



Photos: Fanny Olmo

From left, Capt. Andy Hughes, Mesa Master Executive Council chairman; Jonathan Ornstein, Mesa CEO; Capt. Tim Canoll, ALPA president; and Kevin Wilson, Mesa vice president of flight operations, celebrate the contract.

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The recent agreement between Mesa pilots and management ratified on July 12, 2017—a contract almost seven years in the making—is the definition of “a long time coming.” Since sending the formal Section 6 notice to bargain on Sept. 10, 2010, and the first bargaining session in March 2011, countless hours were put into achieving a contract that Mesa pilots could vote for and be proud of. That long road included a failed tentative agreement (TA) in October 2015 and multiple Negotiating Committee members along the way, but the perseverance of the Mesa pilot volunteers ultimately paid off.

How Mesa Pilots Finally Got the Contract They Deserve

Background and environment

Historically, Mesa pilots have faced difficult challenges in negotiations. Shortly after their 1996 contract became amendable in late 2001, Mesa Air Group (MAG), the parent company of Mesa Airlines, created a new subsidiary to circumvent a contract restriction. By creating this new subsidiary and using nonseniority list pilots, MAG could operate flights for two mainline carriers while benefitting from having one nonunionized labor group, potentially undercutting ALPA pilots at the other subsidiary airline.

Because of this, the Mesa pilot group opted to focus bargaining efforts squarely on job security and sacrificed other bargaining objectives in an effort to bring all subsidiary

a long time

flying under one airline—Mesa. On March 18, 2003, the Mesa pilots ratified their agreement, which brought “all pilots from the Mesa Air Group carriers...into one seniority list and under one contract. Management’s practice of using alter-ego carriers to take jobs away from Mesa pilots [resulted in] job protection being a priority in these negotiations,” noted ALPA’s press release about the agreement.

The next contract negotiations began in fall 2006 but were overshadowed by lawsuits with Hawaiian Airlines and Aloha Airlines over MAG’s Hawaiian go! operation. The potential legal liability of those lawsuits was so significant that the Mesa pilots ended up ratifying a contract achieved in a little more than a year that contained modest improvements.

That contract became amendable on Sept. 10, 2010, about nine months after MAG filed for Chapter 11 bankruptcy protection. On March 1, 2011, MAG exited bankruptcy with 100 fewer airplanes, and negotiations soon began. But the bankruptcy process made it impossible to achieve the pilot group’s goals. Finally, in the fall of 2015, the Mesa pilots’ Negotiating Committee reached a TA with management. The Master Executive Council (MEC) supported the agreement, believing it was the best that could be achieved given the post-bankruptcy environment. On Oct. 2, 2015, the pilot group voted against ratifying the TA.

The pilots were frustrated, explained Capt. Andy Hughes, the MEC chairman, “and they had every right to be—the company wasn’t offering them anything at all.” It didn’t help that shortly after telling the pilots there was no more money to put into a TA Mesa announced the planned purchase of new airplanes. “There were a whole lot of negative connotations with that first tentative agreement,” acknowledged Hughes, who knew the MEC couldn’t go back to the pilots without improvements.

Following the rejected TA, the first order of business was rebuilding the pilot group’s committee structure, as many hardworking volunteers were worn out and resigned from their positions—including the pilots’ Negotiating Committee members. While undertaking that project, Hughes also

asked staff in ALPA’s Economic & Financial Analysis Department to begin working with management to better understand the company’s financial situation. The company had been claiming that its financial condition remained precarious given an extensive engine overhaul project that affected more than half of the carrier’s growing fleet. This turned out to be true—creating the potential for more difficult negotiations.

By spring 2016, the MEC felt ready to resume bargaining. “Our MEC empaneled a new Negotiating Committee, which along with our Representation Department staff lawyers, developed a plan for achieving an amended agreement that involved a new communications plan, polling the pilot group, and approaching negotiations from a very focused perspective,” said Hughes.

Bargaining priorities and process

As part of their strategic negotiations plan, the pilots identified their bargaining priorities through a telephone poll. It wasn’t a surprise that increasing pay rates was the number one goal for 66 percent of the pilots polled—and number two for another 25 percent. And a whopping 87 percent of pilots polled said that it was “absolutely essential” that the contract focus squarely on the hourly pay rate.

In a meeting with senior management personnel, Hughes recalled telling them, “We don’t know where you’re going to find the money, but if we’re going to get a deal done—and we need to get to an agreement to stem the attrition and hire new pilots—you’ll have to come to the table with some serious money.” As an indication of where the fee-for-departure industry was going, Hughes pointed to the signing and retention bonuses that other carriers were providing their pilots.

To help focus the negotiations on the key bargaining objectives, the pilots’ Negotiating Committee, assisted by Sally Glover, ALPA’s labor relations counsel, evaluated the failed TA and quickly recognized that it contained considerable improvements over the pilot group’s then current contract. “We saw that with some minor tweaks here, and some

hard bargaining there, we could reach an agreement that achieved the pilots’ goals,” commented Glover.

After approximately six months of narrowing the issues and reaching agreements on noneconomic topics, it became clear that the pace was slowing and management was more hesitant to reach agreements where real costs were involved. “At that point, we engaged in some high-level strategizing with ALPA staff and decided to provide management with a comprehensive closeout proposal,” said Capt. Marcus Thompson, chairman of the Negotiating Committee. “Management didn’t like our proposal, but it knew that it was reasonable and a pathway to an agreement,” he added.

Eventually, the parties came down to about 15 costly items, but the talks had clearly stalled. On March 31, 2017, ALPA filed an application for mediation services with the National Mediation Board (NMB). “We went into mediation with three key elements,” explained Andrew Shostack, assistant director of ALPA’s Representation Department. “Number one, we had a pared-down list of bargaining objectives. Number two, we had clear direction from the pilots, along with their and the MEC’s unwavering support. And number three, we had parties—on both sides of the table—that were motivated to, and could, reach an agreement,” he added. After two weeks of intensive negotiations with a mediator, separated by a week of language drafting, the parties had reached a new TA.

“We spent a lot of time talking with management’s negotiating team, which now included two senior company officials, about the needs of our pilots and how we must be part of our industry instead of lagging far behind in pay” said Capt. Max Woods, a member of the pilots’ Negotiating Committee.

“We achieved a lot of the things that we wanted in the agreement,” said Glover. “Maybe not as much in some areas, but overall we got a great deal of what we had in our comprehensive proposal.” She credits the pilots’ Negotiating Committee for the quality of the contract. “This was a strong Negotiating Committee,” she said. “The members were able to get the company to move great distances while offering much smaller concessions in return. Most importantly, they were willing to stand very strong to fight for their pilots. The committee was very firm in its belief in what the pilots deserved and what they were due.”

So what does this mean for the individual Mesa pilot? Lots more than meets the eye, it turns out.

coming

Pay rates

As the years went by without a new contract, Mesa fell further and further behind other airlines in the fee-for-departure sector, and its pilots have been among the lowest-paid ALPA pilots over the past five years. By the end of this contract, however, Mesa pilots will be in line with their fee-for-departure peers.

“First and foremost, we achieved pay increases for all Mesa pilots,” said Woods. The average is a 7.5 percent pay increase for captains and an average 27 percent pay increase for first officers, providing an overall average increase of 12.3 percent for the entire pilot group. “Throughout the life of this agreement,” he said, “our pilots will see more than an 18 percent increase in money than in our current contract due to various contractual improvements. These pay increases will not only move us from an industry outlier in pay, but also put us in line with our fee-for-departure peers.”

Elimination of base pay

The prior contracts used “base pay” as a means for compensating pilots for soft time. All Mesa pilots received the lowest equipment pay rate for their longevity (based on CRJ200s, which are no longer part of Mesa’s fleet) for all training, deadheading, reserve standby, vacation, and sick leave. Pilots would then be paid their actual equipment rate for block hours flown. “We were able to build upon the work of the prior Negotiating Committee and completely eliminate base pay in this contract,” said Capt. James Macias, a Negotiating Committee member. “This amounts to thousands of dollars in increased annual earnings for our pilots,” he noted.

Adding it all up

While the increased pay rate and the elimination of base pay are the two main items that positively affect Mesa pilots’ bottom line, there are a number of hidden benefits that will enhance both the pilots’ paychecks and quality of life, including

- » **deadhead pay.** The deadhead percent was increased from 50 to 62.5, but pilot compensation is further increased with the elimination of base pay and a prior restriction only compensating pilots for a maximum of two hours of deadhead time.
- » **vacation.** Vacations for all pilots will



» Capt. Tim Canoll, ALPA's president, signs the new Mesa collective bargaining agreement.

now be paid at their applicable pay rate instead of the old CRJ200 rates. The MEC also secured an extra week of vacation for senior pilots. The contract also calls for a modernized vacation system. “This new automated system will allow for easy trading, swapping, and dropping of vacations,” explained Thompson.

- » **training.** Pilots will now get paid for all three days of AQP. With the elimination of base pay, all training, including online training, will be at the pilot’s applicable pay rate.
- » **long layovers.** A two-hour pay credit will be added to the trip pairing credit for layovers of more than 28 hours.
- » **sick time.** Sick time for reserve pilots will be paid at their applicable rate, not base pay. The agreement also implements cash-out programs for certain retiring pilots and those with high attendance levels.
- » **minimum guarantee.** The new agreement puts Mesa pilots “second in the industry with a new minimum guarantee of 76 hours,” according to Thompson.
- » **401(k).** All pilots will have an improved vesting schedule with enhanced matching by the company.
- » **tax-free iPad reimbursement** of \$40 per month.
- » **reimbursement for parking** other than at a domicile.

Other improvements to the contract that affect quality of life include

- » **hotel language.** “Our prior hotel

language consisted of only one paragraph. However, what we secured now covers eight pages of improvements, such as hotel criteria, long-layover hotels, van delay protection, and ALPA involvement in hotel selection,” Macias explained.

- » **an improved PBS timeline.** “This will allow pilots to receive schedules much sooner so that they can make plans for their personal lives,” said Macias.
- » **improved reserve rules.** “We achieved major improvements for our reserve pilots such as an aggressive reserve pick-up system that enables reserves to have some control over what trips they actually operate,” Macias noted.

In addition, there’s a six-month early opener for the next contract, with a clearly defined process for private mediation to help narrow contract issues. If the parties are unable to reach an agreement during this time, the pilots are effectively poised for another limited round of mediation under the auspices of the NMB. “We explained to management that not only did the pilots clearly state that pay was a priority, but that they had no appetite for another six-year negotiation,” said Hughes. “We ended up with not only a process to potentially negotiate faster, but also added 1 percent raises during the first two years past our amendable date.

“This is an agreement that completes what was started with the 2003 ‘scope contract’ and raises almost all of our standards and total compensation going forward,” acknowledged Hughes. “Our pilots should know just how hard everyone worked to look out for their interests and should once again be proud to be an ALPA pilot flying for Mesa Airlines.” ✉