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:

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REBECCA KOSES, GSA
BARNEY BRASSEUX, GSA
LINDA SMITH, GSA
CRAIG YOKUM, GSA
ERGENE LEE, GSA
JERRY W. ELLIS, GSA
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STEPHANIE COOKE, GSA
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JUAN LAGUNA, UNISYS/Contractor
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Agency:

BOB SHANNON, US Transcom
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DIANA JOAQUIN, DHS
DAVID MOORE, CDC
SARA FLOYD, EPA
DOROTHY SUGIYAMA, DOI
ANGELA DAVIS, DHS
HOWARD BARRS, NAVY
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.

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.

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

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

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

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

Thank you, Midwest Airlines, for the several Midwest markets to key destinations, especially Kansas City. You help support the FBI, Corps of Engineers,
and your service in Kansas City has special meaning to GSA, as it is home to our National Finance Center, and, of course, your infamous cookies have made many travel experiences much more enjoyable.

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

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

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

Thank you, US Airways, Air West. Your merger expands your service area, and thank you, in particular, for the outstanding service in the shuttle triangle of Washington, Boston, and LaGuardia.
The numerous markets in and out of the Reagan National area help support the nation's capital, and whether you carriers provide and support long-range, international, strategic, inner-theater operations; short-range, international theater operations; domestic CONUS, DoD supply distribution; or Alaskan Aerospace Defense Command support, a double-thank you goes to all of the carriers in support of DoD's Civil Reserve Air Fleet program.

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

(Applause.)

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

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

The Federal Acquisition Service, you've heard about the last three to four months, has been formally approved and is in the formation phases,
reorganizations. Certainly, the airline business understands that a little bit: mergers, acquisitions. We are in that same process.

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

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

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

I am providing resources, working closely
with Becky and Linda, and Vince Aquilino, who works in our program office, has been sort of integrating to support the rest of the acquisition management team, and I wanted to give that introduction to you guys. They are going to handle the presentation today.

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

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

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

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

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

(No response.)

MR. BURKE: Terrific. Thank you.

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

What we thought we would do, as you see on the agenda here, is, after I'm done, I'm going to introduce Thomas Peters, who is going to be the facilitator, making sure we keep on track and get
through all of the agenda items, and then we'll have introductions of everybody that's in the room, and then I'll introduce the contracting team, and we'll start going through the proposed changes to the FY 08 draft solicitation. We would like, even if they are minor, we would just like to go over them so that everybody is aware of them.

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

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

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

Most importantly, I think, for all of you, you need to understand that the restrooms are right
outside, and, again, there's also some vending
machines out and then down to the left.

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

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

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

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

MS. PARKER: Dania Parker with GSA.

MR. LAGUNA: I am Juan Laguna,

UNISYS/Contractor.

MS. SOLDATCHENKOVA: Natasha Soldatchenkova,
MS. DUQUETTE: Barbara Duquette, EDS.
MR. SHANNON: Bob Shannon, Department of Defense, United States Transportation Command.
MR. ALLOWAY: George Alloway, GSA, Travel and Transportation, Region 3.
MS. SCOTT: Annie Scott, GSA, Audit Division.
MS. BOSTICK: Vera Bostick, GSA, Audit Division.
MS. STONER: Debbi Stoner, National Security Agency, DoD.
MS. BRYANT: Kimberly Bryant, National Science Foundation.
MS. GULICK: Barbara Gulick, National Science Foundation.
MS. JONES: Angela Jones, GSA, Transportation.
MS. WOUNDY: Terri Woundy, NCUA.
MR. ROUX: Eric Roux, Delta Airlines.
MR. GRIGSBY: Lee Grigsby, Delta Airlines.

MR. MUNSON: Brian Munson, Delta Airlines.

MR. MOORE: David Moore, Centers for Disease Control, in Atlanta.

MR. SZNAJDER: Gary Sznajder, Continental Airlines.

MS. CARRUTHERS: Ginny Carruthers, Alaska Airline, East Coast Sales, based in Washington, D.C.

MR. DEMARCKI: Al Demarcki, EPA, Financial Management Division.

MS. FLOYD: Sara Floyd, EPA.


MR. LUNDEBY: John Lundeby, Air Mobility Command, supporting the Department of Defense.

MR. BARRS: Larry Barrs, Department of the Navy.

MR. STAEFE: Klaus Staefe, NASA, Agency Transportation Manager.

MS. VANSLOW: Debbie Vanslow, EPA, Cincinnati Finance Center.

MS. BARFIELD: Laura Barfield, American Airlines.

MR. COYLE: George Coyle, American Airlines.

MR. ROLLINS: Greg Rollins, GSA, Services
Acquisition Center.

MS. COOKE: Stephanie Cooke, GSA, Services

MS. UDDOWLA: Mahruba Uddowla, GSA, Services

MR. MURPHY: Eddie Murphy, GSA.

MR. LEE: Ergene Lee, GSA.

MR. JOHNSON: Kelvin Johnson, GSA.

MR. McMAHON: Kevin McMahon, AirTran Airways.

MR. JUNK: Joshua Junk, AirTran Airways.

MS. CARLOCK: Andrea Carlock, Defense Travel Management Office.

MR. HICKS: Howard Hicks, Defense Travel Management Office.

MS. HALL: Shirley Hall, Defense Travel Management Office.

MR. IVESTER: Ron Ivester, Sato Travel, Business Development.

MS. SISSON: Sara Sisson, Northwest Airlines.

MR. CLIFFORD: Denny Clifford, Northwest Airlines.

MS. ARBEITER: Pam Arbeiter, Midwest Air Group.
MS. SUGIYAMA: Dorothy Sugiyama, Department of the Interior.

MS. BOWMAN: Mickey Bowman, Mesa Airlines.

MS. SHANE: Deborah Shane, Mesa Airlines.

MS. PERRY: Ruth Perry, GSA CFO.

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

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

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

MR. BILLONE: Tom Billone, United Airlines.

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MS. TADALAN: Lorimae Tadalan, GSA, SmartPay.

MS. SMITH: Thank you. Now I would like to introduce the Vince Aquilino from the program office; Craig Yokum, contracting officer on the City Pair program; Jerry Ellis, contract specialist on the City
Pair program; Kristen Jaremback, contracting officer; and Lauren Donnelly, contract specialist. Together, we make up the City Pair Group and work together to work with industry and continue to make this a partnership that works for both sides.

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

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

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

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

In this section, we've added a few more words to the definitions section, and I'll read those through. I just wanted to comment that I have also cross-referenced a number of the definitions already there with hyperlinks to help you through the
document. If you pull this off FedBizOpps, you can click on some of the highlighted areas you will see going through this and go right to that section without having to sort of do a data search or something like that.

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

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

Moving on to the next section, B.7, for Fiscal Year 08 we have received a wider variety of federal agency data, and we want to thank the participants this year in FARMS, specifically, the Departments of Defense, State, Interior, Justice, Homeland Security, and Health and Human Services for contributing the number of markets they did to help us formulate what Group 1 and 2 markets we're going to
offer this year. We also received data from SmartPay and ARC, and from these we've created our market City Pairs. We have noticed the higher or denser network of domestic and international potential markets for inclusion in the solicitation. So what we've had to do is move up the cutoff from 120 to about 140 this year. We do have exceptions to the rule, however, for those markets with specific political or agency interests, also markets in and out of Washington, D.C., congressional requests, or foreign capitals that otherwise might have been excluded.

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

Next, I believe Jerry will speak on B.9

MR. ELLIS: Thank you, Craig.

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

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

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

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

I now would like to draw your attention to Section B.10.5, "International Markets Connecting
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Service,". Again, we are continuing the pilot program allowing up to two connection points and/or 300 total minute connection time in order to, again, have further point beyond markets be eligible to be awarded in the City Pair program. These markets will be identified as Item No. 4500 to Item 4565, and, again, some examples: Item 4526, "San Diego to Naples"; Item 4538, "St. Louis to Okinawa"; and Item 4558, "Washington to Luxembourg."

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

Some domestic markets have a one-flight minimum requirement. Which markets are these? For example, is there a common thread among them? Almost all of these markets are either Alaska or Hawaii markets where routinely flight adjustments are made by industry, and the two-flight minimum is not maintained year-round.

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

Another question: Service in a market.
Please explain how the seasonal service in a market is treated in respect to the awards. I think that was adequately answered before.

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

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

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

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

What is the catalyst for the provision that both reservations and ticketed passengers be protected in the new bucket on the _CA fares if the original
bucket is changed? Please note that if the ticket
time limits are implemented, it largely removes this
problem.

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

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

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

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

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

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

We want to ensure that the fuel surcharge will remain intact before we have to notify all of our customers and make those changes necessary to
implement the change government-wide. As we are still in the first year of the fuel surcharge implementation, we will again review this for the FY 09 contract.

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

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

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

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

MS. DONNELLY: Good morning. I would like to draw your attention to B.27, "Audit of Performance." Now nothing has changed in regard to
This section. It's just a reminder, and we would like to use this as a time to remind our carriers of audit procedures.

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

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

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

Moving on to Section B.28, "Air Carrier Quality and Safety," because of some confusion that we encountered in the current fiscal year, actually, and
for better customer service, there has been a
clarification as to the DoD approval process. A new
procedure has been established for DoD approval, and
this generally will be applying to small, domestic,
regional code shares.

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

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

MS. JAREMBACK: Thank you, Lauren. Good
morning, everyone. I want to, first, draw your
attention to Section D.7, "Price Evaluation for Group
1," and here I just want you to take note, at the
airport name, in the airport name list, please make note of the following two airports: Baltimore-
Washington International Airport, BWI, is listed under City Code WAS, and Newark International Airport, EWR, is listed under City Code NYC. This is applicable only for international markets and is brought to your attention just for clarification purposes. There have been no changes from last year's contract.

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

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

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

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

The next section I would like to talk about is Attachment 1, which is the proposal checklist, and please note that you're not required to submit the solicitation in its entirety; only the sections that
are listed in the proposal checklist are required to include in your proposal.

(Pause.)

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

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

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

This year, we decided to extend the deadline until after the conference to allow time for feedback and discussion. We appreciate the comments and questions that did come in before the conference and
allowing us to cooperate them into the discussion today.

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

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

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

Moving along, the next section is Attachment 2, which is "Offer Information." I just want to make note of this change in number two, which is "Contact for Contract Administration." In addition to providing a point of contact for contract administration, we are now requiring a customer service point of contact to assist government
travelers with specific carrier-related issues.

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

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

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

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

The Attachment 3, "COPS," is a handbook that's incorporated within the solicitation. COPS is the means by which airline carriers submit their offers for the market requirements contained in Attachments 4 and 5, which are markets Group 1 and
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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
Also, "When will the Group 1 and Group 2 proposals be due?"

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

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

Lauren will end our discussion with Attachment 6.

MS. DONNELLY: Okay. Last, but not least, I would like to discuss the subcontracting plan, which is found in Attachment 6. It's the last document. This is a model, and it's been fairly updated to
represent the most recent changes, and as you can see, I added a couple of fields in there for you, and also we just have kind of tailored it to be more specific for our yearly contract.

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

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

Also, the subcontracting reports that were formerly called "SF-294s and 295s" have now been replaced with electronic versions called "Summary Subcontracting Reports" and "Individual Subcontracting Reports".
Reports," and they are to be submitted electronically through eSRS, which is eSRS.gov. And, again, if you have any questions concerning this, please feel free to contact us, and we will do our best to help you in any way we can. Thank you.

Mr. Ellis: Before we close this section, there were two questions that I would like to address at this time regarding the composite formula and the composite fare.

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

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

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

MR. CLIFFORD: Denny Clifford, Northwest.

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

MR. ELLIS: Well, again, you're right,
Denny. Four or five years ago, as a GSA initiative,
they tried to combine or coordinate the actual usage
of the YCA and the capacity control fare to the
evaluation factor. It did not work. It just didn't
work, and I think you will remember that, at that
time, the industry agreed, after a one-year trial,
that it was not working, that we go back to the normal
formula as just an evaluation factor and not
necessarily a compliance factor.
MR. CLIFFORD: Okay. So this was a formula that existed, what, five or six years ago?

MR. ELLIS: Affirmative.

MR. CLIFFORD: Pre whatever their compliance test was?

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

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

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

Now the first one has to do with ticketing time limits, and simply the question was, "We request that the following issues be addressed at the
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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
15 On the same topic, there was another
16 question/comment: "We propose the introduction of a
17 ticket buying date on all -CA bookings. No specific
18 time limit is proposed but simply a ticket buy date, I
19 suppose, could be discussed. To identify and release
20 unticketed inventory. We are not proposing a change
21 to the YCA fares. Such a ticket buy date on a -CA
22 price would prove that we are working together to
23 protect our respective financial interests."
24
25 So those are two on the ticketing time
26 limits. Do you want to address this particular topic,
27 or do you want me to go and review the change and
refund ideas that were proposed also?

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

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

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

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

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

In answer to that particular one, we have to 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
6 Another comment about refunds: "What
7 efforts are being made by GSA and DoD to ensure the
8 refund problems of the past are eliminated or
9 significantly mitigated, passengers not returning or
10 reporting unused tickets?"
11
12 I know that GSA has ongoing education
13 efforts to remind that the refund process starts with
14 the traveler, and that is a very important part of the
15 initial step of any refund, and we know that customer
16 agencies are also involved in the same education
17 efforts. But we're open to any suggestions on how to
18 streamline and make the process less cumbersome.
19
20 There is one more about refund. Going back
21 to the suggestion that there is a refund of $100
22 within one year or $200 after one year, there is a
23 comment: "If the refund value is less than the
24 applicable fee, the amount returned to the customer
25 will be equal to the refund value, and no refund fee
26 will apply."
27
28 Those were the comments that were submitted.
29 We don't have any answers. We would like to open it

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

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

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

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

MR. CLIFFORD: Denny Clifford, Northwest. It's also for the current, moving forward, because we don't want to go through the same debacle that we went through with the last three or four years. Everybody
in here knows about the refund problems, the GAO audit and everything else. It's to reduce the problems moving forward from this day. The stuff in the past, we're taking care of through the discussions going on with respect to those refund claims.

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

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

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

MS. SMITH: We would also ask for clarification from the individual carriers as to what your commercial practice is, if you could also provide us with that information as to tickets within when you're on Y fares, fully refundable, unrestricted
fares, as well as the respective buckets or inventory
that you use for -CA fares. We would want to review
what your commercial practice is for that, as well as
for what's called "aged refunds," tickets that are
over a year old.

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

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

So you seem to think that a YCA is supposed
to be like a commercial Y, in terms of refunds or any
other policies. It doesn't work that way. Yield
management does not work that way, and I think one of
the key take-aways that I would like you all to take
away from this venue here today is you've got to stop
thinking that a YCA is like a full Y because we
certainly don't treat it that way. The only comparison is it's the same letter. It's the second letter from the end of the alphabet, and it stops right there.

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

MR. CLIFFORD: Can I have a stand-up mike?

Oh, you're the facilitator. You can --

MS. SMITH: Does anybody else want to talk?

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

A $200 fare, a YCA $200 fare is not the same as a $600 or $700 business fare in Y.
MS. SMITH: Let me remind you, though, that we don't dictate what your offer should be.

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

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

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

MS. SMITH: Well, I would like to add and this is for those that weren't here at the partnership meeting that a proposal that was made to apply ticketing time limits to all fares is quite different than what was brought up for discussion at the partnership meeting.
We're getting many different opinions.

Other carriers are not in support of ticketing time limits, or fees such as I've just mentioned. We also asked for data. I think people have referred to spoilage as the reason, the need for having ticketing time limits, et cetera.

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

MR. PETERS: We have a question.

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

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

You let three or four months go by here and
certain things are going to change. We moved off of certain things from the partnership meeting and some private meetings for that reason, okay.

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

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

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

I just don't understand why you have to have data. What kind of data are you looking for? For spoilage? You've asked for data back in September. We have not been able to provide it. Why? It is very, very difficult. Believe it or not, we can't press a button and get data out of our system for the
things that you'd like to see: spoilage and those kinds of things.

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

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

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

What you are proposing is a major change. We would need time to review this, to address it.
We'd like to get comment from other carriers, from customer agencies as to these points that have been made.

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

Again, it's going back to the definition. You're asking for a major change. It is not that we are not willing to discuss it. I would just like to go back for all that are here, the many things that we have changed in the program over the past years, to meet both industry's needs and also the government's. We implemented the dual fare at the request of industry. Now, to put ticketing time limits on the dash CA fare to your point would drive business to the YCA. Our understanding is that industry wanted to move business to capacity control, exactly to get that yield.

We have made changes to the FTR. We have done education, major investments. All to support what was a major point that industry had requested a
few years back. Now, what you're proposing is radically different. We are not saying that we're not willing to listen, but we would like to get more information; and, again, as I said, this has been changing since the last meeting. Again, we've only got a written version of these proposals rather late in the game.

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

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

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

MR. COYLE: Okay. Anyway, the ticketing buy date and the ticket time limit are much the same. I think that we need to put out, for those who may not be familiar, the current process for a GSA traveler is that they can go into a system and book 330 days out. So eleven months out, they can tie up a carrier's inventory unlike any other customer.

Another customer would have a ticketing time limit in
that record. If they didn't call us back in an x
amount of time, the reservation would cancel. It
would give the carrier a chance to resell that
inventory.

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

MS. SMITH: We had --

MR. COYLE: I'm sorry. Just one other note.

I do want to say that the data is difficult to get
to. A lot of programming, a lot of SAS programming on
our part, we did look at it and we've seen advanced
bookings. We've got records that go out six or eight
months. So we know that all those folks are flying.

So to connect the two systems, a post travel
audit is a challenging and costly venture for us. So
we're hoping that the logical side of this will
prevail and people will understand that there is no
incentive, there is no penalty for a GSA traveler.

Therefore, it is very easy for them to forget us when
their mission or their plans change.

MR. BILLONE: Tom Billone, United Airlines.

I would like to give you an example. It doesn't
necessarily pertain to the YCA, but there was a group
travel. They had held space on an original jet for
over a month. They booked the space, they ticketed it. And two days prior to departure, they wanted to cancel.

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

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

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

MS. SMITH: Well, I would like to point out for those who aren't familiar that the move to groups from a commercial practice was something that GSA implemented just a couple of years ago to assist in
offsetting such situations. I think you can find all
the particulars and maybe we can address it that way,
in that instance.

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

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

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

MR. Munson: Brian Munson with Delta
Airlines. In my account reports, we pulled some data that reflected the third quarter 2006 data, which is the most current that we have on hand. We compared our traditional full-log bookings to our YCA and capacity controlled fares.

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

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

(Multiple voices.)

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

(Multiple voices away from microphone.)

MS. ARBEITER: Okay. Pam Arbeiter with Midwest Airlines. And I have not sent formal written comments, but I have had conversations with -- and Midwest Airlines also --
MS. ARBEITER: Again, statistically, I believe that Denny pointed out that -- a shift which ultimately --

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

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

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

We know that all the federal agencies, our travel budgets are so tightly squeezed that if we have
any at all, we need those refunds as quickly as we can. I know that there is one airline here in particular that's taking months because of an apparent something in the airline that I don't want to know. That's a big issue to us. We are not a big agency. We do a lot of travel and I work to get the refunds. I work with my customers to make sure that they cancel in a timely fashion. I know that we're holding up inventory if we don't travel, but on early ticketing, when we can't get the refunds it's killing our budget.

MR. PETERS: Any other customers?

MR. CLIFFORD: Just one clarification.

First of all, we've never changed. Northwest, nor has the agency changed on our position with respect to having ticket time limits imposed. In the last year that has never changed.

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

So we said: Hey, we've got to have those restrictions on a YCA fare. That is what has changed.
I just wanted to make sure that everybody knows that the concept for ticketing time limits has not changed. And ticketing time limits, we don't want -- I didn't see any red lights, so. If a red light appears -- The ticketing time limit, the concept is really to allow -- I guess here is my question to the GSA: Why is the GSA so resistant to assimilate what we do on the commercial side of our respective businesses?

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

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

Having said that, I think you've been in the program long enough to understand that change -- we have to get all of our stakeholders, not just industry, but all of our stakeholders' input before any major change, and you're talking a radical change. Twenty-five years of having unrestricted tickets.
refundable, changeable. And I'm not saying that we're not listening.

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

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

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

MR. CLIFFORD: Denny Clifford.

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

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

MS. SMITH: I would disagree with that.

MR. CLIFFORD: Let me put this in perspective. You keep telling us whenever we bring up
a major fundamental change in this program, you always come back and tell us: This is what we've done for you.

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

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

By fundamental what do I mean? On a scale of one to ten, ten being at the high end, the ticketing time limit being for changes and reissues, I put that as a cap. Then you say: All right, you're given us the fuel surcharge. Where does that fall?
MS. SMITH: Well, last year, it was a ten, okay.

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

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

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

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

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

In the ticketing time limit, we're not asking for any money. All we're asking is for us to
get the seat back to sell it. If the person doesn't fly, you get a refund. If the person books and cancels, fine, just give us the seat back. But they're not giving it back to us. We don't know about it. That's why we have to have this.

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

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

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

MR. PETERS: Anybody else? All right.

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

I would like to also just remind everybody that times are good now for the industry and you don't
really need us. But when times were bad, you needed us, and when times are bad, we're there. We are a steady business, a steady source of income. I would just like to remind you of that.

Thank you for your support.

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

MS. SMITH: Those were the issues.

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

MS. SMITH: Yes.

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

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

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

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

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

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

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

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

MR. PETERS: Do we have another comment?

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

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

(Multiple voices.)

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

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

MR. PETERS: I have a quick question, then.
My question is: Is this something that is resolved here, or is this something that should be taken off line. Could I hear from other carriers as well? A raise of hand please, if we want to address this now.

MS. SMITH: I would take it off line.

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

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

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

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

MR. BILLONE: So if I understand this correctly, you want our web site to identify where our
customer service processed normally is; and, in
d addition to that, you want a specific contact number
for a specific contact person, or is it just a name to
put on our customer relations e-mail address and phone
number on our web site?

MS. SMITH: Whatever you do commercially.

If you would still be the contract administration
point of contact and then issues that we need --

MR. BILLONE: Okay, but now --

MS. SMITH: But then --

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

MS. SMITH: Exactly.

MR. BILLONE: -- that's open.

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

MR. BILLONE: Thank you.

MS. SMITH: Okay. Well, I'm going to recap.

Are there any further comments, questions? Yes.

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

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

MR. CLIFFORD: I thought you were beginning
to wrap things up. I didn't know.
MS. SMITH: Well, is there any more
discussion that anybody wants to have on these topics?
Not all carriers are here, No. 1. And not all
carriers are in agreement, but I would ask that I
think what we can take away from this meeting is to
ask each carrier, and we will contact those that are
not present, but those that are present, that you
submit to us exactly what you're looking for and
prioritize them.

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

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

I do think we have comments.

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

MS. SMITH: Okay.

MR. CLIFFORD: And you have all that data.

MS. SMITH: I should clarify that. What is
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being referred to - for the reason for having ticketing time limits - is spoilage. That's what I was referring to. The data we don't have, that you have.

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

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

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

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

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

MS. SMITH: We'll work from there.

MR. CLIFFORD: I just -- why are we failing, or why am I failing to communicate the fact that since we do this as best-enriching (ph) practices for the rest of our passengers, why is the GSA, why is the...
military and government passenger so different at
lower fares?
You said yourself, they get seventy percent
off the Y.
MS. SMITH: And we don't dictate what you
offer us. We appreciate the discount, the taxpayer
appreciates the offer.
MR. CLIFFORD: But that's not the question.
MS. SMITH: Denny --
MR. CLIFFORD: I want to know why our
definition --
MR. AQUILINO: The YCA was not your
definition, Denny.
MR. CLIFFORD: It was an unrestricted
ticket, just like the highest Y that you sell in your
cabin. So now we're talking --
(Multiple voices.)
MR. AQUILINO: First, what you're done is
redefine what the Y is, the YCA, and then you're
saying: It's a discounted Y. It should be treated
differently.
We never looked upon it as a restricted Y
ticket. We looked at it as a unrestricted Y ticket at
the highest level.
MR. AQUILINO: That's the problem. That's
precisely the problem and we're saying --

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

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

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

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

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

Also, bear in mind, not all carriers are in agreement on this. So I would like, again, I would
request that you submit -- if you already have, great.
If there are no changes to it, we will take that as
what you want. But if you could prioritize, if you
could provide data, we can then start from that and
move into discussion with our customer agencies and
further discussion with industry.
Is there one more?
MS. DAVIS: Angela Davis, THF. I'm just
wondering how does this ticking time limit, how does
it align with FTR, or JFTR, FATT? How does it align
with some of the travel regulations that we are under?
Can you give a specific?
MS. SMITH: It doesn't right now. There are
none. The FTR would have to be revised. I mean there
is a lot involved; regulations would have to be
revised to your point. It is not something that just
-- you know, we are different from the corporate or
commercial world in that sense.
We are your largest customer and we ask that
you work with us.
Yes?
MR. PETERS: I want to ask these in the
order that they came up earlier.
MR. TIRRELL: Since you've mentioned the
Holy Grails now, I want to -- I can't talk for the FTR

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

MS. SMITH: Identify yourself please.

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

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

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

When the Dash CA fares came in, those became the fares of choice because they were the least expensive to Defense, who was the customer. I've heard the question asked: What are the differences between the commercial world and Defense?
I could go on for an hour but I don't care to do that. But the mission of the Defense Department is somewhat different than IBM's or AT&T's or Mobil's or like that. Plus, we operate under these pesky things called laws and not corporate policy, which can be changed within some legal parameters almost at will.

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

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

MS. SMITH: Thank you. Tom Billone. Tom was waiting.
MR. CLIFFORD: I think the whole issue here is being obscured by what I stated about YCA. Let's take that off the line, okay. We know what you think about that. You've heard it from a couple of airlines in here. Others may disagree with the YCA portion. Let's move the discussion over to the blank CA fare and ticket time limits. What do you think about that? I mean those -- then we're not comparing. If you say it's apples and oranges, then you've got apples and apples in the same bin because we've got a blank CA restricted fare compared to other restricted fares that requires a ticket time limit.

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

MR. PETERS: Any thoughts on that issue?

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

But we have other customers that tell us that that's anathema to them; that having to purchase the tickets so far out is a problem. Then you would have more of a problem with refunds and unused tickets that you didn't have before when they held the ticket.
to three days out and then purchased it 72 hours out or 48 hours out. So we may be exchanging one problem for the other. But, in any event, we know that we have that.

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

MS. SMITH: Also, if you could add: to provide us with your commercial practice because I know that it varies by carriers just so that we get a better feel for what -- if you're talking about the Dash CA, then what is your commercial practice? If you're talking about the YCA, let us know the specifics. If we could get data, if we could get the specific from you and prioritized what's important, we can go from that, recognizing exactly what Bill so eloquently put that this is a cardinal change, this would be; and we're having the discussions and that we have to go through a lot more discussion before anything would change. It's a huge change, if it works.

MR. PETERS: We have another topic for discussion.
(Multiple voices.)

MR. BILLONE: Tom Billone, United Airlines.

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

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

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

MS. SMITH: I believe that when we talked about it -- I'd have to go back to my notes -- but I
believe when we talked about it at the last meeting,
at the partnership meeting, we advised you that we
don't have compliance. We are working towards that.
We just signed a contract for business intelligence
with ETS, DTS.
We anticipate having that information. But,
at this moment, we have usage, ticketed and you have
the flown data. You have better data than we have
right now.

MR. CLIFFORD: We have all the data.
MS. SMITH: Right.
MR. CLIFFORD: But we don't know -- I can't
even compare to others in L. A.
MS. SMITH: But --
MR. CLIFFORD: I don't know if I'm getting
90 percent or I'm getting 50 percent of the business,
and that's what we want. As we conclude from our
corporate business and that's what we want to get from
here.
MS. SMITH: And that's the goal, but we're
not there yet. We're implementing things that will
lead to that, but we're not there yet.
MR. CLIFFORD: Thank you.
MS. SMITH: Any other comments or questions?
Well, we appreciate everybody taking the time to
attend. And, as I said, the transcript of this meeting will be posted on line, and also you can submit comments and questions on the 13th of February. All of those will be posted on the web also.

Thank you very much.

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

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

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