UNITED STATES OF AMERICA

GENERAL SERVICES ADMINISTRATION

FY11 CITY PAIR PROGRAM
PRE-SOLICITATION CONFERENCE

TUESDAY,
FEBRUARY 2, 2010

The conference convened at 12:30 P.M. in conference room L1303 of 2200 Crystal Drive, Arlington, Virginia, Jerome Bristow, Event Facilitator, presiding.

GSA CPP STAFF PRESENT:

JEROME BRISTOW, Event Facilitator, Program Manager

JERRY ELLIS, Business Management Specialist

KRISTEN JAREMBACK, Contracting Officer

KWANITA BROWN, Contract Specialist

FRANK ROBINSON, FAS Acting Division Director, Center for Travel Management
P-R-O-C-E-E-D-I-N-G-S

12:33 p.m.

FACILITATOR BRISTOW: On the record. Good afternoon, everyone and welcome to the FY11 City Pair Pre-Solicitation Conference. We'd like to welcome and thank you for joining us here not only in person but also on the telephone. Shortly here, we'll be conducting a roll call for attendance.

I just wanted to advise everyone that this pre-solicitation conference is being recorded. This is for all of our benefits to ensure that we cover all of the salient issues as well as the open discussions that we'll have for the pre-solicitation conference. Again, welcome and we thank you for coming.

To start us off, I'd like to have Frank Robinson actually give the introduction --

MR. ROBINSON: Can we do the roll call?

FACILITATOR BRISTOW: Okay. We
can do the roll call first. We'll start over here with our esteemed people from the City Pair Team, Jerry Ellis.

MR. ELLIS: Good afternoon, ladies and gentlemen. Jerry Ellis, GSA City Pair Team.

MS. BROWN: Kwanita Brown, City Pair Team, Contract Specialist.

MS. JAREMBACK: Kristen Jaremback, Contracting Officer, City Pair Team.

MR. SZNAJDER: Gary Sznajder, Continental Airlines.

MR. ROBINSON: Frank Robinson, Acting Director of the Center for Travel Management.


MR. CASE: Don Case, TO [Transportation Officer] of the AMC.

MS. SIZEMORE: Patti Sizemore, DoD, AMC.

MS. CARSON: Good afternoon.
Kathy Carson, Center for Travel Management.

MR. JUNK: Josh Junk, AirTran Airways.

MR. McMAHON: Kevin McMahon, AirTran Airways.

MS. GULICK: Barbara Gulick, NSF.

MS. BRYANT: Kimberly Bryant, NSF.

MR. COYLE: George Coyle, American Airlines.

MR. DERAWIN: Kevin Derawin, Department of Justice.

MR. VAN HORN: Chris Van Horn, DoD DTMO.

MR. STAEFE: Klaus Staefe, NASA.

MR. CLIFFORD: Denny Clifford with Delta Airlines.

MS. SISSON: Sara Sisson, Delta Airlines.

MR. BILLONE: Tom Billone, United Airlines.

MR. FLYNN: Craig Flynn with GSA, Office of Government wide Travel Policy.

MR. DELLINGER: Mark Dellinger, Department of State.

MS. ROBINSON: Cynthia Robinson, U.S. Marine Corps.

MR. KESSI: Matthew Kessi, Alaska Airlines.

MR. McGRIFF: Shawn McGriff, Navy.

(Several people introduced off microphone.)

FACILITATOR BRISTOW: Missed one up front.

MR. FLYNN: David Flynn, Department of Health and Human Services.

FACILITATOR BRISTOW: I'm Jerry Bristow, your facilitator for GSA, and now we'll go to the phone for roll call on the phone please.


MS. PRESLEY-DOSS: Carolyn
1 Presley-Doss, GSA.

2 MR. MALLIK: Abe Mallik, HHS.

3 MS. ELS: Cheryl Els, Department of Commerce.

4 MR. HAAG: Jeff Haag with Southwest Airlines.

5 MS. ULLRICH: Rebecca Ullrich, Midwest Airlines.

6 MR. CAVOS: Donna Cavos, Frontier Airlines.

7 MR. GOODMAN: Tony Goodmann, Virgin America.

8 MR. VANSELOW: Debbie Vanselow, EPA.

9 MS. THORN: Umeki Thorn, Department of Energy.

10 MR. CONROZZA: Dan Conrozza, Treasury/Public Debt.


12 MR. OCLECH: Josh Oclech, SSA.

13 MR. ROSENMEIER: Jon Rosenmeier,

MR. LOSSIER: Scott Lossier with JetBlue Airways.

MR. GAINES: Joy Gaines, NIH.

MR. ELLIS: Okay. Do we have anybody else on the phone please?

(No verbal response.)

Okay. Thank you very much. Again people on the phone please put your phones on mute unless you're asking a question or making a statement. Thank you.

FACILITATOR BRISTOW: Again thank you all for your attendance today. Once again, I just wanted to advise. We do this on a yearly basis. So we're almost like Groundhog Day I guess. Today is Groundhog as well, but we do this on a yearly basis and we like to meet here to discuss the issues for the new City Pair Awards, not only what's of concern to our government travelers but also
what's a concern of the air carriers. And then how this impacts our City Pair contracts.

So without further ado I'm going to introduce Frank Robinson to welcome us on board here.

MR. ROBINSON: Well, good afternoon, everyone. One housekeeping thing real quickly and I've already broken this rule. I'm Frank Robinson with GSA. As you make comments today or discussions, please state your name and who you're with so that the court reporter can pick all that up. Okay.

But I want to start by welcoming everybody here this afternoon. Especially appreciate the participation by the air carriers who have made this program successful, but as well as our customers both here and on the phone who really it's their requirements that are represented in this solicitation. The GSA does the procurement, but we're really here representing the needs
of our customers in the Federal agencies and in Department of Defense. So appreciate everybody taking time today to come to the solicitation conference.

This is the 30th solicitation for the Contract City Pair Program. It started in 1980 with 13 markets, one-three markets. Okay. In FY10, we awarded a little over 5,000 markets. I think 5,003 to be precise is where we settled at. So 30 years of customer-community getting together with the airlines to ensure that we have a vibrant City Pair Program for the Federal Government.

There's a number of issues that we're going to be continuing to work through and some of which are reflected in the requirements, minor qualifications that will be discussed today. The airline industry has reduced capacity. Some routes are no longer flown at all. And those capacity changes are going to or have already impacted connecting time for example that needs to be allowed for
passengers and their luggage to make connections both domestically and overseas. Fuel surcharges. Those on the phone I am knocking on wood. Have abated somewhat here in the past year or so and we hope that continues. But we're ever vigilant to that issue as well.

Baggage fees and ancillary fees. Increasingly a significant percentage of the total cost of travel resides in these ancillary fees versus the airfare. I think some of the baggage, first baggage, fees $7 to $35 here recently. On a round trip that's $70 for one bag on a $300 airfare. That's a pretty substantial percentage of the total cost. So I think that's going to continue to be a concern.

Secure flight. I believe that most of the travel agencies and the ETS vendors are able to handle the secure flight data that the airlines need to pass on to TSA and the secure flight program folks. So that
appears to be going well. But if the industry in particular has any comments on the TMC communities and the ETS vendor communities available to pass this data through we would certainly welcome hearing about that.

And then finally I think -- Well, not finally. Two more points. In our last meeting, I think it was Tom Billone with United brought up that the European Union was considering some sort of surcharge or carbon emissions recovery fee that would be part of the airfares. We see that as a continuing point that we're going to keep our finger on the pulse on and continue to observe with our airline partners.

But greenhouse gas emissions in general. The President signed an Executive Order requiring the agencies to baseline their greenhouse emissions for travel that occurred in 2008. GSA Travel MIS Program has the capacity to do that for those agencies who we receive their travel agency data. But that
will continue to be a focus point and may become a bigger consideration for CPP in the future. We don't foresee any changes really in the FY11 solicitation in that area.

So in closing I just want to say that the Government certainly strives to be a good customer to the airline industry. Over 72 percent of the traffic of the Government's air travel was on either YCA or _CA fare. Another 16 percent was on YDG fares. So we've got some 78 percent of the Government's travel taking place on official Government fares. So 88. Did I say 78? I'm sorry. Thanks, Jerry.

Eighty-eight percent.

We'll continue to look forward to getting the fares and the service that will inspire our customers and our agencies to continue to use and value the program.

With that, I'm going to turn it back to Jerry Bristow. Are there any questions from you while I'm up here?

(No verbal response.)
Good. Well, I explained that one.

Okay. Thank you all very much.

FACILITATOR BRISTOW: Thank you, Frank. I appreciate that.

We're going to move right on to the agenda here. Well, we are a little bit slow. There it is. We're going to be doing a --

MR. ELLIS: Slide two.

FACILITATOR BRISTOW: We're on slide two please. We're going to do a review of the general requirements. Under Section B.1, we're going to show the changes in definitions. Under Section B.9, changes in the maximum connecting times. Section B.36, we're going to do some review of the activity reporting and then we'll show the FY11 market selection. The City Pair Program website, the City Pair Program Points of contact and general inquiries. And then we'll open the floor for any further discussions or comments that you may have along the way.
I believe the first to come up will be Kwanita Brown and she's going to do the review of the general requirements for Attachment 1.

MS. BROWN: Good afternoon, everybody. Again, my name is Kwanita Brown. I'm the Contract Specialist on the City Pair Program.

So on this first slide in regards to the general requirements, within the RFP there is a proposal checklist which you can use to sort of guide you through the process of completing your technical submissions. Basically, it will just itemize everything that you need to submit in paper format.

There have been no changes to the proposal checklist, but you do want to note that paper submissions are due by 3:00 p.m. on March 25th. Those should be mailed or couriered over and just note that they do have to go through a screening process. So you want to keep that in mind when you're sending
those submissions.

Another thing that you want to take note of is your CCR and ORCA registrations. You want to make sure that you're up to date or if you need to renew make sure you renew your registration prior to submission of your technical and price proposals.

FACILITATOR BRISTOW: Do those come out yearly for renewal? Do they send out a request or do they actually have to go in?

MS. BROWN: I believe you have to go in and maintain that. I haven't heard of anything where they actually send out a notice for renewal. So you just want to make sure you go in as you're putting together your packet and your proposal. Make sure you're going into the system to make sure all that information is current and up to date.

Okay. The next slide talks about COPS or the City Pair Offer Preparation System. This is the online system that we use
for the submission of our technical and price proposals. It is a system that requires a user name and a password. So for all the airline carriers towards the end of February there will be an email that gets sent out requesting to know who the users are that you want to have access to the system. We'll create a user name and a password for those particular representatives.

And then what will happen is there's a three phase to the online system. We start out with a COPS test application. This allows your users to go into the system in a test format and just get familiar with the system. Get familiar with uploading your offers and just get comfortable with everything.

We're going to open up COPS for that test application on March 1st which is a Monday and we're going to close it at the end of the week on Friday, March 5th. We're going to then reopen COPS on March 8th and that's
when it's going to be when we're going to go into live production. At that time, you will start submitting your proposals for the Group 1 and extended markets and that system and live production for Group 1 upload will remain open until Thursday, March 25th at which time we will close the system and we'll start computating and generating those reports. We will then reopen up COPS for the Group 2 offer upload on March 29th and again we will close it again on April 13th.

One of the main things I do want to stress for the COPS system is that typically we have a lot of airline carriers wait until the very last minute close to the deadline to actually submit their offers. If it's possible to sort of have that done earlier rather than waiting until the last day, we may not have as much congestion with the system. So just keep that in mind as you're submitting your offers. I know last year we did have some issues with that. So if
you're able to sort of get those offers in quicker that would be great.

Any questions on this or should I move forward?

MR. ELLIS: That was slide four.

MS. BROWN: Okay. Now we're on slide 5 which is the last part of the review of general requirements. This deals with the subcontracting plan renewal. Back in November of last year there was an email that went out to about eight of the airlines carriers who follow a commercial plan for their subcontracting plan.

And pretty much what the commercial plan is that this plan follows your fiscal year. And we do the renewal about 60 days out. And once that happens then your plan will go into effect usually from January 1st to December 31st.

We also have an individual plan which we have two carriers that follow that plan. That plan follows our contract period
which is October 1st until September 30th and also follows any option periods that we're in.

And just to note for this, there are report requirements for the subcontracting plans. There are two types of reports that are to be submitted and basically they're supposed to be submitted in our electronic subcontracting reporting system or eSRS. We have the Individual Subcontract Report which is required for those carriers who submit an individual plan.

At the bottom here for the reporting periods, it will indicate to you when you're supposed to submit them and for what period of time. So if you are submitting an individual plan which again covers the contract period, you want to make sure that you're submitting an individual subcontract report for April 30th and then also by October 30th. And the one for April 30th is going to cover the period of October 1st through March 31st and the one for October 30th will cover
April 1st through September 30th.

For those individuals who are submitting this on a commercial plan as well as those who are submitting an individual plan it basically is for all offerors you have to submit a Summary Subcontract Report and that has to be submitted by October 30th and it covers the entire government's fiscal year.

So basically when you're reporting your numbers you're reporting actual accomplishments. You're taking a look at your goals and then also looking at what you actually spent on your subcontracting for that fiscal year and you're reporting that in that summary subcontract report.

Now last year and also up until January I sent out several emails to your points of contact within your airlines who work on the subcontracting plan. So they should be familiar with reporting. If you do need any further clarification feel free to give me a call, send me an email, and I'll be
more than happy to explain this any further.

And just another reiteration. For the electronic subcontracting reporting system, you want to make sure that when you're submitting these reports that you're submitting a copy to Kristen Jaremback, the Contracting Officer. And you want to also submit a report to myself so that we're notified when that happens so we can go in and look at those reports and approve them.

Any questions that I can answer right now? Tom.

MR. BILLONE: Tom Billone, United Airlines. All this information has been passed to the people that we gave as point of contacts. So they're aware of this schedule.

MS. BROWN: Yes. Do I need to wait for --

(Off the record comments.)

Do I need to wait for it? Can you hear me?

That's correct. All of the points
of contact for the airline carriers who I work with for the subcontracting plan renewal have been notified. As of right now, I have eight airline carriers who are already in compliance. You've already renewed your subcontracting plans. I only have three additional carriers who will need to renew their plans for this upcoming FY11 solicitation because they follow a different time. One has a different commercial fiscal year and the other two follow our contract period. So everyone else is in compliance and all this information has been forwarded to your points of contact.

MR. BILLONE: Okay.

MS. BROWN: Now we're on slide six which is section B talking about the changes in our definition section. The first change that we have was to include a definition for churning and the definition reads "the excessive changing, rebooking and canceling of the same itinerary in the same Passenger Name
Record or PNR in order to hold the reservation."

And basically this was a generic definition that our PMO Office received from the carriers to include into our RFP. The definition refers to commercial type fares where there has been a change that was made to avoid a penalty or a fee. And we do want to solicit from the airline carriers and the industry in general if you do have any better -- like any suggestions for a better way to define this. We're more than happy to receive those from you in terms of trying to incorporate that into the RFP for the final solicitation.

MR. ACQUILINO: Let me just say we apologize for moving this back and forth like a relay. Our facilities people tell us there's only one microphone that can be used in this room. So we apologize.

MR. STAEFE: I'm Klaus Staefe with NASA. Should churning really be part of CPP?
Should it not be something that GSA should be looking at the eTravel providers to police that so that the churning part of it won't happen?

FACILITATOR BRISTOW: Thank you very much. There's been an ongoing discussion that we've been having with the travel agencies, the TMCs, the CTOs, the airlines, participants, the ETS vendors, and then the City Pair Program. One of the areas that's arisen out of this is that each of those areas take responsibility for their area in this process.

ETS churning inside the record or as they say problem with the system. TMCs churning of the reservation within the same record. Airlines now have the technology and the capability to be tracking churning, churning on a commercial basis as there are people that are trying to avoid ticketing at that time by churning that record, changing the dates, to avoid that ticketing time limit.
We do not have ticketing time limits within the City Pair Program. We have no change fees, no cancellation penalties and they're totally refundable. We're looking to try to enhance the City Pair Program by having a definition in here for churning and avoid these debit memo issues that are coming back as an indirect charge back to the government agencies. That in itself is what is the essence of this churning capability here. All I want to say.

MR. ACQUILINO: I think I want to emphasize that. We're talking about government fares and not commercial ones.

FACILITATOR BRISTOW: That's right. We're only talking about the government fares here. Not commercial fares.

MR. CLIFFORD: Denny Clifford, Delta. There's a lesson I say within my comment here because we have Y fares for our best commercial customers which are still subject to receiving debit memos on churning.
My question to you all is why does the Government think it should be exempt from those rules when our best customers who are under the last seat availability rules are subject to this.

FACILITATOR BRISTOW: Are you saying that no changes are allowed in the record in the churning process?

MR. CLIFFORD: I'm saying where there's a cancellation and then when there's a canceled, booked, canceled, booked situation. Our best customers also receive it.

PARTICIPANT: Can you speak up please?

MR. ELLIS: Denny, you need to speak up.

MR. CLIFFORD: I'm saying that when there is a multiple of cancellations and bookings whether it be the same record, in Delta's policy is whether it would be the same record or different PNRs that that passenger's agency will get billed the debit memo from
FACILITATOR BRISTOW: How many times would it be before it triggers a churning debit memo? That's what's at issue. We don't have a standardized time frame. Some carriers do not charge for churning. Others understand that the fare rules themselves would be no change fees, no cancellation penalties, a totally refundable type ticket. It's allowed to be changed for the people if they wanted to come home a day earlier or needed to extend their time. They would be able to do so without an indirect penalty.

MR. CLIFFORD: As far as the frequency, Jerry, that's proprietary. But let me just tell that it happens and there are parameters, very specific parameters, many parameters under which churning is issued. It's not just one set of circumstances. There's a lot of different things that it gets involved in.
But the point is that the commercial business still follows these rules. Why shouldn't the Government?

MR. BILLONE: Tom Billone, United Airlines. I'm looking at this a little differently than Denny is looking at it because United at this time doesn't issue debit memos for churning. However, looking at this situation, it appears you don't have ticketing time limits. But, yes, you do. You have an approval time limit. And in some of the systems if you don't have approval within 48 hours, the record is canceled. So that requires your traveler to go in and rebook.

That's what's generating the churning. It is the approval time limit that's built into the systems. And so I go 48 hours and I don't get approval. It drops. I go in and rebook and I've got another 48 hours and it drops and I rebook. Okay.

So now you've got some issues there and when the airline robotics look at
this they don't look at it as a YCA or anything else. It looks at it as you're booking and rebooking in the same PNR and that I think is what's driving a lot of the debit memo issues. That's my own opinion.

MR. CLIFFORD: Denny Clifford, Delta. I still didn't get a response to my question. All I got was a question back. Why does the Government think it's exempt from something that we apply to our commercial friend?

FACILITATOR BRISTOW: Strictly for the benefits of the fare that we have not changed over this entire time. The benefits under the City Pair Program no change fee, no cancellation penalty, totally refundable ticket. The spirit of that contract is such that we have not made that change.

What's happened here is that the carriers now have the technology and the ability to be able to track a process like churning. We've not changed our behavior.
The carriers have changed their behavior in being able to do this.

We want to make sure also in regards to the approval process. We want to make sure we get the inventory back to the carriers as swiftly as possible so that you're able to resell that seat and not open it.

That was the initial intent of the approval process. Now it turns out we've created another issue over here on churning that indirectly we're getting a debit memo sent back through the TMC when we don't believe that we should be getting charged any fee for changes whether or not direct or indirect back to the TMCs through the carriers.

MR. CLIFFORD: Denny Clifford. So who is supposed to pick up your GDS fees then? I mean every time that happens, Jerry, as you know the GDS fee is charged the airline. Somebody's got to pay for that. You mentioned earlier that you're incorporating this into the contract to enhance the program.
What makes the GSA think that this is going to somehow stop the elements or the instances of churning? In our opinion, this is going to exacerbate the entire problem. If nobody has a consequence, if nobody has a penalty or a down side, to churning and violating the booking rules, what's to stop them from running roughshod over the entire system? They'll run amok.

FACILITATOR BRISTOW: And that point is taken. But we're also looking at the fact that not everybody is doing this churning however many times you think it is going to trigger this debit memo. You haven't told us whether or not it's going to be three times a PNR a week or twice in one day that's going to trigger this. We would not be able to even stop this without having some kind of inclination from the carriers as to what that is.

(Off the record comment.)

FACILITATOR BRISTOW: What happens
if someone needs to make a change to further meet their mission requirements.

MR. CLIFFORD: This isn't talking about making changes.

MR. ELLIS: Guys, please have the microphones.

FACILITATOR BRISTOW: It's making changes within the same PNR that's churning.

MR. BILLONE: You're trying to -- Tom Billone, United Airlines. What's happening is the person is going in and making a booking. Within 48 hours that booking is not approved. It drops. They go in again and rebook it. That's what churning is.

A change -- What would you change in the same itinerary in the same PNR? What would you change? You could change a flight. That's not churning because you're not rebooking the same inventory. Churning is rebooking the same flight, the same time, the same day and the same PNR. There should be no reason for that on a Government fare.
You could go in if you have a PNR and you make a change. I need to change my flight tonight. That's not churning. That's a free change that you get. There's no fee. I mean you're ticketed. You make a change. There's no fee. You want to change your flight time.

So churning is the same flight, the same day, the same time and the same PNR. That's what that is and there should not be any of that. There's no reason for it because you don't have ticketing time limits. The only time limit you have is the 48 hours for approval and that's what's generating this. Now if you want to put a 48 hour ticketing time limit we'll be willing to talk to you about that.

MR. CLIFFORD: Denny Clifford, Delta. All valid points, Tom, and we underscore what you just said. We'd be willing to talk about the ticketing time limits as well.
You know we see instances where people are doing churning several times a day. They may not even know about it, but they're doing it. Which brings me to Klaus' point why are not the DTS and ETS systems designed, a software change, in order to mitigate this problem. You're not going to eliminate it totally, but you could sure take a lot of it off the table if the software is changed and we have yet to understand or even to hear that there have been any significant movements in that regard.

Secondly, another point I want to make is just education. You know there are people out there that have no clue what they're doing and the education has not been out there. We've been talking about this issue for six months, Jerry, every month at GSA and all of industry meets about this issue. There has been glacial movement on it and nothing material with respect to education or changing the systems technologically.
MR. ACQUILINO: Can your robotics
tell us how many times this is happening? How
many instances this is happening? Is it
bigger than a breadbox?

MR. CLIFFORD: Yes.

MR. ACQUILINO: Can you provide us
that information?

MR. CLIFFORD: Yes.

MR. ACQUILINO: So we understand
what the magnitude is for Delta and everyone
else that has that same issue.

MR. CLIFFORD: What changes?

MR. ACQUILINO: Well, we would
just need to know how many times that happens
and what's your exposure. You're saying it
costs you money in the GDS. What's your
exposure to that unneeded expenditure.

MR. CLIFFORD: It's bigger than a
breadbox.

(Laughter.)

MR. ACQUILINO: Can you tell us?
Can you send us what that is?
MR. CLIFFORD: Yes.

MR. ACQUILINO: All right. So you'll tell us how big that is and what kind that is. Thank you.

MS. CARLOCK: Jerry, I do have a question.

FACILITATOR BRISTOW: Go ahead.

(Off the record comments.)

MS. CARLOCK: I'm Andrea Carlock from Defense Travel Management Office. The question that I have is I'm not sure that you two [Delta and United Airlines] are on the same sheet of music as to what churning is. And I think before we can move forward we need to make sure that the airlines are going to apply churning similar across the board. Because I hear you saying one thing and I think I'm hearing you say something a little bit different.

FACILITATOR BRISTOW: No. That's not the way it's intended.

MS. CARLOCK: Okay. Am I the only
one that -- What I heard was that in your instance the churning may not necessarily be just because of the 48 hour ticket issuance time and that it is -- that Delta-Northwest is applying churning charges for things other than just that and maybe I misunderstood. But I think that's important.

My other thing is with the definition I like what you said in regards to the specifics. Is there some way we can be more specific in our definition? And when we use the word "excessive", excessive is subjective. What does that really mean? And then put a little bit more specifics in there so there is no misunderstanding exactly what we mean by that churning City Pair fares, what they're referring to. Correct?

FACILITATOR BRISTOW: Correct. Right. We're only talking about City Pair fares here now. This was a generic description that we were able to locate. The change in the language is up for
interpretation today. We'll have two weeks to
make that change to be able to move that
forward.

MR. COYLE: George with American
Airlines. Actually you just answered my
question. Being specific in the definition
maybe it would be helpful to say "applicable
only to government fares." So it would not
apply to non government fares on a commercial
basis.

FACILITATOR BRISTOW: And I
believe we're going to cover that in the debit
memos which is going to be the next slide here
in the definitions. I just want to ask one
other question, one other area here when Denny
said we sort of move glacially. I think in
some areas we've moved expeditiously. There's
a debit memo council that we've put together
here since last summer which has allowed us to
(1) clarify the Fly America Act and to ensure
that we're not auditing those inappropriately.

We believe that has minimized some
of the debit memos or the old notice of overcharges that are coming back to the carriers that are assisting them. We've seen already from some of the carriers they say their debit memo process has gone down which is a good thing. TMCs, CTOs, travel agencies are expressing the same that as everybody works together it will help minimize this process and this is the extent we're trying to do right now is to minimize the debit memos for the carriers as well as the TMCs and avoid that indirect fee coming back to government agencies.

Next slide please. Slide 7.

MS. BROWN: Okay. This slide is also talking about another definition that was added into this year's solicitation. This one refers to debit memos and the definition reads as "an accounting tool used by all airlines to collect amounts or make adjustments to agent transactions with respect to the issuance and/or use of traffic documents issued by or
at the request of a travel agency. The contract carrier shall not issue debit memos on YCA, _CA, or _CB fares to Commercial Travel Offices or Travel Management Centers for churning. And then compare churning."

I just want to make a note that this definition was slightly modified from the version that was sent out to all the carriers and that was included in the draft solicitation. So it's a slight modification to some of the language.

PARTICIPANT: Can I have the slide number please?

MS. BROWN: Slide seven.

MR. ELLIS: Slide seven. You need to identify yourself.

MR. BILLONE: It's not in the packet.

MS. BROWN: Okay.

MR. STAEBE: Klaus Staefe from NASA again. That was my point to bring up.

These debit memos are going directly to the
TMCs and when asked of a TMC they're upset because they're getting bills of several thousand dollars for the churning charge, but yet they shouldn't come there. And when we talk to each provider and I talk to them and they say, "Oh, that's business as usual." And they will not stand behind this. They'll say, "If they want to send it to the TMCs, we're not going to get in the middle of it." And that's what I'm trying to avoid.

FACILITATOR BRISTOW: Debit memos are sent from the carriers to the travel agency, not the ETS provider. That's the only contact the carriers have for this is through the TMCs or the CTOs.

I guess the other question would be if the NASA travelers are in there churning the record, rebooking, rebooking, rebooking, that ends up issuing a debit memo, is NASA then going to pay for the churning of that debit memo?

MR. STAEFE: I'm reading this as a
contract carrier shall not issue debit memos
to commercial travel offices or TMCs or in our
case it's CI Travel.

FACILITATOR BRISTOW: Correct.

MR. STAEEFE: Okay. So the debit
memos are going directly to CI Travel which
they shouldn't. Is that correct?

FACILITATOR BRISTOW: Debit memos
have to go to the travel agency, in your case,
CI Travel. That's the only communications
that the carriers have. Their IATA number
shows on the reservation as to where it's
coming, not the ETS provider. The ETS
provider is an online booking engine not the -

MR. CLIFFORD: Ticket fulfillment.

FACILITATOR BRISTOW: -- ticket
fulfillment center. And it's where the ticket
fulfillment center is being documented from
the carriers to the travel agency, not your
ETS provider.

What we have done with ETS is to
help ensure that you don't have duplicate bookings.

MR. STAEFE: That's what's happened.

FACILITATOR BRISTOW: We're talking about churning here. There is a different issue on duplicate bookings.

MR. STAEFE: Churning. The churning part of it.

FACILITATOR BRISTOW: That's correct.

MR. STAEFE: They're going into the system. What the travelers are doing is they're going into the system and churning. It's like identified by Denny and United Airlines. And that creates the debit memos.

Now TMC, the travel office, is sitting there and they're getting these debit memos. Why are we not policing the travel service provider to avoid letting those go through and that's -- I think isn't that part of GSA to police?
FACILITATOR BRISTOW: They might have to put a restriction on the ETS system as to how many times our government agencies could access the system. Right?

MR. ROBINSON: Yes. Hi. This is Frank Robinson and I'm the COTR on the ETS services or eGov Travel. One of the things, we've had this discussion a lot with our TMC forum that we have in conjunction with SGTP. But we have a separate TMC forum and at the last TMC forum, in fact, it was a NASA representative. A young lady, her name escapes me, was there. And what was identified is the travelers really haven't changed their behavior significantly.

There has always been people who have changed their reservations a lot and usually the further up you get in an organization the more likely their schedules are going to change. But, in general, she agreed that travelers haven't changed what they do. Their schedules change. They need
to go in and book. They need to rebook. And they're not doing anything now that they didn't do five years ago or ten years ago.

The nature of their business requires them to change their reservations.

What has changed is how the airlines measure those changes and decide to impose fees on those changes. That is what has transpired. Okay. So I think I heard you correctly in saying where you have travelers who are actually abusing the service it's the responsibility of the federal agencies to actually police their employees because if your employee is using a tool to actually abuse it.

But if the employee is using the tool, online booking tool, in a manner that they -- You know we're talking about sometimes as few as two or three changes and wham you're booked -- you're whacked within churning. Debit memo.

We're not talking about 20 or 30
changes. We're talking about less than a handful in a lot of cases which result in these debit memos to the travel agencies. That's not unusual behavior for people who travel for the Federal Government especially in certain capacities. All right. What it is is the airlines are now charging for that behavior when they didn't before.

One last thing, too, this is for City Pair fares. The City Pair fares that we have says you can cancel, change, amend as often as you need to in order to accomplish the government's mission. So you know it's going to apply and it already applies to the City Pair fares. We've already had reached this. This is a clarification to what is already currently a CPP master contract requirement.

I hope that helped. I have two comments from the airlines. Jerry.

MR. BILLONE: Tom Billone, United Airlines again.
We keep hearing this thing, this excuse, that the traveler hasn't changed their behavior, that the airlines have changed their process, that nothing has changed on the government's side. Well, excuse me. You've gone to online booking and almost every one of these issues is related to online booking.

Do you want to get into notices of overcharge? You keep shaking your head no. You've got to understand. You need to make a change also. Your travelers are going to need to make a change. It's not only the airlines. The world has changed. All right. And people need to change their behavior.

And if you keep saying "Well, it's the airlines' fault, they've changed, they learned how to charge for this" and you don't do anything on the other end to stop it, we're going to have some real problems with this program. And I'm telling you as a fact that 30 years that's really good. But it's still acting like it's 30 years ago. You also need
to change on the government's side.

MR. CLIFFORD: Denny Clifford at Delta. You took the words right out of my mouth, Tom. This is exactly what I was going to say.

And, Frank, you made the statement that traffic patterns have not changed as if that is a good thing. It is not a good thing. The reason the airlines built the technology to keep track of this stuff is we needed to change passenger behavior. And to your point where a half a dozen evolutions of data to book, cancel, book, cancel that is not normal. That's precisely the kind of thing that we're trying to prevent here. A half a dozen times. That's $100 to us when you consider all the GDS fees. Who is going to pick that up? The airlines do.

And without the opportunity to book or at least bill debit memos we have to eat that charge. And people have no recourse. The traveler has no penalties. The travel
agency who a lot of times frankly does not have control over this has no other option other than to pay the debit memo and it wasn't even their fault.

But when somebody does not have some downside, some skin in the game, then you're going to see this just take off like a rocket. Those half a dozen are going to be two dozen.

I just don't understand that. It's counterintuitive. I just don't understand the logic of trying to impose this within the contract and figure out that somehow magically maybe the debit memos may go away because you've forced it down our throats to make it go away with language changes.

But it's counterintuitive to think that the behavior is going to change. It's not. It's going to be worse than it was before.

MR. ROBINSON: Thank you very much for that. First, I will stand by what we said
before. There's not an industry standard on what constitutes churning. One airline charges a debit memo after two reservation changes. Another is more tolerant and charges a debit memo after six reservation changes. Some put it on you and say, "What's this guy doing? Can somebody -- Can you reign in this traveler because now they've made eight changes?" Okay.

The customer behavior you're trying to change, that the airlines claim they're trying to change, there's no transparency on this practice by the airlines. They know what you're charging for baggage. They know what you're charging for meals. They know what you're charging for seat assignments.

But they don't know and there's no transparency there's nothing on your website that says, "If you cancel and rebook an reservation more than four times we're going to charge you $100." So that's part of the
problem. You're trying to change traveler
behavior and you haven't told them what that
behavior could or should be and when you're
going to impose the fees. And there's no
transparency on it at all.

MS. SINGLETARY: This is Lisa
Singletary from the U.S. Department of
Commerce. I've got a question. I'd like to
find out from the airlines' perspective how do
you -- I mean hypothetically travelers are
doing this or the TMCs are doing this because
I've had this problem with my TMC as well.
But they're doing it but that's because
they're trying to preserve the reservation. I
mean you have a traveler who's booking a
reservation for maybe two or three weeks in
advance and they need to first define what the
airfare is and they need to book the
reservation. If the reservation cancels after
48 hours, I mean what are they supposed to do?

MR. CLIFFORD: This is Denny
Clifford with Delta. First of all, I think we
need to explain and I can only speak for Delta Airlines. I don't know about the other airlines. Delta is not charging for the fact that, let's say, seat is unavailable. Our system is automatic. And this gets more in the duplicate booking side of the house. So we don't want to cross over issues here.

But we're not -- We're trying to change the behavior of violating the booking process, not for that seat. Now I will admit that there's a fee there for the GDS fee that needs to be covered. There's a fee there for the automation that we spent millions of dollars on building to keep track of all this stuff. That is what the debit memos are reimbursing the airlines for essentially, not for that seat. So I just wanted to clear that up.

MS. SINGLETARY: Hello.

MR. ELLIS: Yes, go ahead.

MS. SINGLETARY: I mean I still don't think my question has been answered.
MR. ELLIS: Okay. Another airline has the mic. They'll try to answer it better for you.

MR. BILLONE: This is Tom Billone, United Airlines. You hit the nail on the head when you mentioned the 48 hours. I mean that is the issue right there. Why is the booking not approved within 48 hours?

MS. SINGLETARY: Well, I mean you have processes with an agency. You've got processes in which a traveler has to make the reservation. They have to obtain travel orders. They have to obtain signatures. It takes time.

MR. BILLONE: Well, then maybe you ought to change the 48 hours to whatever it's going to take. I mean I don't understand why there's an arbitrary 48 hours in there if you can't meet the 48 hours. You're saying it's almost impossible to meet due to the process you have to go through. Well, then I think maybe somebody ought to talk about changing
that 48 hour time limit to maybe adding another 24 hours to it if that is going to help or whatever it's going to take to help it.

That will eliminate all of these debit memos for churning because that to me is the key issue is the amount of time that is required to process it and the 48 hours apparently is not enough.

MS. SINGLETARY: Okay. Who is responsible for mandating that it's 48 hours?

Is that something from GSA?

MR. ELLIS: No.

FACILITATOR BRISTOW: No, I believe that's going to be internal to each agency but not the 48 hours through the ETS vendors.

MS. SINGLETARY: So if that date was enlarged that would not be an impact?

What would be the impact of -- someone says 48 hours -- 72 hours? What is the impact?

MR. ELLIS: Jerry Ellis with GSA.
I think we need to -- If we have some of the ETS/DTS vendors here, we need to find out why they put that 48 hour auto-cancel and what was the thought process of that and can that be changed and should it be changed?

MS. CARLOCK: I can speak to this.

Ours is not 48 hours. Ours is 24 hours from the time, as the traveler, I have to sign it. And the reason why we put that in is because the airlines complained that we were holding their inventory. And so by having it have to be signed within a certain period of time we're able to give you back your inventory.

When we didn't have it signed what was happening is when we would go in and book it it would hold the inventory and we got complaints about that. So that's why we put the 24 hours for the traveler and then the AO has longer to sign it. So that's why we put that in.

In order to have it changed we would need to agree then that you want us to
hold your inventory or do you want us to not
sign it and give you back your inventory and
then have the opportunity for us to rebook.

MR. BILLONE: I want to respond to this. This is Tom Billone at United Airlines.
Every time we come into an issue where it
said the airlines said this, the airlines said
that. When you developed the systems you said
we are in consultation with the airlines.

Now I can tell you not one airline
in this room has ever been consulted about
that. Now there may have been comments made
in some of these meetings, but no airline has
been consulted about how to develop these
systems, what needs to go into the system, the
rules and regulations that are needed to carry
through on the systems. So I take exception
to that.

Number two, you have -- The main
issue that we talk about with holding
inventory is time of departure, when people
are booking and not ticketing and we're not
able to get that space back. Okay. So that's spoiled inventory. We are tracking that now.

We're going to track exactly how many bookings are made and if that booking is not ticketed at the time of 24 hours prior to departure, we're going to track that and let you know what that issue is because you should be ticketing that.

There are many people that aren't. That was our big issue. If it's holding it another 24 hours or 36 hours, I don't see that it's a problem as long as it's ticketed. If it goes back into the inventory that's good.

But what the issue right now is that the travel agencies and TMCs are getting debit memos for something that is generated because in your system generally speaking, ETS, DTS, whatever, the system limitation. And if you could figure out how long does it really take to process that booking and to get an approval and give it a few extra hours then I think you'll be fine. We'll be out. This
1 issue would be a moot point.
2 But we can't sit here and just
3 argue back and forth it's your fault. That's
4 the key is how long is it taking to process
5 the booking and if 24 hours isn't enough
6 because obviously it isn't because we're
7 hearing that then somebody has to look at how
8 to change it and fix it so we're not getting
9 every meeting having this come up.
10 FACILITATOR BRISTOW: Let me get
11 this straight. What you just said that we
12 could continue to move forward with this
13 definition if we made changes on the ETS/DTS
14 side if that's what's causing this. Is that
15 correct?
16 MR. BILLONE: If the time limit in
17 the system --
18 PARTICIPANT: Can you speak up
19 please?
20 MR. ELLIS: We're getting him the
21 microphone. Thank you.
22 MR. BILLONE: Give me the one
1 microphone they got from the stimulus package.
2 Go to Target again and get a Mr. Microphone.
3 Anyway, what I'm saying is let's
4 look at how long it's taking to process a
5 booking. Okay. Somebody has to know what the
6 outside parameters are on that. You know is
7 it like for us? We thought it was 48 hours.
8 Twenty-four hours to get something done I mean
9 I could tell you from talking to family
10 members who work for the government that's
11 almost an impossibility.
12 MS. CARLOCK: You have two pieces
13 there. Twenty-four for me to sign it.
14 MR. ELLIS: Wait a minute. If you
15 don't have the microphone you don't talk.
16 MR. BILLONE: Okay. So I need to
17 get approval. So I'm doing a booking. Okay.
18 And I have to sign it saying it's approved or
19 do you have to send it somebody to get it
20 approved and what's that 24 hours? Is it for
21 me to finish my booking or for you to say
22 "Yeah, you can go"?
MS. CARLOCK:  DTS has two time limits. I, as the traveler, once I make my authorization, I have 24 hours from that period of time for me to sign it. If it is not signed within that 24 hour period, I will get something that tells me "If you don't sign it this reservation will be canceled."

There is another time limit for the AO, the approving official, to sign it. If that AO does not sign it, then there is an action that takes place. So there are two separate actions from a system standpoint based on our policy.

However, that's not to say we're not open for discussion to make adjustments to that. But that's what's in place right now.

MR. BILLONE: Well, I think the times need to be adjusted. That's my own opinion. I think everybody else would agree if it's going to alleviate this contentious issue of debit memos and churning. We need to look at maybe stretching the time on that.
You know 24 hours for government travel a lot of people are quite busy. They don't get a chance to get back in there. Who knows? They may even be traveling in the interim and they can't get to it. So I mean let's look at changing and adjusting the times and I think that will go a long way to solving this issue.

MR. CLIFFORD: Denny Clifford, Delta. I would agree with that. There are two issues here. One is we don't want our seats to be out there hanging. But that's in some sense a separate situation, a separate issue, that we need to guard against.

But I'm not so sure that expanding the time frames to, let's say, 72 hours or whatever it may be through the system would cause a major problem. I mean those people are probably going to hold those seats open anyway for awhile.

So I guess I would look at expanding the time frame. At least get rid of
the booking problem part of this thing at the
onset. You know, the 24 hours is pretty much
inside that's causing a lot of problems.

FACILITATOR BRISTOW: That being
said can we continue to move forward with
these definitions?

(Continuing conference call
issues.)

MR. COYLE: It's George Coyle,
American Airlines. I would weigh in favor of
a closer study of the time limits. I think
that would benefit all the carriers to stop
any potential churning and with an adjustment
there if we can.

MR. BRISTOW: We can move on with
the definitions. And move along with a closer
study on adjusting the time limits.

MR. COYLE: Correct. And one
other statement. As a general observation,
I'm really not thrilled about putting language
in the agreement that relates to debit memos.
But as long as it is targeted just to
churning, I think we're okay.

MR. BRISTOW: That was the intent.

To target just the churning just on government rates.

MR. BILLONE: Tom Billone, United Airlines. I would go along with this as long as we get a commitment from GSA and ETS and DTS that progress would be made in changing the time limits, which will eliminate this whole issue. And we have other issues with the booking systems that need to be fixed also, which relate to the people in the back tier office.

So we'd like to see a whole rework of ETS and DTS because they are the crux of all of the notices of overcharge, or 90 percent of them, and the debit memos that are being issued because people are booking online, not knowing what they're doing, causing problems.

And my wife brought home her travel manual on how to do -- she's with
Geological Survey -- and I think it was like 197 pages long. I mean so somebody is not going to -- a new employee is not going to read a 197-page thing. And the print is about this big. You can't see them.

So you've got issues. But I mean some of the things are directly related to the self booking tools that we need to, as an industry, sit down and say how do we fix this? These are the issues that we see, okay, and everything that I'm pointing out about of notices of overcharge, which we send out as debit memos to the TMC, is related to how somebody booked something, okay?

And it's not the TMC's fault. It's not the airlines' fault. It's the traveler and the way the system presents the options to them. So that's another thing we would like to carry forward.

MR. CLIFFORD: Denny Clifford, Delta. We'll agree to looking at the expansion of the time frame but on two
conditions, and this is not just the airlines
rolling over and just offering things up.
It's got to be -- call it quid pro quo, call
it cooperation, call it whatever. But it's
got to be both ways.

We need a commitment by ETS and
DTS to mitigate the current problems. This is
irrespective of the timing issues that we're
talking about. We want a commitment by ETS
and DTS to make some fundamental changes to
the software to help resolve the issue. We
have not heard anything today, and I haven't
heard anything in the last six months, that is
suggesting that they are going to do that.

Secondly, we want a commitment by
the GSA and a concrete plan and proposal by
the GSA to get education out there to train
people, not fluff, not just saying oh, we're
going to train people. We want some concrete
evidence that that's going to happen out
there.

That's the only way we're going to
fundamentally resolve this problem through all those mechanisms. But you can't just have one, expanding the time frames. We're not in agreement with that if we don't have input from the GSA about the education and DTS/ETS about making software changes.

MR. BRISTOW: Thank you very much.

I believe we can get the particular people together to continue that discussion along the way in all of those areas, whether or not it is training, ETS, or the City Pair Program, our TSS contracts, or travel agency contracts, we're open to that. Our doors have been open.

We've been working the debit memo issue for a while. We'd like to close that down. And it doesn't seem like we're getting to a point where we can close that down at this point but we'll continue to leave the doors open for discussion.

Next slide please.

MR. ELLIS: Okay. Good afternoon, ladies and gentlemen. I'm going to talk about
the next slide -- oh, I have to do it. Okay,
so we're going to talk about the connect time.

The not to exceed connect time for the FY11 contract has been increased from 90 minutes to 100 minutes for domestic markets. And there was a question that said “why did this change. There's been 90 minutes for years and years and years”. Well, you're right. It has.

But industry dynamics have changed. And mostly this change was made from customer questions and comments asking why certain markets which were desirable were not awarded. And we went in and we saw that they were solicited but we got no offers.

And so when that happens, we go and say well, why did we not get offers. And this happened mostly in trans-con markets to smaller areas. And I'm going to say Los Angeles and San Diego to Jacksonville, North Carolina, Albuquerque and San Francisco to Huntsville, Albuquerque to Dayton, and the
Washington airports to Monterey, California, markets like those that are trans-con.

And we had two flights going from east to west but we only had one flight connection making the normal connections because of the time changes going from west to east. So we have one of two things we can do. We can either drop the minimum flight numbers from two down to one or, in this case, it was decided by the team that we extend the connection market because normally we found that there was a second flight that was offered from west to east but it had like 92 up to 98 minute connection time. And so it eliminated that second flight from qualifying.

So that is why we made the change. And this came from our customers. It did not come from the industry. It came from the customers, most notably DoD and NASA. Maybe that was because they were missing some important markets in their inventory. So it allows better or any response and that's why
Please note that even though Guam is a U.S. protectorate, it is considered an international market for this contract and it has been for many, many years. And in international markets, the maximum connect time still is 180 minutes unless that market is in the extended connection market where it will be a double connection with up to 300 total minutes connect time.

Do we have any questions on this change?

MR. ROBINSON: Folks, we need to do a quick system update here because there are 15 people on the phone who need to dial back in with their password so that they can hear what's going on. So we disconnected everybody and they're dialing back in.

MR. STAEFE: Klaus Staefe with NASA.

MR. ELLIS: Time out, time out.

Hi everybody. We're back online.
We're sorry about that. Hopefully everybody is still here.

Once again, let me remind you of the ground rules. Please put your system on mute unless you plan to make a comment to the room and get on our transcript. We apologize and we're going to start the meeting again.

Thank you.

MR. STAEFE: Klaus Staefee with NASA. Those are for international carriers. Do you have a minimum connection time on international flights? Or is there a minimum time? In other words, like if we have a flight that goes to Moscow and you have 35 minutes from one gate to another, we don't believe that's enough time.

MR. BILLONE: We're working on that problem. Thank you.

PARTICIPANT: That was Tom Billone with United Airline.

MR. CLIFFORD: Denny Clifford.

Just to answer your question, a lot of that's
airport dependent, Klaus, and it's defined, you know, but we try to make the legal connections in the minimum. Sometimes it's not long enough for a lot of people, depending on the circumstances of the airport.

My other comment on this is, you know, Delta disapproves with this change, mainly in concept. I know ten minutes doesn't sound like a lot. But let's face it, you've got 5,000 markets. And what are you looking at? Maybe a half a dozen here that made it on the radar screen because of this deal?

MR. ELLIS: Twenty to 25.

MR. CLIFFORD: All right, 20 to 25. At what point then, Jerry, do you stop parceling out this contract? Let's say next year you've got some markets that come in at 102 minutes. Do you then add another ten markets -- another 105 minutes the next year. At what point do you start splitting hairs on all these markets? I mean 90 minutes was fine. The dynamics of the
industry have not changed that dramatically in
terms of connect times.

MR. ELLIS: Oh, Denny, they have.

The number of markets that we lost last year
and the year before that because of service
cutbacks, we had to reaward over 400 markets
the year before last because of the industry
dynamics of service changes.

MR. CLIFFORD: Where do you stop
the slippery slope?

MR. ELLIS: Well, Denny, as you
say, the 90 minutes had been in there for
years and years and years and years. I mean I
think this is a very insignificant change to
accommodate our customers. And let's face it,
GSA's direction is that we are trying to
provide government travel at the most cost
effective measures to accommodate the
government's travel mission.

That's our -- and so when we get
customer comments saying look, we need this
market, we have to -- we feel it is incumbent
upon us that we have the fiduciary
responsibility to try to accommodate our
customers' needs.

MR. CLIFFORD: And we have a
fiduciary responsibility to ours as well.

MR. ELLIS: But what does this do
to change your or any airlines' dynamics?

MR. CLIFFORD: I'm just saying
that you are taking a small component of the
whole process and making changes based on a
fairly minute sample of markets here. And
that you get into a slippery slope that where
do you stop this down the road on any issue?
Not just connect time.

You take a very small microcosm of
the entire picture and you say okay, we're
going to make a change. That's the concept
that we disagree with.

MR. ACQUILINO: Okay, Denny, we
hear you. But the thing is that we are not
going to solicit for any more particular
markets than we've always done. So there's
not a wholesale increase based on this change to the numbers of markets we're going out to solicit.

So there is a net zero impact with this ten-minute change. So it's not the slippery slope I think I'm hearing you say about, you know, opening it up to more and more markets to this contract. It's the same amount of markets that we're soliciting.

And Jerry is going to talk about markets and how we've chosen them and the numbers, et cetera. So that may help you understand that this is not a wholesale opening of all the possible city pairs to this program.

MR. CLIFFORD: No, it doesn't help me understand because my point was not about expanding the number of markets. My point was about parceling out things so that you incrementally add little pieces to the contract because of small pieces that you are dealing with. That was my point.
It was not about expanding the markets. You've gone less, I think, this year than last year. So that was not my point.

MR. ACQUILINO: Okay. So you're saying incrementally changing the contract --

MR. CLIFFORD: This thing has been in place for 15 or 20 years, 90 minutes. All of a sudden now --

PARTICIPANT: Can you please speak up?

MR. CLIFFORD: -- you got --

MR. COYLE: Denny, you need the microphone.

MR. CLIFFORD: Now you've got -- all of a sudden you've got 20 markets that don't hit the 90 minutes. And now you're going to start adding those in. Okay. What other components in the contract are you going to be hitting up that you've got some other issue? Maybe it's not even connect times. Maybe it will be.

But at what point do you start
parceling out all these different things that you run into on this contract and you just start layering in more and more issues that are relatively small? But over time, they add up.

MR. BRISTOW: The intent of the 100 minutes was also to allow you -- and we looked at a number of different markets. It wasn't just the 20. It was the connection aspect in your larger markets. We're seeing a significant reduction in the amount of flights in specific connecting markets, which then tell us it going to be more time to make that connection to get to the next flight.

We still allow the carriers that are under 90 minutes to continue to provide us connecting times under 90 minutes. That's not the issue. We're just allowing it so that we don't run into an issue by not awarding to the carrier with the best fare and the best service because we missed it by one or two minutes.
MR. ELLIS: Again, Denny, just to reiterate. We're not adding markets. We're just making markets that were not awarded this past year that have been awarded in the past. And we need to find out why wasn't it awarded. And it is an important market to our customer. And we need to find a way to try to accommodate that.

I mean we've heard from Delta. Are there any other carriers that have a like problem with this?

(No response.)

MR. ELLIS: Okay. Next slide. Just wanted to talk about the activity reporting, the dual level activity reporting. For contracts that have both a YCA and capacity controlled, again, you are required to provide us with a monthly report on the percentage of passengers -- not revenue but percentage of passengers that flew in that market on a YCA fare or a capacity controlled fare.
One thing that I want to make sure you understand is that you only put in this report those markets where you have a dual fare. If you've only filed a single normal fare, i.e., a YCA fare, please do not include that because the YCA would automatically be 100 percent. And it throws off our data. So only include those markets which have both the YCA and _CA.

Just, for instance, in FY09, we tracked a 55 percent capacity controlled usage on domestic markets, which was a six percentage points increase over FY08. And for international markets, 52 percent capacity controlled fares, which was a booming 15 percent over FY08. So we, at GSA, feel that this is a win-win situation in that we are getting our customers some lower fares on the capacity controlled fares and yet it allows you to control your inventory.

So that's why we feel that since the initiation of the dual fares, that each
It has gotten better and better, that you're able to control your capacity and hopefully we're able to get some lower fares. Are there any questions on the activity report?

(No response.)

MR. ELLIS: I do ask that you be timely with these because I get pressure from my superiors wanting to see that report on a quarterly basis and certainly on a year-end basis. So thank you very much. Most airlines have been very, very good about supplying me with this information.

Okay, let's talk about how we select markets. The question came up “well how do you select markets”. The markets selected for the FY11 solicitations, again, were based on market requests from our customers and the government agencies.

Just to let you know, we normally get in the neighborhood of any place from 20,000 to 35,000 market requests a year. And
so our first job is to pare these down to a manageable level. And we try to keep it no more than 7,000 markets that we solicit in any given year. So that's our first requirement, to find out whether -- how many passengers per year. And, of course we eliminate those that don't have high usage.

Also we take historical volume compiled from SmartPay and ARC. And we brush all those up together and we come up with the markets we're going to solicit for any given year.

So for FY11, we have a total of 6,689 markets, which is fewer than we did last year by about 200 markets. The Group 1 markets, we have 4,059. Domestic markets are 2,810, international, 836. The extended connection markets, domestic, 75, and most of the domestic markets, again, are those in and out of Hawaii or Alaska where a double connection or a longer connection time is required.
And in those markets, especially in Alaska, Hawaii, you will notice that instead of having a two-flight minimum, we have a one-flight minimum, certainly in Alaska because of the seasonality during the winter months.

The Group 1 extended connection international is 338 this year, which is an increase. Year over year, we find more and more markets into the Middle East, points beyond western Europe into the eastern Europe in those former Warsaw Pact countries, and certainly into central and eastern Africa markets where you need the double connection and longer connection times.

So Group 2 markets, you can see we have 2,630 markets. Group 2 domestic, 1,975, and the international is 655.

Do you have any questions on that?

(No response.)

MR. ELLIS: We're kind of pleased with the way that the extended connection
markets have gone. This has been one of those changes we did about three years ago. And it seems to be embraced by both the industry, and that certainly is a help to our customers who are going to some of these far away places in order to get a contract fare.

There are a couple of questions that came up from one of our agencies. They asked "will the next fiscal year city pairs include foreign carriers under bilateral and multilateral agreements, i.e., European Union carriers, Australian carriers, et cetera".

The answer is their opportunity is only through a code share with the U.S. flag carriers. We do not contract with foreign flag carriers at all except through, again, the code share arrangements with the U.S. flag carriers.

Second question was "will the next fiscal year's city pairs include penalty fares with standard terms and conditions in addition to the current two-tier fully refundable
fares?” And the answer to that is no. We're going to stick with the normal YCA and capacity controlled contract fares that are unrestricted.

Okay, I'll turn it back over to Jerry who will talk about other things if there are no questions about markets. Thank you.

MR. BRISTOW: Thanks, Jerry.

Just wanted to bring you up to date a little bit about what we've been doing with the City Pair Program, how we get the information out, talk about some training aspect but we also want to show you some of the good things we have out here on the site to assist our government travelers, give them access into the visibility of the City Pair Program. And this is through the City Pair Program website.

You'll see two things out here. One is your airfare search on an individual basis that you can put in your market, say
from Washington to LA, and it will populate
that one market for you. Or you can go in and
do the downloadable Excel file transfer that
gives you all the 5,000 markets that we have
awarded. If you are so inclined to want that
file, you'll have access to that. And it
comes out in an Excel file format.

We have a new fare calculator out
there, which will assist you in getting the
total, or close to the total should cost
estimate of your trip. Last year we had
issues such as fuel surcharges and people
didn't know what the current fuel surcharge
was going to be at that time. Or what the
baggage fee was going to be on that carrier.

So we've enhanced this calculator
to show the one way or the round-trip fare.
I'm going to show you that in a little bit.
But it also gives you the capability to see
what the baggage fee was going to be if you
are going to check one or two bags and also
what the current fuel surcharge is in that
specific market.

We also have a frequently asked questions site out there. They are put in there as a question with some answers for response. Really good information out there for our government travelers. For our government agencies that want to do some in-house training as well, there is some good information on the city pair program.

Our fact sheets show exactly what we do and what's allowed, like for baggage. It would show in there that the FTR does allow for payment on baggage so they are being reimbursed appropriately along with those flights.

And then links to other travel programs like the ETS, like FedRooms, also DTMO, car rental rates through that process as well. So a wealth of information, hopefully some things that you will be able to utilize and see.

And, of course, there are direct
links out to the Federal Travel Regulations so that people know exactly how they can travel and what they should be doing.

This is a quick look at our site.

As you come out to the Airfare City Pair Program, of course on the left-side there on the menus, there is our FAQs, with frequently asked questions, fact sheets, Airfare City Pair service, ask the expert, these are questions and some answers that we have out there for our travelers, current awarded markets, and approved tribal users, partnership meeting minutes, like this, these will be posted out there, pre-solicitation meetings also out there, solicitations, the travel links, and the historical library.

The historical library actually goes all the back to -- ten years -- so that you're able to see those types of airfares that we had back then. And you'll see some good value there.

But for this instance here, we're
going to look at the Airfare City Pair search. So you just click on there. It takes you out to that site. And you'll notice it over here with the Airfare City Pair fares. And we have a little disclaimer in here because we wanted to ensure that you understood that these airfares do not include fuel surcharge or baggage fees. So the disclaimer helps you along the way to ascertain what that true cost estimate should be.

Then we type in the DCA/LAX. It defaults to the search FY10. And this is one of the new things we put in there this year. Not just the one airport but all the airports that serve multiple cities. For Washington, D.C., you'll see all three of the Washington airports and for LA, you'll see all five of the airports out of the LA area. It allows you to find out where you are going and what your airfare is.

It shows the awarded carrier, the
service, whether or not it is connection-type
service or it's non-stop, the YCA, the _CA,
the _CB, that's a business class fare for
international travel. So if you're traveling
international, you'd be able to see that as
well.

And then the effective date, the
reason we did the effective dates in here --
the expiration dates because if we do a re-
award, you'll actually see the new dates that
it was re-awarded and when that took place.

So throughout the year now,
because we had so many the other year, we
found it necessary to ensure that you knew
when that new contract was awarded or re-
awarded to a different carrier.

MR. ELLIS: Jerry?

MR. BRISTOW: Sure.

MR. ELLIS: Can you go back to the
previous slide? I want to -- Jerry is going
to go back to the previous slide. And I want
to show those agencies out here a little
shortcut that might help you.

If you put in your city, and let's just say for instance you are in Dayton, Ohio, and you put D-A-Y in the departure city and do not put a destination and then click on the FY10, your response would be every contract market in and out of Dayton with the same information: the carrier, the prices, and everything like.

So if you're doing cost comparisons like if you want to find out where will be a good conference place, Orlando or San Diego or Phoenix or whatever, or you just want to see what all the market fares are -- contract market fares out of the given city or airport, that's the fastest way rather than doing it city by city by city.

MR. BRISTOW: Thank you. Just a little more enhancement to the product here. This will take -- when you click on the fare, this will take you right into the calculator. And, of course, it says one way
or round trip. You have the option just to
click on -- and it would automatically
calculate that fare for you, one way or round
trip.

First baggage fee comes up. You
click on there if you are going to check a bag
but if you are not going to check a bag, that
will zero out. One bag is 20 dollars, second
bag, in this instance, is 30. And, of course,
we said it was round -- one way, so -- oh, I'm
sorry, they had two additional flights. There
you go. So 60 dollars, so total should cost
estimate 450 dollars, not including your
taxes.

So it gets you close without
having to get in and utilize live data to be
able to find out this information. So
helpfully this going is to help our travelers
and our carriers with the correct information.
And we update this as these changes occur.

We've actually built a table in
here for our fuel surcharges that will read
that automatically and calculate that into the
process there for you.

As you can see, this year on the
domestic markets, we haven't had much activity
on fuel charges. Fuel seems to have
stabilized this year. And domestically we've
seen those basically disappear.
Internationally, carriers cannot control their
fuel purchases on the international markets.
And you'll see some fuel surcharges on the
international markets.

New points of contact out here.
This is everybody that works on the City Pair
team. Bianca Norman is our Director and her
phone number, Kristen Jaremback, our
Contracting Officer, Kwanita Brown, our
Contract Specialist, Jerry Ellis, our Business
Management Specialist, and all of our
contacts, myself, Jerry Bristow, Program
Manager, and Vince Acquilino.

Please feel free to contact any of
us at any time for any question that you may
have on the City Pair contract or to answer these other types of questions as they relate to travel and the City Pair Program.

MS. DANZLER: Yes, I have a question. This is Debbie Danzler with EPA. I may have missed it if you mentioned it earlier with the phone issue but will the City Pair website at any time start showing carbon footprint mileage?

MR. BRISTOW: We don't have that at the moment though these are things that we're working on -- looking at for the City Pair Program. Under the GSA Travel Management Information Services, we're able to produce a carbon footprint of your Agency's travel. We're working with the Department of Energy to be able to provide you with this reporting mechanism. And once this guidance is issued from the Department of Energy -- and I believe it's going to be in April -- we'll be able to move that out.

There are a couple of areas that
we want to make sure we address. And, yes,
City Pair is on the agenda for greenhouse gas
emission-type reporting.
That is one of the things we are
going to talk about in the questions that are
coming up, new emerging issues with the
government, new emerging issues around the
world. And we want to make sure we cover
those. So thanks for your question.
Slide 21 here, we also have
contracting issues, it's onthego@gsa.gov.
Just program issues, we have a new site here,
travel.programs@gsa.gov.
This will help differentiate the
issues, help us be able to respond a little
bit quicker to you. We look at this and
usually respond within 24 hours. If it
requires additional information and it may
take us a little bit longer, we'll advise you
of that. Thanks for the email but we're
moving this forward to the subject matter
experts that can answer that question for you
specifically.

Now we come to the questions for the new issues. Anything that anybody would like to discuss or talk about? Things that are coming down the pike.

Tom?

MR. BILLONE: Tom Billone, United Airlines. I would like to announce that we've changed somewhat our bag policy for active duty military. The military member no longer needs to show orders. They need to be traveling on orders but they no longer need to show orders.

It was causing a problem when the military member didn't have orders with them and we had even our own people were getting into arguments out in San Diego over this issue. So we worked hard to get that taken care of. So that should already be in the profile.

We want to remind everybody this is for U.S. military -- active duty military
only, not foreign military. So just to let
you know because we've had issues with foreign
military stating that they're supposed to get
the exemption. And we're not giving the
exemption to foreign military.

MR. BRISTOW: Thank you.

MR. BILLONE: On the -- real quick
here, Jerry -- on the calculator down at the
bottom, we have put in those exceptions as
they apply to the carrier. So if you can give
us that exception update, that's what is going
to show in the calculator down here below and
the effective date on that.

Okay, so whatever your exception
is, we take it right off your site, implant
that into the calculator so that people know
who is exempted from the baggage charge. And
thanks for that.

MR. ELLIS: Thank you for that,

Tom.

Just a quick question on that.

DoD family members, when traveling on PCS
[Permanent Change of Station] orders, does that also include family members on an accompanied tour?

          MR. BILLONE: Yes.

          MR. BRISTOW: Thank you very much.

          MR. BILLONE: And on leave in conjunction with.

          MR. BRISTOW: And on leave in conjunction with.

          MR. BILLONE: Right. Because they are entitled from point A to point B. Just because they want to go home, we shouldn't penalize them for that. So --

          MR. BRISTOW: Again, that exception is going to show out here on the calculator if you get us that right information, okay, the verbiage.

          I have a couple of other notes here, carbon footprint offset fees for EU and OpenSkies, I believe that is an issue for the carriers, one that we're looking at and how that is going to play out into the EU markets.
Again, we believe that it should be outside of the fare. The firm fixed price will take care of that and those other ancillary fees and taxes should remain outside of the fare.

I believe some are looking at how they are going to charge this offset in the EU countries. And it is going to be difficult to track. But we'll continue to talk about that and discuss that on the international markets.

MS. SINGLETARY: Hi, this is Lisa Singletary. I've got a -- actually I've got two and I don't know the appropriateness of the first question but I'm going to ask anyway.

Is there a report that shows the revenue made from the ancillary fees charges by the airlines? Since they started charging them, is there a report that shows the revenue made?

And my second question is whether or not I can recommend that we bring in the TMCs at some point to discuss the churning
fees and the conditions in which they receive the debit memos.

MR. BRISTOW: Okay. Thank you.

We don't get a report on the ancillary fees. Because we purchase commercial type practice is actually what we're doing so we're not getting a report back on that. Where you can possibly get those on the ancillary fees is an accumulation of your reports on your vouchers. So that may be an opportunity to take a look at where those other ancillary type fees are being charged. Okay?

MS. SINGLETARY: I'm sorry, who is this responding? I didn't get your name.

MR. BRISTOW: It's Jerry Bristow. And I'm sorry, your second question was?

MS. SINGLETARY: Recommending bringing in the TMCs at some point just to discuss the churning fees and the conditions in which they receive debit memos. I'm getting a lot of complaints from my TMC
regarding that. And --

MR. BRISTOW: And, and -- okay, I
don't want to put anybody on the spot here but
you're on the phone, what travel agency
services you?

MS. SINGLETARY: I really don't
want to put them out there.

MR. BRISTOW: Okay, that's okay.
I just wanted to say that we've been working
with a debit memo group on all of these
issues. It includes the carriers, the travel
agencies, audits. DTMO has been there. We've
been there. We've been working on this since
last June.

We're having a meeting next week
at the SGTP, the Society of Government Travel
Professionals Education Conference next week
and debit memos is on the agenda for the TMC
forum.

MS. SINGLETARY: Are they
reporting on -- for the charges that they
received, the revenue generated from that?
MR. BRISTOW: No, no, this is on the debit memos for the churning. This is on the debit memo for the churning. If you -- you may want to contact your TMC and advise them that they need to be in attendance at that meeting next week if they've not already been attending.

MS. SINGLETARY: Okay.

MR. BRISTOW: Thank you.

MR. ROSENMEIER: Hello?

MR. BRISTOW: Yes, do you have a question?

MR. ROSENMEIER: Hi, this is John Rosenmeier for the VA. Who was the last lady that was just talking?

MS. SINGLETARY: Lisa Singletary from the Department of Commerce.

MR. ROSENMEIER: Do you mind if I give you a call after this or later this afternoon?

MS. SINGLETARY: Absolutely.

MR. ROSENMEIER: What's your phone
number please.

MS. SINGLETARY: 202-482-1185.

MR. ROSENMEIER: Thank you. Yes, I'm from the VA and I have similar issues.

MR. BRISTOW: Okay. Thank you.

MS. SINGLETARY: Okay.

MR. SZNAJDER: Gary Szajder from Continental Airlines. I just wanted a clarification on debit memo. Is debit memo the way, in the final language, only going to pertain to churning? Period?

MR. BRISTOW: Debit memos only pertain to churning, period, on government fares, period.

MR. SZNAJDER: That's it?

MR. BRISTOW: Period.

MR. SZNAJDER: Thank you.

MS. GULICK: Yes, Barbara Gulick from National Science Foundation. This fare that I see, this one-way fare on AA, American Airlines, of 370, that does not include fuel surcharge and the baggage fees I see, so that
fare should be pretty accurate, what I should see from my TMC. That includes all taxes.

MR. BRISTOW: No.

MS. GULICK: No?

MR. BRISTOW: No, it does not include all taxes. That's the issue. Right.

MS. GULICK: Okay.

MR. BRISTOW: It does not include your facility charges, in other words because we don't know what airport you may be connecting through, it doesn't include your security charges for TSA or your segment fees, okay? That's what that disclaimer was on the front when you enter into this calculator.

MS. GULICK: Okay. Thank you. Is there like a website that we can get an idea so that we can be more accurate for those fees?

MR. BRISTOW: No, it's not until the ticket is issued. Okay? You're welcome.

Any other questions? Any other questions on the phone? Oh, I'm sorry.
MR. DAVID FLYNN: This is David Flynn with HHS. I just -- one of the things I've noticed this past year was United started, I guess, reserving half of the plane, the front half of the plane, making it harder for my employees to get reserved seating whenever they book their tickets. Can we address that?

Because I know that Continental, or at least from what I've heard in the past, that Continental has not participated in the City Pair Program because they didn't want to reserve all of their seats or have them available to -- 100 percent of their seats available to the government market.

MR. BRISTOW: Okay. Last seat availability and seat choice are two different areas that I'll address on that.

Last seat availability, I believe, it's Continental. So I'm not going to speak to it. But you wanted to have it in the bucket, correct?
MR. SZNAJDER: You are controlling where a carrier puts their CA fare in because of the language that you say it must be above the third bucket. My buckets today are priced upon a certain rate. And that rate puts it in a bucket. That's difficult to do right now.

MR. BRISTOW: Right. The other one is seat choice. Airlines -- and I'm going to defend United a little bit because you said at the beginning of this year they've actually opened up their seat allotments for seat assignments. Okay? And airlines do hold seat assignments for seat choice.

Some of those are emergency exit rows where they have to physically see somebody that's going to be able to operate the door, be able to function appropriately. Some are their new economy plus type seats, which give you more room.

We have watched that very closely. And most carriers allocate about eight percent of their aircraft for those different
types of seat choices. We don't believe that
the government agencies are targeted to get
middle seats in the back of the airplane. We
really don't.

Sometimes it is when we make our
reservations and how we get our seat
assignments. So if we're making our
reservations just seven days out, some of
those good seats may not be available as in
aisle or window seats.

What we have seen, though, is that
if you utilize your frequent traveler numbers,
it expands and opens up that seat map for you
to be able to see all those available seats
and not just limited to just those others.
They take into consideration connections, if
you are in a connection airport, flights that
are coming in, whether or not they are late or
not, whether or not they allow that flight to
go, especially on the international
connections.

Airlines do a really good job in
assisting us to get those seat assignments.
So I hope that answers your question. And I
know that Tom wants to say something.

MR. BILLONE: Tom Billone, United
Airlines. And earlier -- well, actually late
last year, we went on a tour, took GSA and a
representative of the State Department on a
tour. Left Dulles Airport on a departing
international flight and showed how the
background, how seat assignments are done if a
person doesn't have a seat, showed him how the
lists worked, so it was very eye-opening for
everybody to find out how, if you get to the
airport -- the idea is to get everybody on
that aircraft because it costs us money if
they don't get on.

Some people don't want to wait to
get a seat assignment and they buy up to
economy plus. That's a choice. You have
three options to opt out of buying economy
plus even if you're doing the check-in and
show.
The one thing that I was hoping to hear in this meeting was the definition of last seat availability being changed to reference inventory versus a seat because when you put the word seat in there, a person is saying okay, if there is one seat available on the plane, I get it before anybody else. And that's not what the intent of that was.

And I thought we had come to an agreement in one of our meetings that we were going to change that definition to mean the purchase of inventory because I still have people in various government agencies telling me I'm told as soon as I get to the airport they have to give me a seat.

And I'm like no, that's not the way that works. So I was hoping that we changed that in this contract. Maybe we could reword it because that is what is throwing some confusion out there.

When you look at seat, it may be semantics but to us, a seat in inventory but
to everybody else a seat is a seat. And to
the airlines, we're talking inventory. You
can buy -- if there's inventory available, you
can buy that inventory.

So that's just a little hokey
change.

MR. BRISTOW: Please send me your
verbiage for consideration. Okay?

MR. BILLONE: Yes, I'll send it to
you.

MR. BRISTOW: Okay. Thank you.
And the reason I ask that is
because we could come out with the verbiage,
with the verbiage, with the verbiage, and no,
that doesn't work, that doesn't work. We want
to make sure that we're addressing this, that
it is going to be suitable for you in that
vein.

Okay? We may not be able to
consider it. But we will advise you yes, no,
or whatever.

MR. BILLONE: You know me, I'm
trying to come to a middle ground here.

  MR. ELLIS: You need to be on a
  mic please.

  MR. BRISTOW: You need to be on
  the mic, Tom.

  MR. BILLONE: I've got a mic right
  here.

  MR. ELLIS: I'm going to move Tom
  to the front corner over here.
  
  (Laughter.)

  MR. BILLONE: Those of you who
  know me, I try to come to a middle ground with
  everything here. And I think, you know, we
  need to come to a middle ground on that. So
  we can work together.

  It's not necessarily what I think
  but I think the industry would accept that as
  proper verbiage that we all could live with
  that will eliminate this confusion, you know,
  about this last seat availability and whether
  a person gets denied boarding or the flight is
  oversold and they don't get a seat. So I
think that would work.

MR. BRISTOW: Okay.

MR. BILLONE: Okay? Not that it's necessarily what I want but --

MR. BRISTOW: Hold on.

MS. CARLOCK: I need to make sure I heard you. Andrea Carlock, DTMO, am I hearing you correct by saying that last seat availability, in my mind, means regardless, if there is a seat, the government person gets it. And that is not? Okay.

MR. BILLONE: That's the issue. That's the issue. Last seat availability refers to when I go to buy a ticket. Okay, there may be one seat left on there -- one inventory slot available, one Y available, okay?

Now the aircraft may have 120 seats but we sell the government 30. All right? So there's 129 booked already. Normally, as a reservations person, I am working in reservations, I cannot sell that
last inventory piece, seat of inventory, okay?
I'd have to get somebody to do it for me.

You can purchase that last Y of availability. That does not necessarily mean you've got a seat. Okay? It doesn't mean you have a seat assignment, okay?

And if you go to the airport -- and then the other thing is we don't know how many people -- whether the system automatically assigns seats or the person gets to select their seat. We'd love it if the systems automatically assigned seats so we wouldn't run into this because we have issues where people claim they get to the airport and they didn't have a seat. Well, they never requested a seat assignment in the first place. And those are other issues, okay? On their initial booking, we didn't look for a seat assignment.

So when you get to the airport, if you don't have a seat when you're checking in, you're using the kiosk, the kiosk will give
you an option to purchase up to economy plus, all right? Some people buy it. They think they're going to get a seat.

If you don't get it, you get a boarding pass which is a departure management card. And you wait. And then now they tell us in most of clubs, you can see where you are -- you can see how many seats are left and it says confirmed awaiting seat assignments so you know if there are 50 seats left and you are number three on the list, you're going to get your seat assignment. But it's going to be like maybe 45 minutes prior to the plane's departure when you get that seat assignment.

So there may be times where you don't get on, all right? So say economy plus is the only thing that's left, all right, nobody has bought up to economy plus. The traveler is going to get economy plus at no charge. They'll get a seat assignment in economy plus at no charge.

So they can wait and actually get
an upgrade at no cost. But there are instances, and we just did a study, where people -- yes, they are either denied boarding voluntarily or involuntarily. And, again, we went through the whole process. We try not to -- we try to get everybody on the aircraft.

If it is an overseas flight, which is where we have most of the issues, the Department of State who has raised the issue a number of times, we look at how many first class seats are left, how many business class seats are left, and how many coach seats are left.

So if somebody is in business class and the seat is in first class and we need to try to get some seat assignments, we'll move people from business class into first class. We'll move people from coach into business class. And it's going to be based on their frequent flyer status, et cetera. And that will open up seats in the back for other people.
So there is a whole list. But when you make a reservation, last seat availability does not mean you have a seat assignment.

MS. CARLOCK: There's the difference. Seat versus seat assignment. There's the terminology. This is a big issue for us in the Department.

MR. BRISTOW: And our understanding on this is that we are able to purchase that seat inventory for a specific price no matter what. That's our issue on the City Pair contract. And that's how we enforce that part of it along the way.

Hold on one second.

MR. CRAIG FLYNN: This is Craig Flynn and I'm the Director of Governmentwide Travel Policy. This is a really big issue for the agencies because the traveler shows up at your kiosk and they see the opportunity to upgrade into --

PARTICIPANT: Economy plus.
MR. CRAIG FLYNN: -- economy plus, different airlines call them different things -- they have the opportunity to pay the extra -- whatever the dollar amount is, 25, 29 dollars, whatever. They feel pressured at that point that they won't get a seat. This is what I'm hearing from the travelers.

And at that particular point, they have made all the personal arrangements to get to the airline, getting there on time. The Agency has the opportunity to pay for that amount of money. The policy allows for that.

They don't -- usually they don't -- you know, they don't have the wherewithal to call or to make sure that they can get approved for this so they feel like this is -- oh, my gosh, my plane is going to leave. I don't have a seat. I'm not sure whether or not I should pay this extra money.

So we need to figure out a way that that doesn't enter into the conversation of whether or not the travel gets a seat on
the government airline at the same price.

MR. BILLONE: Okay, we ran into

this --

PARTICIPANT: Microphone please.

MR. BILLONE: -- believe me I've

been working on this for four years now so

it's like a nightmare. We ran into this same,

I feel pressured into buying a seat. Okay,

well you're not pressured into buying

anything. You're given three options to say

do you want to buy it or not. There's no

upsell, there's no pressure.

Say if you don't -- now admittedly

have some gate agents that go beyond and say

well, if you really want to get a seat

assignment right now, you purchase up, okay?

We're trying to get them not to say anything

but in reality, it's true. If you really want

a seat assignment at that moment, you need to

purchase up.

But the idea -- and that's -- I

mean why we did the tour, to show that there
is no pressure on the person. And there may be some pressure the person is putting on themselves, okay, which is the education process that once you get to the gate area and you don't have a seat assignment and you're on an international flight 45 minutes prior to your departure, you will get your seat assignments, okay?

I mean it's not -- when we look at the denied boarding rates, it's infinitesimal. So, you know, there's not a whole lot of -- there's people that volunteer to get on the next flight, which is fine. But involuntary, there's very few.

So the process is to get everybody on the aircraft by asking for volunteers first, get off, give up their seats. And a lot of people do that. They're not in a rush. They take the next flight two hours later. They are confirmed on the next flight and away they go.

The idea that people feel
pressured, that's pressure they put on themselves. And we have talked about is there a way to bypass the upsell when you're checking in if you are a government traveler. And the programming costs to do that, I don't think the government wants to take on. To change all the kiosk programming to see you as a government traveler, click. And then you don't get a chance to buy economy plus. It just gives you --

MR. CRAIG FLYNN: Okay. So the solution is happening right now with a certain Agency that spends a lot of money in travel is that if they are not assigned a seat, they are choosing, as a policy, to not fly the City Pairs. So what happens is --

MR. BILLONE: But that's not policy, that's not --

MR. CRAIG FLYNN: That's an internal policy.

MR. BILLONE: Well, that's wrong.

MR. CRAIG FLYNN: Well, wait a
minute. Let me finish please. I have the microphone so they can't record you.

(Laughter.)

MR. CRAIG FLYNN: This issue is you lose business and it costs the government more. So if we don't fix this problem, the internal reality is it will cost the government more money and you will lose the business. So we're going to have to figure out a way to figure out how to educate both sides.

MR. BILLONE: Well, I can tell you right now we're not changing our policy. It is what it is. If we lose money, believe me, we make about 300 million dollars a year on economy plus. We're not going to change it. That is the business sense of this.

But what you just said, by having an Agency policy that violates the City Pair contract bothers me. And I'm hoping that GSA does something about that because there are several government agencies out there that are
1 doing that. And the lack of a seat assignment
2 is not a reason for flying the non-contract
3 carrier.
4
5 MR. BRISTOW: Okay. Can I have
6 the microphone please?
7 Thank you. Great discussions here.
8 Don't think we haven't had this discussion
9 along those lines. What we did find is that
10 they're not targeting government travelers.
11 What we did find it was not systemic across
12 their system. It was in pockets of areas,
13 pockets of specific type flights that had
14 other circumstances wrapped around them.
15 And what we did see also is that
16 they have opened this up to travel agencies to
17 contact their member to assist them in getting
18 those seat assignments so that when they come
19 to the airport, they're ready to go.
20 What we're also seeing is the
21 people get to the airport later and later,
22 security lines get longer and longer, and all
23 of a sudden, their seat assignments are gone
because they are canceling them out now 45 minutes prior to departure.

What I have to say is get to the airport on time, if not early, have your seat assignments available to you even if you have a middle seat. Go to the ticket counter and ask if they can exchange that for an aisle or a window seat and they will accommodate you.

Specifically what we wanted to make sure was we were not being targeted for denied boarding. And I mean involuntary denied boarding where our people could not meet their missions.

We've taken this very seriously. We want to make sure that we're covering all of this for you. We encourage everybody to tell us when they have these issues and report those back to us. And we will look into it.

Like I said, we made sure that it was not systemic across the board, it was not targeting our customers in any way whatsoever, and that they opened up additional seats,
placed us in a different bucket, moved us along. So they really did a good job taking it to heart when we had this discussion.

So is it fixed? I don't think it is ever going to be fixed across the board. I believe sometimes we have the carriers that do as much business with us as they do, it also exposes them to these other issues. And the more business they win in the award, the more exposure they have to these types of incidents.

We continue to monitor that. We want to make sure that our travelers are being treated appropriately when they get to the gate. From the time they make the reservations until the time they get on the airplane and get home, we want them to have a really good experience as well.

Any other questions?

MR. ROSENMEIER: Hi, this is Jon from the VA.

MR. BRISTOW: Go ahead.
MR. ROSENMEIER: Yes, going back to the slides, it sounded like on slide 7 there was some kind of definition for debit memos which it didn't appear on the slide. It sounded like someone read it out. Was that intentional? Or is that something that was --

MR. BRISTOW: You want me to take a look.

MR. ROSENMEIER: Yes, I'm sorry to ask you.

MR. ELLIS: They might have -- Jerry?

MR. BRISTOW: I'm sorry. It wasn't included in the package. I'm sorry. We made an alteration to it.

MR. ROSENMEIER: Oh, okay.

MR. BRISTOW: But we'll have that back out in full view, okay, when we get this done, all right?

MR. ROSENMEIER: That's great.

And also on slide 6, there was a definition of the churning.
MR. BRISTOW: Right.

MR. ROSENMEIER: Am I inferring correctly that the airlines are giving you some push back including this into the City Pair fares?

MR. BRISTOW: Oh, that's correct. But we've agreed to work this through in the next couple weeks and see if we can't move this along.

MR. ROSENMEIER: And if that's the case, if they are pushing back on this, what is their preference? Is their preference that we book immediately? And then if we change our mind, cancel it and re-book?

MR. BRISTOW: Now that's exactly their preference not to have you do it. So you can make those changes to the flights inside the record but not to cancel and then re-book, which is creating another issue.

MR. ROSENMEIER: Okay. Because yes, because from what I understand of churning, I don't know, it sounded like our
ETS usage is different from the other agencies because we're allowed to hold, I guess, the reservation for a government contract airline up to 24 hours up to the departure whereas it sounds like the agencies have a shorter window.

But if we were even held, I guess, to the same standard as they were and had a shorter time frame, 48 hours or whatever the case may be, if we make a reservation and make a change within that reservation, I guess that's when the churning occurs?

MR. ELLIS: Right. Well, it sounds like your ETS system allows you to book and hold and it does not have an auto-cancellation if it's not ticketed within 24 or 48 hours. So your agency is not one of the problems.

MR. ROSENMEIER: Okay, yes, because we only have that rule when it is a non-contract fare.

MR. ELLIS: Right.
MR. BRISTOW: Yes, Jon, we can further discuss that on your agency as well. Thanks.

MR. ROSENMEIER: Okay. I just wanted to make sure I was clear on that. So thank you.

MR. BRISTOW: Okay. We're getting wound down here. Any other questions?

(No response.)

MR. BRISTOW: Any other questions on the phone?

(No response.)

MR. BRISTOW: As always, it's lively here.

(Laughter.)

MR. BRISTOW: And we appreciate your attendance. Thank you very much for your candor. Safe travels back to your homes. And thanks again for your attendance. I appreciate it.

(Whereupon, the above-entitled conference was concluded at 2:36 p.m.)