this past year that  
19 negatively impacted several of our customers holding  
20 bookings and tickets on the old capacity control fare.  
21 It is our intention that all booked and ticketed  
22 government passengers please be protected and re-  
23 accommodated in the new capacity control bucket, as we  
24 appreciate the partnership between the government,  
25 which is one of your largest customers, and the



1 industry.

2           Okay. I would like to address your  
3 attention now to Section B.19 and also C.4 and C.13  
4 regarding fuel surcharges. Nothing has changed on  
5 this. GSA is again allowing a fuel surcharge clause  
6 for FY 08 contract, as industry requested. These  
7 sections have remained intact in the FY 08 date  
8 solicitation.

9           There was one question on this that I would  
10 like to address. Actually, there were two questions.  
11 Excuse me.

12           Fuel-surcharge. Why does the 14-day  
13 provision still remain in place? Commercial practices  
14 do not operate this way.

15           This is nothing new from last year. We are  
16 still in the test phase. We are only five months into  
17 the FY 07 contract, so we have not adequately been  
18 able to address how fuel surcharges work in regards  
19 with our contract. We do see fuel surcharges being  
20 implemented and then recanted within a few days as the  
21 competitive marketplace factors dictate. We just saw  
22 one happen this past weekend.

23           We want to ensure that the fuel surcharge  
24 will remain intact before we have to notify all of our  
25 customers and make those changes necessary to

1 implement the change government-wide. As we are still  
2 in the first year of the fuel surcharge  
3 implementation, we will again review this for the FY  
4 09 contract.

5           The other question: fuel surcharge. The  
6 following phrase was added to the FY 08 draft versus  
7 terms in the FY 07, but it was not mentioned in the  
8 executive summary changes. A carrier must also  
9 identify the booking inventory buckets corresponding  
10 to the YCA, capacity control CA, and the capacity  
11 control business class, to which the fuel surcharge  
12 applies commercially.

13           Actually, there were no changes. This is  
14 exactly the same language that was in the FY 06  
15 contract.

16           That's all I have. It's Lauren's turn now.

17           MS. SMITH: I would just like to add, so  
18 that everybody knows, we've gotten comments up to  
19 yesterday, and so we will publish both the comments,  
20 questions, and the answers also with the transcript,  
21 so you'll have two records of what has been asked  
22 also, and feel free to ask questions as we go along.

23           MS. DONNELLY: Good morning. I would like  
24 to draw your attention to B.27, "Audit of  
25 Performance." Now nothing has changed in regard to

1 this section. It's just a reminder, and we would like  
2 to use this as a time to remind our carriers of audit  
3 procedures.

4           Audits of vendor performance were added to  
5 the City Pair contract based on industry concern as an  
6 initiative to ensure equitable procedures, and the  
7 City Pair program has been proactive in hiring an  
8 outside consultant to monitor the performance on a  
9 regular basis at the cost of the government.

10           This should lead to improved performance as  
11 these audits are designed to monitor the display of  
12 fares prior to ticketing. However, in order for these  
13 audits to be effective, carriers, we'd like to remind  
14 you that you're responsible for correcting the errors  
15 within two business days of notification if there are  
16 errors that you are able to accommodate. Of course,  
17 if it's a GDS error, that's a different story, and we  
18 do understand that.

19           We appreciate your prompt attention to  
20 promote the first line and ensuring compliance with  
21 the contract fares, and thank you for your due  
22 diligence.

23           Moving on to Section B.28, "Air Carrier  
24 Quality and Safety," because of some confusion that we  
25 encountered in the current fiscal year, actually, and

1 for better customer service, there has been a  
2 clarification as to the DoD approval process. A new  
3 procedure has been established for DoD approval, and  
4 this generally will be applying to small, domestic,  
5 regional code shares.

6           While DoD approval is required for all  
7 offerors and U.S. air carrier code share partners  
8 proposed for service on markets, award may be made to  
9 a carrier undergoing the approval process or to a  
10 carrier using a code share that is also undergoing the  
11 approval process as long as the carrier or code share,  
12 in whichever case it may be, is not on the DoD list of  
13 disapproved carriers.

14           I know this is a little bit confusing, and  
15 it only applies in specific instances, so, for the  
16 sake of not confusing everybody else in the audience,  
17 if you have any questions, we would like to take it  
18 offline. So please feel free to contact me, and I'm  
19 sure everybody knows my e-mail, or anybody else on the  
20 team, and we would be happy to answer those questions  
21 for you.

22           MS. JAREMBACK: Thank you, Lauren. Good  
23 morning, everyone. I want to, first, draw your  
24 attention to Section D.7, "Price Evaluation for Group  
25 1," and here I just want you to take note, at the

1 airport name, in the airport name list, please make  
2 note of the following two airports: Baltimore-  
3 Washington International Airport, BWI, is listed under  
4 City Code WAS, and Newark International Airport, EWR,  
5 is listed under City Code NYC. This is applicable  
6 only for international markets and is brought to your  
7 attention just for clarification purposes. There have  
8 been no changes from last year's contract.

9           We had a couple of questions in this  
10 section. The first question is, D.7, "Graph of  
11 Cities." Where is the change in this graph? It seems  
12 that it is identical to FY 07 for BWI and EWR.

13           As I have just mentioned, this is correct.  
14 There have been no changes.

15           The second question is D.5, "Subfactor 3":  
16 Please explain chart for specific destinations. The  
17 only difference seems to be one point for specific  
18 destinations and 1.5 for others.

19           The assessment is correct that that is the  
20 only difference. There have been no changes in this  
21 chart from FY 07.

22           The next section I would like to talk about  
23 is Attachment 1, which is the proposal checklist, and  
24 please note that you're not required to submit the  
25 solicitation in its entirety; only the sections that

1 are listed in the proposal checklist are required to  
2 include in your proposal.

3 (Pause.)

4 MS. JAREMBACK: And you'll notice  
5 that each item on this checklist is hyperlinked to the  
6 appropriate area of the solicitation for easy  
7 reference. The sections may be submitted  
8 electronically. However, we do require a hard copy  
9 original of a few sections, and the following sections  
10 are required for an original signature. The standard  
11 Form 1449.

12 Make sure you're using the most updated  
13 version, which will be included in the final RFP. The  
14 small business subcontracting plan and the accurate  
15 schedule information declaration; they all need  
16 original signatures.

17 We had a couple of questions regarding this  
18 section or the solicitation in general. A question  
19 is, "Why are the comments on the RFP due after the  
20 presolicitation conference, when last year they were  
21 due before?"

22 This year, we decided to extend the deadline  
23 until after the conference to allow time for feedback  
24 and discussion. We appreciate the comments and  
25 questions that did come in before the conference and

1 allowing us to cooperate them into the discussion  
2 today.

3           Second question: "Although the executive  
4 summary of changes is helpful in reading the draft, it  
5 recommends changes from prior final solicitation, FY  
6 07, in this case, be highlighted with italics."

7           We have highlighted the changes covered in  
8 the executive summary in yellow to the draft version  
9 that you see here above where we've been talking about  
10 different sections. We've been highlighting them in  
11 yellow for you to see today.

12           However, these changes will not be  
13 highlighted in italics or highlighted at all in the  
14 final RFP because it's a formal document, but we will  
15 include highlighted changes for next year in the draft  
16 RFP. It was an oversight on our part for this year,  
17 so we apologize, and we will do that again for next  
18 year.

19           Moving along, the next section is Attachment  
20 2, which is "Offer Information." I just want to make  
21 note of this change in number two, which is "Contact  
22 for Contract Administration." In addition to  
23 providing a point of contact for contract  
24 administration, we are now requiring a customer  
25 service point of contact to assist government

1 travelers with specific carrier-related issues.

2           This may or may not be the same person;  
3 however, this point-of-contact information will be  
4 made available on our Web site and also in other  
5 program communication vehicles.

6           There was a question on this. The question  
7 is, "Due to the large volume of customer-related calls  
8 and to prevent customer service issues, we would  
9 request the listing of the staff phone number instead  
10 of a specific point of contact."

11           As I had just mentioned, there is a change  
12 to Attachment 2, and the intent is that customers have  
13 two points of contact, the GSA, as well as each  
14 carrier's customer service desk or point of contact.  
15 When additional assistance is needed, GSA will contact  
16 the carrier's POC listed in the contract for contract  
17 administration. Thank you.

18           MR. YOKUM: I'm going to wait for Diane to  
19 get to the next section [overhead projection] before  
20 we starts. It's been a race.

21           The Attachment 3, "COPS," is a handbook  
22 that's incorporated within the solicitation. COPS is  
23 the means by which airline carriers submit their  
24 offers for the market requirements contained in  
25 Attachments 4 and 5, which are markets Group 1 and



1 Group 2.

2           The only minor change to this section within  
3 COPS -- it looks like this -- it's a separate  
4 document, about 17 pages -- is that Block 9 of the 50-  
5 some columns you fill out on the data to submit is now  
6 to be left blank. That will be used for official use  
7 only. That indicated "Does not meet requirements."  
8 Before, we were considering markets that did not meet  
9 requirements, but now we are not considering them.

10           As an update, later this month, we will be  
11 issuing user IDs and passwords to airline carriers to  
12 use the COPS Web site. The carriers will be given  
13 about a week to test the system to make sure they  
14 don't have any bugs, that they can upload data  
15 accurately. Afterward, carriers will be given about a  
16 week to upload their information for Group 1 markets.  
17 About three weeks after that, we will allow them to  
18 upload Group 2 markets. And I did have some questions  
19 related to this, so let me turn to those.

20           The first question: "Will GSA be requesting  
21 best-and-final offers or final proposal revisions this  
22 year?"

23           The government reserves the right to award,  
24 with or without negotiations, and this is noted in  
25 Section D.4, "Evaluation Criteria of the

1 Solicitation."

2           Also, "When will the Group 1 and Group 2  
3 proposals be due?"

4           Our goal is to issue the final RFP by the  
5 end of February. Then Group 1 would be due about four  
6 to five weeks after this issuance of the final  
7 proposal, about the end of March, and Group 2 markets  
8 would be due about three weeks after that, as I said,  
9 toward the end of April.

10           Moving on to Attachments 4 and 5, Groups 1  
11 and 2, the last page of the document, again, these are  
12 documents within the document, and if you just click  
13 on them, they will open up the Excel spreadsheets.  
14 The draft solicitation, unfortunately, included both  
15 Group 1 markets and Group 2 markets under the Group 1  
16 Excel spreadsheet, but we have corrected that, so just  
17 Group 1 markets will be shown on the Group 1 Excel  
18 spreadsheet, and Group 2 markets will be shown on the  
19 Group 2 spreadsheet.

20           Lauren will end our discussion with  
21 Attachment 6.

22           MS. DONNELLY: Okay. Last, but not least, I  
23 would like to discuss the subcontracting plan, which  
24 is found in Attachment 6. It's the last document.  
25 This is a model, and it's been fairly updated to

1 represent the most recent changes, and as you can see,  
2 I added a couple of fields in there for you, and also  
3 we just have kind of tailored it to be more specific  
4 for our yearly contract.

5           It is just a model, so you do not have to  
6 use it. However, we recommend that you do use  
7 something similar to this, as it's what is familiar to  
8 our SBA, and it also is a good guideline for everyone  
9 as to what really needs to be submitted and what the  
10 Small Business Administration will be looking for in  
11 your subcontracting goals.

12           Also, to facilitate, since those of you that  
13 are familiar with working with subcontracting plans  
14 know it can be a bit tedious and a lot of back and  
15 forth trying to get approved, I would just like to  
16 make note of the fact that you can feel free to submit  
17 it in a Word document to Jerry Ellis or I beforehand,  
18 and we'll be more than happy to review it for you and  
19 send it back with comments, anything that you might  
20 need to change, rather than sending 100 faxed versions  
21 or something to that extent.

22           Also, the subcontracting reports that were  
23 formerly called "SF-294s and 295s" have now been  
24 replaced with electronic versions called "Summary  
25 Subcontracting Reports" and "Individual Subcontracting

1 Reports," and they are to be submitted electronically  
2 through eSRS, which is eSRS.gov. And, again, if you  
3 have any questions concerning this, please feel free  
4 to contact us, and we will do our best to help you in  
5 any way we can. Thank you.

6 MR. ELLIS: Before we close this section,  
7 there were two questions that I would like to address  
8 at this time regarding the composite formula and the  
9 composite fare.

10 Two questions. The first question: "Price  
11 Evaluation. The composite formula; what are the  
12 industry averages for the compliance, both domestic  
13 and separately, international markets?"

14 Basically, the composite formula is an  
15 evaluation factor. The 75/-25 on the domestic and the  
16 66 and 34 on international; those are for evaluation  
17 purposes. Those do not have anything to do with  
18 compliance factors. Obviously, we would like to see  
19 the compliance on the capacity control fares increase,  
20 and, in fact, this past year, both the Federal Travel  
21 Regulations and the JFTRs have made mention to all of  
22 our people to utilize the capacity control contract  
23 fares as much as possible, which, again, was the  
24 industry's desire going into this dual-fare program.

25 The second question: "Recommend a column

1 for the composite fare with the related formula."  
2 Again, the composite fare is an evaluation factor;  
3 it's not an offer designation. So we will not include  
4 a column for the composite fare. That is figured out  
5 automatically by our COPS system, and I hope that  
6 addresses those two questions. Thank you again.

7 MR. CLIFFORD: Denny Clifford, Northwest.  
8 Three or four years ago, we had the same question,  
9 Jerry, and we talked offline a little bit about this.  
10 I know that in a transcript somewhere it was directly  
11 connected with compliance. I was just asking, what's  
12 the reference point? I know it's an evaluation  
13 factor. I know it's a formula, but what's the genesis  
14 behind it? Why 25/-75 and why 66/-34? Those are  
15 pretty accurate numbers. Where do you get those from?

16 MR. ELLIS: Well, again, you're right,  
17 Denny. Four or five years ago, as a GSA initiative,  
18 they tried to combine or coordinate the actual usage  
19 of the YCA and the capacity control fare to the  
20 evaluation factor. It did not work. It just didn't  
21 work, and I think you will remember that, at that  
22 time, the industry agreed, after a one-year trial,  
23 that it was not working, that we go back to the normal  
24 formula as just an evaluation factor and not  
25 necessarily a compliance factor.

1 MR. CLIFFORD: Okay. So this was a formula  
2 that existed, what, five or six years ago?

3 MR. ELLIS: Affirmative.

4 MR. CLIFFORD: Pre whatever their compliance  
5 test was?

6 MR. ELLIS: That test only lasted for maybe  
7 one or two cycles of the contract, and it failed  
8 miserably.

9 MS. SMITH: Okay. You've all been very  
10 patient and been sitting for about an hour. We could  
11 either take a break now and then come back, or we  
12 could move on. I can go over the topics of  
13 discussions that have been submitted, if you would  
14 like to do that. Shall we take a vote for a break or  
15 not now? No break. Okay.

16 These are the questions that were submitted,  
17 combination questions and comments, and I am going to  
18 read them, and then I'm going to open the floor up for  
19 a discussion on these topics so that both customers  
20 and industry can gain a better understanding of what  
21 has been proposed, what the different ideas are that  
22 have been proposed.

23 Now the first one has to do with ticketing  
24 time limits, and simply the question was, "We request  
25 that the following issues be addressed at the

1 presolicitation meeting." So we're doing so. "First,  
2 when is ticketing time limit?" The suggestion is that  
3 ticketing time limits be applied to all government  
4 bookings. If the travel is booked more than 14 days  
5 out from the departure, the ticket would be issued  
6 within three days. If the travel is booked within 14  
7 days of departure, tickets would be issued within 24  
8 hours. If these timeframes are not met, the booking  
9 would automatically be canceled. We believe this  
10 gives the GSA adequate time to make payment for  
11 bookings, and in the event these terms are not met, it  
12 will allow the carrier an opportunity to resell the  
13 seat.

14           On the same topic, there was another  
15 question/comment: "We propose the introduction of a  
16 ticket buying date on all -CA bookings. No specific  
17 time limit is proposed but simply a ticket buy date, I  
18 suppose, could be discussed. To identify and release  
19 unticketed inventory. We are not proposing a change  
20 to the YCA fares. Such a ticket buy date on a -CA  
21 price would prove that we are working together to  
22 protect our respective financial interests."

23           So those are two on the ticketing time  
24 limits. Do you want to address this particular topic,  
25 or do you want me to go and review the change and

1 refund ideas that were proposed also?

2 MR. CLIFFORD: Are you coming back to the  
3 ticketing time limits? Do you want to run through all  
4 of those first and then come back?

5 MS. SMITH: I can do that, run through them  
6 all first and then come back to it. Okay.

7 The next one is about change reissue fee.  
8 One proposal is to impose a change reissue fee for  
9 tickets changed or reissued after the original  
10 transaction under the following terms: A reissued  
11 change more than 24 hours prior to departure would  
12 incur a fee of \$50. A reissued change within 24 hours  
13 prior to departure, or any time thereafter, would  
14 incur a fee of \$100.

15 Also, with refund fees, one idea is to  
16 impose a \$100 fee for any ticket refunded within one  
17 year from travel date, impose a \$200 fee for any  
18 ticket refunded after one year from travel date.

19 As far as refunds, another comment was made:  
20 "To align with the airline policy regarding validity  
21 of tickets, tickets would only be valid for refund a  
22 year from issuance. We request your review of this  
23 policy."

24 In answer to that particular one, we have to  
25 remind everybody that there is a legal precedent that



1 the government is allowed to obtain refunds up to 10  
2 years after ticket issuance. So it is different from  
3 commercial practice, but that it outside the purview  
4 of the GSA. That's a legal precedent.

5 Another comment about refunds: "What  
6 efforts are being made by GSA and DoD to ensure the  
7 refund problems of the past are eliminated or  
8 significantly mitigated, passengers not returning or  
9 reporting unused tickets?"

10 I know that GSA has ongoing education  
11 efforts to remind that the refund process starts with  
12 the traveler, and that is a very important part of the  
13 initial step of any refund, and we know that customer  
14 agencies are also involved in the same education  
15 efforts. But we're open to any suggestions on how to  
16 streamline and make the process less cumbersome.

17 There is one more about refund. Going back  
18 to the suggestion that there is a refund of \$100  
19 within one year or \$200 after one year, there is a  
20 comment: "If the refund value is less than the  
21 applicable fee, the amount returned to the customer  
22 will be equal to the refund value, and no refund fee  
23 will apply."

24 Those were the comments that were submitted.  
25 We don't have any answers. We would like to open it

1 up for discussion amongst all parties and stakeholders  
2 here. Any questions? comments?

3 MR. BILLONE: Tom Billone, United Airlines.  
4 On the refund issue and the unused tickets, I'm a  
5 little confused. If an employee purchases a ticket  
6 and does not use it, purchases it with their IBA and  
7 doesn't use it, it's on their credit card statement,  
8 and if they don't travel, they shouldn't be getting  
9 reimbursed for that ticket.

10 Am I confused here? Then how could this  
11 thing be on their credit card for a year if they  
12 haven't used it and been reimbursed for it? That's  
13 one way of tracking the unused tickets.

14 MS. SMITH: Well, I believe most of these --  
15 I'm not involved so much with the refund process, but  
16 it's my understanding that most of these are passed  
17 over past years. Certainly, I believe that electronic  
18 tickets, with the awareness of the need for refund,  
19 immediate refund process, that, going forward, it  
20 shouldn't be a major issue, but I believe it has to do  
21 with past tickets, in particular, paper tickets.

22 MR. CLIFFORD: Denny Clifford, Northwest.  
23 It's also for the current, moving forward, because we  
24 don't want to go through the same debacle that we went  
25 through with the last three or four years. Everybody

1 in here knows about the refund problems, the GAO audit  
2 and everything else. It's to reduce the problems  
3 moving forward from this day. The stuff in the past,  
4 we're taking care of through the discussions going on  
5 with respect to those refund claims.

6           We have to stop the hemorrhaging, so to  
7 speak, because we've got people out there that simply  
8 are not returning their tickets, or it's not being  
9 requested in any form.

10           So we want to stop that, and this proposal  
11 is intended to do just that. We don't want to have  
12 some unknown liability for \$5 million sitting out  
13 there, and all of a sudden the GAO comes up and says,  
14 Send us a check. That's exactly what happened the  
15 last time. The industry, I think, does not want to go  
16 through that. Northwest certainly doesn't want to go  
17 through that.

18           So this is not just to take care of past  
19 problems; it's to take care of everything moving  
20 forward here.

21           MS. SMITH: We would also ask for  
22 clarification from the individual carriers as to what  
23 your commercial practice is, if you could also provide  
24 us with that information as to tickets within when  
25 you're on Y fares, fully refundable, unrestricted

1 fares, as well as the respective buckets or inventory  
2 that you use for -CA fares. We would want to review  
3 what your commercial practice is for that, as well as  
4 for what's called "aged refunds," tickets that are  
5 over a year old.

6 MR. CLIFFORD: I understand that. I can  
7 tell you that this proposal that Northwest has made is  
8 directly related to our commercial practices in every  
9 way.

10 Let's clear up one thing here right now  
11 because this is going to get into the discussions  
12 about ticket time limits and everything else. The YCA  
13 is not like a full Y fare, and you all seem to think  
14 that that's the case. There is a huge difference  
15 between a YCA and a full Y, and it's called price.  
16 That price drives everything. It drives the  
17 restrictions on that fare and everything along the  
18 line, all of the fare rules.

19 So you seem to think that a YCA is supposed  
20 to be like a commercial Y, in terms of refunds or any  
21 other policies. It doesn't work that way. Yield  
22 management does not work that way, and I think one of  
23 the key take-aways that I would like you all to take  
24 away from this venue here today is you've got to stop  
25 thinking that a YCA is like a full Y because we

1 certainly don't treat it that way. The only  
2 comparison is it's the same letter. It's the second  
3 letter from the end of the alphabet, and it stops  
4 right there.

5 MS. SMITH: Well, I would have to note that  
6 the definition of "YCA" has been that of an  
7 unrestricted coach fare. That's been from the  
8 beginning. I assume you're changing the definition,  
9 but this has not been the definition up to now, and  
10 that has been concurred by both parties for over 25  
11 years. I'm just saying that. If you're  
12 saying that the definition of a YCA has changed, then  
13 that's a major change.

14 MR. CLIFFORD: Can I have a stand-up mike?  
15 Oh, you're the facilitator. You can --

16 MS. SMITH: Does anybody else want to talk?

17 MR. CLIFFORD: I understand that but, okay,  
18 why is it the same letter designation. You've got  
19 last-seat availability. But, after that, all bets are  
20 off. It's all tied. If every hierarchy in your  
21 management is based on that first letter, okay, and  
22 it's based on price, with the exception of the  
23 government. We make an exception.

24 A \$200 fare, a YCA \$200 fare is not the same  
25 as a \$600 or \$700 business fare in Y.

1 MS. SMITH: Let me remind you, though, that  
2 we don't dictate what your offer should be.

3 MR. CLIFFORD: No, but you have control over  
4 what kind of fare rules and policies and penalties and  
5 restrictions are on certain fares. My point is this:  
6 If you've got a YCA out there. For example, set your  
7 time marker. It will give us an extra minute. I'm  
8 saying that we have higher commercial fares than even  
9 the YCA fare, and the CA fare, of course.

10 There's a reason that we put restrictions,  
11 penalties, ticket time limits, and refund restrictions  
12 on those fares. It's because they're higher than a  
13 YCA and a blank CA, and people will abuse the system  
14 if we don't do that. You can't just simply say: Well,  
15 you don't have any of these restrictions on a whole Y  
16 fare, so you can't put them on a YCA.

17 That's bad logic. It doesn't work that way.  
18 That's what I'm saying. You can't compare the two  
19 when it comes to these restrictions.

20 MS. SMITH: Well, I would like to add and  
21 this is for those that weren't here at the partnership  
22 meeting that a proposal that was made to apply  
23 ticketing time limits to all fares is quite different  
24 than what was brought up for discussion at the  
25 partnership meeting.

1           We're getting many different opinions.  
2 Other carriers are not in support of ticketing time  
3 limits, or fees such as I've just mentioned. We also  
4 asked for data. I think people have referred to  
5 spoilage as the reason, the need for having ticketing  
6 time limits, et cetera.

7           We asked for data. I don't think that's  
8 unreasonable. Any change that has been mentioned here  
9 is a huge change. We can't just make a change without  
10 some kind of supporting data.

11           MR. PETERS: We have a question.

12           MR. CLIFFORD: Denny Clifford, Northwest  
13 Airlines. Okay, the first point we have, Northwest  
14 and I, and I will respond to your letter that you sent  
15 to me off-line regarding why Northwest changed some  
16 positions.

17           The reason is because the environment is  
18 changing. What it was three or four months ago is not  
19 what it is today. You even mentioned that yourself,  
20 and Tim Burke made reference to it. We've got record-  
21 breaking load factors. Our economics are changing.  
22 The industry is turning positive and making profits.  
23 All of those things contribute to a changing  
24 environment.

25           You let three or four months go by here and

1 certain things are going to change. We moved off of  
2 certain things from the partnership meeting and some  
3 private meetings for that reason, okay.

4 Now, with respect to the data situation --  
5 by the way, there's a situation with this ticketing  
6 time limit that I don't want to forget: If you impose  
7 the ticketing time limit, Northwest is saying we want  
8 it on the YCA fare also.

9 Well, if you put it just on the blank CA  
10 fare, what are the passengers going to do? They are  
11 going to move over to the YCA fare, which is going to  
12 cost the government more money. So why wouldn't you  
13 want to have that included as a ticketing time limit  
14 feature? That's point No. 1.

15 Now, No. 2: data. Frankly, I think that's a  
16 facade. What data do you need to prove the point that  
17 you have no restrictions, no penalties on any of these  
18 fares when we have that as an industry standard on  
19 every other fare except for the full Y?

20 I just don't understand why you have to have  
21 data. What kind of data are you looking for? For  
22 spoilage? You've asked for data back in September.  
23 We have not been able to provide it. Why? It is  
24 very, very difficult. Believe it or not, we can't  
25 press a button and get data out of our system for the



1 things that you'd like to see: spoilage and those  
2 kinds of things.

3 I can tell you that it is two-and-half times  
4 to four times, the rate for a military and government  
5 passenger to book within thirteen days versus a  
6 commercial traveler. That is a significant data  
7 point. What is that saying? That the travel patterns  
8 for a military and government person/traveler are not  
9 the same as the commercial traveler. That's a data  
10 point.

11 But we can't give you a lot of data. Why?  
12 Because we literally, and we will be doing this this  
13 year, we will be asking our IS Department to reformat  
14 a lot of software, at our own expense, to get data.  
15 But, frankly, I don't see where you need the data.  
16 What is so complicated about this common-sense,  
17 intuitive analysis?

18 MS. SMITH: Well, there's a difference of  
19 opinion here as to the definition, going back to that  
20 of the YCA. And what the whole purpose has been, and  
21 the whole understanding of the government and the  
22 agreement between the government and industry has been  
23 for over twenty-five years.

24 What you are proposing is a major change.  
25 We would need time to review this, to address it.

1 We'd like to get comment from other carriers, from  
2 customer agencies as to these points that have been  
3 made.

4           Any business, to make such a huge change,  
5 would ask for data. You say you have data. You gave  
6 a number four-and-a-half, or whatever, times. That  
7 has to be based on something. All we're asking is:  
8 Give us a percentage. Give us something to support  
9 this idea - that we don't know. And that is just as  
10 far as data.

11           Again, it's going back to the definition.  
12 You're asking for a major change. It is not that we  
13 are not willing to discuss it. I would just like to  
14 go back for all that are here, the many things that we  
15 have changed in the program over the past years, to  
16 meet both industry's needs and also the government's.

17           We implemented the dual fare at the request  
18 of industry. Now, to put ticketing time limits on the  
19 dash CA fare to your point would drive business to the  
20 YCA. Our understanding is that industry wanted to  
21 move business to capacity control, exactly to get that  
22 yield.

23           We have made changes to the FTR. We have  
24 done education, major investments. All to support  
25 what was a major point that industry had requested a

1 few years back.

2 Now, what you're proposing is radically  
3 different. We are not saying that we're not willing  
4 to listen, but we would like to get more information;  
5 and, again, as I said, this has been changing since  
6 the last meeting. Again, we've only got a written  
7 version of these proposals rather late in the game.

8 MR. PETERS: Linda, excuse me, you had asked  
9 for comments from other carriers. I just want to open  
10 that up again to see if anybody has anything to  
11 contribute.

12 MR. COYLE: George Coyle with American  
13 Airlines. I do want to echo Denny's sentiments. The  
14 ticketing time limit and the ticket buy date are very  
15 much the same.

16 MR. PETERS: You're pretty close to the  
17 microphone.

18 MR. COYLE: Okay. Anyway, the ticketing buy  
19 date and the ticket time limit are much the same. I  
20 think that we need to put out, for those who may not  
21 be familiar, the current process for a GSA traveler is  
22 that they can go into a system and book 330 days out.

23 So eleven months out, they can tie up a  
24 carrier's inventory unlike any other customer.  
25 Another customer would have a ticketing time limit in

1 that record. If they didn't call us back in an x  
2 amount of time, the reservation would cancel. It  
3 would give the carrier a chance to resell that  
4 inventory.

5 I think that's a logical request because the  
6 GSA has said that they wanted to mirror commercial  
7 practices, and this is what we are trying to do.

8 MS. SMITH: We had --

9 MR. COYLE: I'm sorry. Just one other note.  
10 I do want to say that the data is difficult to get  
11 to. A lot of programming, a lot of SAS programming on  
12 our part, we did look at it and we've seen advanced  
13 bookings. We've got records that go out six or eight  
14 months. So we know that all those folks are flying.

15 So to connect the two systems, a post travel  
16 audit is a challenging and costly venture for us. So  
17 we're hoping that the logical side of this will  
18 prevail and people will understand that there is no  
19 incentive, there is no penalty for a GSA traveler.  
20 Therefore, it is very easy for them to forget us when  
21 their mission or their plans change.

22 MR. BILLONE: Tom Billone, United Airlines.

23 I would like to give you an example. It doesn't  
24 necessarily pertain to the YCA, but there was a group  
25 travel. They had held space on an original jet for

1 over a month. They booked the space, they ticketed  
2 it. And two days prior to departure, they wanted to  
3 cancel.

4 Now, we have a tool in the groups where we  
5 charge cancellation fees, which we did. We wouldn't  
6 waive the cancellation fees because it was a regional  
7 jet. They held over thirty percent of the seats on  
8 that jet until two days prior to departure.

9 The same thing happens with regular  
10 traveler. Two days prior to departure, they can't --  
11 especially if they're on the passenger control list  
12 and they're loosened that fare out there -- that seat  
13 out there, and we can't sell it like in two days.

14 So we agree that there needs to be some kind  
15 of recourse in effect if somebody has canceled or  
16 ticketed the time limit because -- especially with  
17 regional jets. If they're holding seats on an  
18 regional jets, that's small seating, you know, not a  
19 lot of seats, and even if there were an attempt to  
20 sell them as that. So that's where we're coming from,  
21 and it happens.

22 MS. SMITH: Well, I would like to point out  
23 for those who aren't familiar that the move to groups  
24 from a commercial practice was something that GSA  
25 implemented just a couple of years ago to assist in

1 offsetting such situations. I think you can find all  
2 the particulars and maybe we can address it that way,  
3 in that instance.

4 MR. McMAHON: Kevin McMahon, Air Trans  
5 Airways. The issue with both ticketing time limits  
6 and the purchase date, the buy date, which is  
7 essentially an advance purchase, we would like to  
8 raise a question about it. That is: Whatever changes  
9 that would be applied to the capacity control CA  
10 fares, how would that change the weight scheme in  
11 terms of how the two fares are considered, or put  
12 together in that composite fare?

13 Right now, we've got 75, 25. And it's our  
14 opinion that if there are added restrictions, either  
15 by the capacity control fare, either on the ticketing  
16 or with the purchase, that the corresponding weight of  
17 that capacity control fare is given, should reflect  
18 that. It should go down. That is just something that  
19 we would like to raise.

20 MS. SMITH: We haven't gotten that far, but  
21 we appreciate it. It's a valid point. Because it  
22 does change the nature if something such as the  
23 ticketing time were implemented, it would change the  
24 nature of the dual fare.

25 MR. MUNSON: Brian Munson with Delta

1 Airlines. In my account reports, we pulled some data  
2 that reflected the third quarter 2006 data, which is  
3 the most current that we have on hand. We compared  
4 our traditional full-log bookings to our YCA and  
5 capacity controlled fares.

6           Based on ticketed, not booked, we've seen  
7 about a two percent, excuse me, double the amount of  
8 refunds on our YCA capacity controlled fares. So, in  
9 other words, just in the third quarter of 2006 alone,  
10 in YCA capacity controlled fares, I'd bet there were  
11 over 120,000 tickets that were ticketed and then  
12 refunded. I believe that's correct.

13           We do have some statistics that show that  
14 there is a high spike in ticketed and then refunded  
15 tickets in the YCA capacity controlled fares. Again,  
16 to that point, tying with inventory and --

17           (Multiple voices.)

18           MS. SMITH: Thank you. As I said, so far we  
19 have received no data, but any data would be very  
20 helpful to at least continue the discussion.

21           (Multiple voices away from microphone.)

22           MS. ARBEITER: Okay. Pam Arbeiter with  
23 Midwest Airlines. And I have not sent formal written  
24 comments, but I have had conversations with -- and  
25 Midwest Airlines also --

1 (Away from microphone.)

2 MS. ARBEITER: Again, statistically, I  
3 believe that Denny pointed out that -- a shift which  
4 ultimately --

5 (Away from microphone.)

6 MS. SMITH: Sorry about that.

7 (Electronic interference.)

8 MS. ARBEITER: And I can get you some data.  
9 We have been working very hard to try to find that  
10 data, but obviously -- it is very hard to slice and  
11 dice it, that specific data, but we are trying. What  
12 I have is raw data that I am not at this point  
13 confident that it's what we're looking for, but it's  
14 accurate. But I do want to on the record say that  
15 Midwest Airlines does fully support ticket time limits  
16 on both capacity control and full YCA.

17 MS. SMITH: Thank you. Could we hear from  
18 any customer agencies?

19 MS. GULICK: Hi, I'm Barbara Gulick. I am  
20 with the National Science Foundation. I am a travel  
21 manager over there. We have been having a lot of  
22 trouble this year with getting ticket refunds in a  
23 timely fashion.

24 We know that all the federal agencies, our  
25 travel budgets are so tightly squeezed that if we have



1 any at all, we need those refunds as quickly as we  
2 can. I know that there is one airline here in  
3 particular that's taking months because of an apparent  
4 something in the airline that I don't want to know.

5           That's a big issue to us. We are not a big  
6 agency. We do a lot of travel and I work to get the  
7 refunds. I work with my customers to make sure that  
8 they cancel in a timely fashion. I know that we're  
9 holding up inventory if we don't travel, but on early  
10 ticketing, when we can't get the refunds it's killing  
11 our budget.

12           MR. PETERS: Any other customers?

13           MR. CLIFFORD: Just one clarification.  
14 First of all, we've never changed. Northwest, nor has  
15 the agency changed on our position with respect to  
16 having ticket time limits imposed. In the last year  
17 that has never changed.

18           But what has changed is that Northwest has  
19 decided -- we did an analysis. We looked at the YCA,  
20 and we said: Hey, conditions are changing. You've got  
21 a lot more competing fares out there because we are  
22 getting more profitable, et cetera. The economics are  
23 strengthening.

24           So we said: Hey, we've got to have those  
25 restrictions on a YCA fare. That is what has changed.

1 I just wanted to make sure that everybody knows that  
2 the concept for ticketing time limits has not changed.

3 And ticketing time limits, we don't want --  
4 I didn't see any red lights, so. If a red light  
5 appears -- The ticketing time limit, the concept is  
6 really to allow -- I guess here is my question to the  
7 GSA: Why is the GSA so resistant to assimilate what we  
8 do on the commercial side of our respective  
9 businesses?

10 MS. SMITH: I would answer that we have done  
11 a lot to assimilate what's done on the commercial  
12 side. I would like to refresh everybody's memory  
13 again. We implemented the dual fare at the industry's  
14 request. We allowed for the code-share issue to be --  
15 as it is, it would fit commercially.

16 Last year, after much work and with  
17 industry's input and data, we also were able to  
18 implement a fuel surcharge because we recognized the  
19 impact of the high cost of fuel on the industry.

20 Having said that, I think you've been in the  
21 program long enough to understand that change -- we  
22 have to get all of our stakeholders, not just  
23 industry, but all of our stakeholders' input before  
24 any major change, and you're talking a radical change.  
25 Twenty-five years of having unrestricted tickets

1 refundable, changeable. And I'm not saying that we're  
2 not listening.

3           We are. We hear you, but that's a very,  
4 very fundamental change. It takes time and it takes  
5 working together, and it takes getting data; and it  
6 takes discussing much more than a few weeks.

7           And I'd like to point out, again, you have  
8 to give us -- because we keep hearing different  
9 things. I mean at the partnership, it was that's the  
10 only. Now, it's everything. We've only got written  
11 submission from two carriers. One was a week before  
12 we put out the draft. The other one was yesterday.

13           Now, you've got to give us more time. We  
14 can't implement such monumental changes, or even move  
15 forward, without more time. That's all we're asking.  
16 It's not that we're not listening. We are; we are  
17 recognizing that.

18           MR. CLIFFORD: Denny Clifford.

19           MR. PETERS: You have to hold the button  
20 down until the light turns green.

21           MR. CLIFFORD: Okay. You're listening. The  
22 problem is you're not acting.

23           MS. SMITH: I would disagree with that.

24           MR. CLIFFORD: Let me put this in  
25 perspective. You keep telling us whenever we bring up

1 a major fundamental change in this program, you  
2 always come back and tell us: This is what we've done  
3 for you.

4 Now, let me put things in perspective. On a  
5 scale of one to ten, ten being the fundamental change  
6 that we're referring to. As an aside, let me tell you  
7 this is a fundamental change. You know why? Because  
8 this industry has fundamentally changed and you're not  
9 recognizing it. You're not keeping up with the facts  
10 that we have changed fare rules to incorporate  
11 penalties and restrictions because the economics and  
12 the industry have changed.

13 This is my fifteenth contract. As I was  
14 telling somebody earlier: Why am I in this business  
15 for fifteen years? And then you go back to the  
16 definition of sanity. You know, keeping doing the  
17 same thing without a different result at the end.  
18 That's exactly what's happening. There have not been  
19 fundamental changes in this contract for the fifteen  
20 years that I've seen it.

21 By fundamental what do I mean? On a scale  
22 of one to ten, ten being at the high end, the  
23 ticketing time limit being for changes and reissues, I  
24 put that as a cap. Then you say: All right, you're  
25 given us the fuel surcharge. Where does that fall?

1 That's a three.

2 MS. SMITH: Well, last year, it was a ten,  
3 okay.

4 MR. CLIFFORD: That's right because that was  
5 a big deal last year.

6 MS. SMITH: All right, so we addressed it.  
7 So give us some credit here.

8 MR. CLIFFORD: As I said, I'm putting things  
9 in perspective, referencing ten as a major. If it was  
10 a ten last year, fine, then the ticketing time limit  
11 was a hundred.

12 My point is this: The fuel surcharge is a  
13 three on a scale of one to ten. The code-share issue  
14 is really a non-issue. That was a two or a three.  
15 The reason is: You had to acquiesce to that because it  
16 was illegal for those code-share partners to do  
17 anything about it.

18 You couldn't have forced that on us anyway.  
19 So you had to back off of that. That was not a given.  
20 The group, the surrounding thing, going down to ten.  
21 For some carriers know it as a big deal. It's really  
22 a one or a two. I'm doing this to try to tell you  
23 that this no kidding is a fundamental change.

24 In the ticketing time limit, we're not  
25 asking for any money. All we're asking is for us to

1 get the seat back to sell it. If the person doesn't  
2 fly, you get a refund. If the person books and  
3 cancels, fine, just give us the seat back. But  
4 they're not giving it back to us. We don't know about  
5 it. That's why we have to have this.

6 MS. SMITH: So we could do a ticketing time  
7 limit, but then get a full refund? That would be a  
8 fair way.

9 MR. CLIFFORD: Yes, absolutely. This is  
10 negotiable. I'm saying that you need to assimilate  
11 what we're doing on the commercial side of the house.  
12 This is not black and white, okay. We want the seat  
13 back and we're not charging you for that seat.

14 But the only way to do that is to put some  
15 parameters around it. It's called: ticketing time  
16 limits. We do it for everybody else.

17 MR. PETERS: Anybody else? All right.

18 MS. SMITH: Any other comments? I would  
19 just like to point out that I think that there is a  
20 difference of opinion what the scale of importance of  
21 things varies year by year. We try to keep up, but we  
22 do need lead time, advance time to make changes and to  
23 do them because it is across all government.

24 I would like to also just remind everybody  
25 that times are good now for the industry and you don't

1 really need us. But when times were bad, you needed  
2 us, and when times are bad, we're there. We are a  
3 steady business, a steady source of income. I would  
4 just like to remind you of that.

5 Thank you for your support.

6 MR. PETERS: Linda, did we have other issues  
7 that we were going to move on to?

8 MS. SMITH: Those were the issues.

9 MR. PETERS: Can I ask some more questions  
10 and comments from back here?

11 MS. SMITH: Yes.

12 MS. COX: Queenie Cox with the U. S.  
13 International Trade Commission. I had a couple of  
14 travelers that did have an issue about -- after they  
15 were ticketed, having a seat assignment and that they  
16 actually did not have a seat assignment when they  
17 reached the airport.

18 Now, for me, if it's one of my presidential  
19 appointees, it's a big deal. But for others, you  
20 know, we can slough it off. So what can we do about  
21 this situation?

22 MR. BILLONE: Tim Billone, United Airlines.  
23 This is an issue that is very dear to my heart as you  
24 know. Seat assignments and --

25 (Multiple voices.)

1           MR. BILLONE: But anyway, No. 1, her pushing  
2 about presidential appointees, right, okay. We do not  
3 due to ethics reasons make any exceptions for anybody  
4 no matter what level in the government they are.  
5 Okay? We cannot do that.

6           So we are applying our policy that we apply  
7 towards to our general traveler to everybody. So  
8 we're not discriminating against the government. The  
9 seat assignments are placed for everybody.

10           Now, if you travel enough and become a  
11 premier exec, you will get a seat assignment  
12 immediately. You also have the option the day of  
13 travel or the night before if you check in online to  
14 use your own personal credit card to upgrade your seat  
15 to the an economy-plus seat so you'll have a seat  
16 assignment. Okay?

17           Otherwise, you're going with everybody else  
18 on that plane who does not have a seat assignment  
19 because we oversell those planes anyway. So this is  
20 the issue. I mean if it applies to the general  
21 public, it applies to you too. I am not making an  
22 exception for a presidential appointee because I don't  
23 want my name in *The Washington Post* period, and I  
24 don't want United Airlines to be in that position  
25 either. So that's where we're at.



1 MS. SMITH: But we do need to point out that  
2 the contracts - with last seat availability have  
3 always said that we would get a seat. What particular  
4 seat - that's never been under the purview of this  
5 contract. That - we follow commercial practice on.

6 MR. PETERS: Do we have another comment?

7 MS. COX: Well, I use the presidential  
8 appointee scenario because of the fact that it does  
9 have certain ramifications. Also, the fact that it is  
10 a big issue for the traveler, particularly when they  
11 do book in advance and they are ticketed in advance,  
12 and pay for that ticket, and they think that they have  
13 the seat that's on that ticket; and then they get  
14 there, - particularly on an international flight, and  
15 they end up having a seat in the middle when, you know  
16 -- well, they asked for a seat and the airline issued  
17 them a seat in a specific row.

18 So, when they get there, they find out that  
19 it's not there. That's what I'm saying.

20 (Multiple voices.)

21 MS. COX: Well, that's okay, forget it.

22 UNIDENTIFIED SPEAKER: This is an  
23 interesting issue that's been going on for a while and  
24 I think we need to hear this.

25 MR. PETERS: I have a quick question, then.

1 My question is: Is this something that is resolved  
2 here, or is this something that should be taken off  
3 line. Could I hear from other carriers as well?

4 A raise of hand please, if we want to address  
5 this now.

6 MS. SMITH: I would take it off line.

7 MR. PETERS: Okay. So we are going to go  
8 ahead and take it off line. Thank you very much.

9 MR. BILLONE: Could I ask another question?  
10 Could I ask of you about the listing of the contact,  
11 the point of contact? What exactly are you looking  
12 for?

13 MS. SMITH: We're trying to have -- I know  
14 right now most of the time, you get all of the  
15 customers-service questions. But what we are trying  
16 to do is also have -- because we know you have web  
17 sites, you have a customer-service process to identify  
18 that for customers.

19 Then, if it's really something that no  
20 resolution is coming -- it is really related to a city  
21 pair issue, and a contract issue, then we would  
22 contact you also. We have then a way to better assist  
23 the customer, that's all.

24 MR. BILLONE: So if I understand this  
25 correctly, you want our web site to identify where our

1 customer service processed normally is; and, in  
2 addition to that, you want a specific contact number  
3 for a specific contact person, or is it just a name to  
4 put on our customer relations e-mail address and phone  
5 number on our web site?

6 MS. SMITH: Whatever you do commercially.  
7 If you would still be the contract administration  
8 point of contact and then issues that we need --

9 MR. BILLONE: Okay, but now --

10 MS. SMITH: But then --

11 MR. BILLONE: -- the things that we have now  
12 on our web site --

13 MS. SMITH: Exactly.

14 MR. BILLONE: -- that's open.

15 MS. SMITH: So we have that and we can make  
16 that available on our web site.

17 MR. BILLONE: Thank you.

18 MS. SMITH: Okay. Well, I'm going to recap.  
19 Are there any further comments, questions? Yes.

20 MR. CLIFFORD: Are we finished with the  
21 discussion on changes and issues on the refunds?

22 MS. SMITH: I am waiting for more  
23 information here. We haven't --

24 MR. CLIFFORD: I thought you were beginning  
25 to wrap things up. I didn't know.

1 MS. SMITH: Well, is there any more  
2 discussion that anybody wants to have on these topics?

3 Not all carriers are here, No. 1. And not all  
4 carriers are in agreement, but I would ask that I  
5 think what we can take away from this meeting is to  
6 ask each carrier, and we will contact those that are  
7 not present, but those that are present, that you  
8 submit to us exactly what you're looking for and  
9 prioritize them.

10 Also, I would hope that you would keep in  
11 mind what we have talked about from the customer's  
12 side, not just everything you want but maybe  
13 prioritize that; and then, as some of you have  
14 alluded, you do have some data, that you would provide  
15 supporting data, as possible.

16 I think from there, we could move forward,  
17 but we can't come to any decision right now, if that's  
18 what you're looking for.

19 I do think we have comments.

20 MR. CLIFFORD: I just have one point on the  
21 refund issue, what data are you looking for? I've got  
22 203 pages of data here.

23 MS. SMITH: Okay.

24 MR. CLIFFORD: And you have all that data.

25 MS. SMITH: I should clarify that. What is

1 being referred to - for the reason for having  
2 ticketing time limits - is spoilage. That's what I  
3 was referring to. The data we don't have, that you  
4 have.

5 MR. CLIFFORD: So you need spoilage on the  
6 ticketing time limit, well, okay. You have all the  
7 data for refunds then, apparently.

8 MS. SMITH: Or you can tell us. It was also  
9 shared today. You know how many, what percentage are  
10 being canceled. Any information like that. I mean  
11 you talk about common sense to me. That would be  
12 common sense data.

13 MR. CLIFFORD: Well, I think it's common  
14 sense. But --

15 MS. SMITH: I would go back and ask for --  
16 it's been indicated there is data that possibly can be  
17 shared with us and we would appreciate that.

18 MR. CLIFFORD: I know that a request has  
19 been made from senior management within the GSA to get  
20 that data. What if they don't get it?

21 MS. SMITH: We'll work from there.

22 MR. CLIFFORD: I just -- why are we failing,  
23 or why am I failing to communicate the fact that since  
24 we do this as best-enriching (ph) practices for the  
25 rest of our passengers, why is the GSA, why is the

1 military and government passenger so different at  
2 lower fares?

3           You said yourself, they get seventy percent  
4 off the Y.

5           MS. SMITH: And we don't dictate what you  
6 offer us. We appreciate the discount, the taxpayer  
7 appreciates the offer.

8           MR. CLIFFORD: But that's not the question.

9           MS. SMITH: Denny --

10          MR. CLIFFORD: I want to know why our  
11 definition --

12          MR. AQUILINO: The YCA was not your  
13 definition, Denny.

14          MR. CLIFFORD: It was an unrestricted  
15 ticket, just like the highest Y that you sell in your  
16 cabin. So now we're talking --

17                   (Multiple voices.)

18          MR. AQUILINO: First, what you're done is  
19 redefine what the Y is, the YCA, and then you're  
20 saying: It's a discounted Y. It should be treated  
21 differently.

22                 We never looked upon it as a restricted Y  
23 ticket. We looked at it as a unrestricted Y ticket at  
24 the highest level.

25          MR. AQUILINO: That's the problem. That's

1 precisely the problem and we're saying --

2 MR. CLIFFORD: What you're talking about --

3 MR. AQUILINO: We put restrictions on that  
4 because it's such a low fare. That says it right  
5 there.

6 MR. AQUILINO: And this is the first time  
7 that we've heard this. As Linda said, we just got it  
8 recently, last week or a couple of days ago in some  
9 instances.

10 MR. CLIFFORD: Then why is so difficult to  
11 get your arms around the fact that that definition  
12 should apply with those same restrictions that I  
13 mentioned earlier as it does with something similar in  
14 our commercial business.

15 MS. SMITH: I haven't said that we wouldn't  
16 think any view of the things that have been mentioned.  
17 What I have said and I think this is important: -  
18 This is a huge change that is being proposed. It  
19 cannot be just -- the GSA cannot just say: Oh, make  
20 the change and voila. GSA just changed everything.  
21 What used to be refundable, changeable, et cetera  
22 isn't any more. It can't be just like that, okay,  
23 that's all I'm saying.

24 Also, bear in mind, not all carriers are in  
25 agreement on this. So I would like, again, I would

1 request that you submit -- if you already have, great.

2 If there are no changes to it, we will take that as  
3 what you want. But if you could prioritize, if you  
4 could provide data, we can then start from that and  
5 move into discussion with our customer agencies and  
6 further discussion with industry.

7 Is there one more?

8 MS. DAVIS: Angela Davis, THF. I'm just  
9 wondering how does this ticking time limit, how does  
10 it align with FTR, or JFTR, FATT? How does it align  
11 with some of the travel regulations that we are under?  
12 Can you give a specific?

13 MS. SMITH: It doesn't right now. There are  
14 none. The FTR would have to be revised. I mean there  
15 is a lot involved; regulations would have to be  
16 revised to your point. It is not something that just  
17 -- you know, we are different from the corporate or  
18 commercial world in that sense.

19 We are your largest customer and we ask that  
20 you work with us.

21 Yes?

22 MR. PETERS: I want to ask these in the  
23 order that they came up earlier.

24 MR. TIRRELL: Since you've mentioned the  
25 Holy Grails now, I want to -- I can't talk for the FTR



1 person. I can talk JFT or JTR. Denny's concept here  
2 of --

3 MS. SMITH: Identify yourself please.

4 MR. TIRRELL: I'm sorry. I'm Bill Tirrell.  
5 I work for the Per Diem Travel and Transportation  
6 Committee, The Boys and Girls that bring you JTR, on  
7 behalf of the services I might add, the Defense  
8 services and outside services.

9 Denny's concept here of restricting, in some  
10 fashion, a YCA fare and restricting a Dash CA fare  
11 other than based on a capacity of control that now  
12 exists is absolutely alien to the entire Defense  
13 Department's travel system.

14 Now, is it a good idea? Perhaps it is. I'm  
15 not arguing that, but it is absolutely alien. It is  
16 contrary, a 180 degrees out, however you want to  
17 address it. Since 1981 when the program started, and  
18 I speak with authority on this, we have always  
19 directed people into the City-pair program whenever  
20 it's possible.

21 When the Dash CA fares came in, those became  
22 the fares of choice because they were the least  
23 expensive to Defense, who was the customer. I've  
24 heard the question asked: What are the differences  
25 between the commercial world and Defense?

1           I could go on for an hour but I don't care  
2 to do that. But the mission of the Defense Department  
3 is somewhat different than IBM's or AT&T's or Mobil's  
4 or like that. Plus, we operate under these pesky  
5 things called laws and not corporate policy, which can  
6 be changed within some legal parameters almost at  
7 will.

8           If in fact this change is made, though, it  
9 will impact the regulations, as opposed to  
10 contradicting them. When that change is made to the  
11 regulations, I will have to, in some way, and this  
12 includes the Defense travel regulation issued by  
13 TRANSCOM. It will, in some way, the regulation will  
14 have to address it because if you will drive some  
15 differences. What happens?

16           You know, I try to book way far in advance  
17 because that's what everybody has always told me to  
18 do. If I find out about a trip, I book it now. I  
19 really get aggravated in June or July when I have an  
20 October trip and I can't book. I mean, I go into  
21 chaos, obsessive-compulsive chaos. My point is this  
22 is new. The regulations themselves don't address it  
23 because it doesn't exist.

24           MS. SMITH: Thank you. Tom Billone. Tom  
25 was waiting.

1           MR. CLIFFORD: I think the whole issue here  
2 is being obscured by what I stated about YCA. Let's  
3 take that off the line, okay. We know what you think  
4 about that. You've heard it from a couple of airlines  
5 in here. Others may disagree with the YCA portion.

6           Let's move the discussion over to the blank  
7 CA fare and ticket time limits. What do you think  
8 about that? I mean those -- then we're not comparing.  
9 If you say it's apples and oranges, then you've got  
10 apples and apples in the same bin because we've got a  
11 blank CA restricted fare compared to other restricted  
12 fares that requires a ticket time limit.

13           We have a more significant issue with the  
14 Blank CA than we have with the YCA.

15           MR. PETERS: Any thoughts on that issue?

16           MR. AQUILINO: I'll take that. Vince  
17 Aquilino from PMO. I would like to hear from the  
18 agencies, but we have people that buy tickets in  
19 advance and pay for them in advance. We have agencies  
20 that do that.

21           But we have other customers that tell us  
22 that that's anathema to them; that having to purchase  
23 the tickets so far out is a problem. Then you would  
24 have more of a problem with refunds and unused tickets  
25 that you didn't have before when they held the ticket

1 to three days out and then purchased it 72 hours out  
2 or 48 hours out. So we may be exchanging one problem  
3 for the other. but, in any event, we know that we  
4 have that.

5           What we need to do is find out the magnitude  
6 of this issue with you all about spoilage in the terms  
7 of ticketing times, so that we can explain to the  
8 customers why your issues are and how much it is  
9 impacting you.

10           MS. SMITH: Also, if you could add: to  
11 provide us with your commercial practice because I  
12 know that it varies by carriers just so that we get a  
13 better feel for what -- if you're talking about the  
14 Dash CA, then what is your commercial practice?

15           If you're talking about the YCA, let us know  
16 the specifics. If we could get data, if we could get  
17 the specific from you and prioritized what's  
18 important, we can go from that, recognizing exactly  
19 what Bill so eloquently put that this is a cardinal  
20 change, this would be; and we're having the  
21 discussions and that we have to go through a lot more  
22 discussion before anything would change. It's a huge  
23 change, if it works.

24           MR. PETERS: We have another topic for  
25 discussion.

1 (Multiple voices.)

2 MR. BILLONE: Tom Billone, United Airlines.

3 We've moved away from ticket time limits. In the  
4 carrier conference we had in the fall, we asked about  
5 compliance reports. I don't see it addressed  
6 anywhere. It is very important to us to get  
7 compliance reports; it's important to our pricing  
8 people.

9 I mean we can see what's being booked on us,  
10 but we don't know what the overall picture is. You  
11 tell us that we're going to get x amount of people in  
12 a certain City Pair. We don't know if we're getting  
13 that. Another carrier doesn't know if they're getting  
14 that. And we have requested that since you're able to  
15 get data now because you're using an ARC; you're using  
16 your Smartpay card reports, you should be able to  
17 provide each carrier with: This is your City Pair for  
18 United that you've won, and this is what you're  
19 getting on that, and this is what is going on another  
20 airline.

21 I don't see that addressed anywhere. Is  
22 this something that's going to be addressed elsewhere  
23 or is it going to be in this?

24 MS. SMITH: I believe that when we talked  
25 about it -- I'd have to go back to my notes -- but I

1 believe when we talked about it at the last meeting,  
2 at the partnership meeting, we advised you that we  
3 don't have compliance. We are working towards that.  
4 We just signed a contract for business intelligence  
5 with ETS, DTS.

6 We anticipate having that information. But,  
7 at this moment, we have usage, ticketed and you have  
8 the flown data. You have better data than we have  
9 right now.

10 MR. CLIFFORD: We have all the data.

11 MS. SMITH: Right.

12 MR. CLIFFORD: But we don't know -- I can't  
13 even compare to others in L. A.

14 MS. SMITH: But --

15 MR. CLIFFORD: I don't know if I'm getting  
16 90 percent or I'm getting 50 percent of the business,  
17 and that's what we want. As we conclude from our  
18 corporate business and that's what we want to get from  
19 here.

20 MS. SMITH: And that's the goal, but we're  
21 not there yet. We're implementing things that will  
22 lead to that, but we're not there yet.

23 MR. CLIFFORD: Thank you.

24 MS. SMITH: Any other comments or questions?

25 Well, we appreciate everybody taking the time to

1 attend. And, as I said, the transcript of this  
2 meeting will be posted on line, and also you can  
3 submit comments and questions on the 13th of February.  
4 All of those will be posted on the web also.

5 Thank you very much.

6 MR. PETERS: I would just like to ask  
7 everybody if they didn't sign in on the way in, if  
8 they could make a point of doing so.

9 (Whereupon, at 12:25 p.m., the meeting in  
10 the above-entitled matter was concluded.)

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

REPORTER'S CERTIFICATE

DOCKET NO.:

CASE TITLE: City Pair Program FY 2008  
Pre-Solicitation Meeting

HEARING DATE: February 6, 2007

LOCATION: Arlington, VA.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the General Services Administration.

Date: February 6, 2007

Christina Chesley

Official Reporter  
Heritage Reporting Corporation  
Suite 600  
1220 L Street, N.W.  
Washington, D.C. 20005-4018

Heritage Reporting Corporation

(202) 628-4888