UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

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FY18 CITY PAIR PROGRAM
PRE-SOLICITATION CONFERENCE

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THURSDAY,
JANUARY 12, 2017

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The Pre-Solicitation Conference met in Room 3046, General Services Administration, 1800 F Street, N.W., Washington, D.C., at 1:30 p.m., Lauren Concklin, Program Director, presiding.

PRESENT:

LAUREN CONCKLIN, Program Director, CPP
JERRY BRISTOW, GSA
KWANITA BROWN, Contracting Officer, CPP
MIKE CONNOR, Program Analyst, CPP
JERRY ELLIS, Business Management Specialist, GSA
DANIELLE GALLANT, CPP
JUAN LAGUNA-BAGAROZA, CPP Technical Lead, CPP
IT Support*
MARY MORRISON, Program Manager, CPP
RAASHI PARIHAR, CPP
TOM RUESINK, CPP
PARTICIPANTS:

BRYAN ARCENEAUX, Manager - Contracted Pricing, American Airlines
THOMAS BILLONE, United Airlines
ANDREA CARLOCK, Branch Chief, DTMO
GEORGE COYLE, Manager, Military and Government, Delta Airlines
HOWARD HICKS, Team Lead, DTMO*
VANDY HOPSON, Senior Manager Government Contracts, American Airlines
BARBARA GULICK, Policy Analyst, DOT/FAA*
RONALD L. IVESTER, Program Manager Group Travel Services, CWTSatoTravel*
ROBIN JOHNSON, Program Manager, DTMO
MORGAN KELLERMeyer, Manager, PYM, Silver Airlines*
MARIETTA LANDON, Regional Sales & Community Marketing Manager - East Coast, USA, Alaska Airlines Group*
RODRIGO MELA, Regional Sales & Community Marketing Manager - East Coast, USA, Alaska Airlines Group*
ERIC MILLER, Travel Programs and Training, DOS/Miracle Systems
SHAMEKA SHEPPARD, Program Manager, DTMO*
ANA SILVA, Pricing RM Senior Analyst, JetBlue*
TINA SMITH, Traffic Management Specialist, Defense Travel Management Office
RICHARD SWEET, Marketing Advisor, Southwest Airlines*
MANNY VAN PELT, HHS Departmental Travel Manager, Program Support Center, HHS*
HAZEL WILLIAMS JOHNSON, Supervisory Management Analyst, Government Accountability Office*

* Present via telephone
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P-R-O-C-E-E-D-I-N-G-S

(1:41 p.m.)

MS. CONCKLIN: Everyone, welcome to the FY18 pre-solicitation conference. Thank you for taking your time out to join us in person. And for everyone on the phone, thank you for taking the time to listen in.

My name is Lauren Concklin. I'm the Director of the City Pair Program.

Before we get started, I just want to go around and make sure we introduce our team -- we have a few new faces to the City Pair Program -- to make sure you put a face to the name as you see them emailing and communicating with you guys throughout the year.

We have Mary Morrison, who is now the new Program Manager of the City Pair team; Jerry Bristow, as you all know; Danielle Gallant, a new member of our team, and some of you guys might have been communicating with her recently; Jerry Ellis; Tom Ruesink; and our newest --

MR. KELLERMeyer: Lauren, it's a
little bit difficult to hear you.

    MS. CONCKLIN: It's tough to hear me?
    MR. KELLERMeyer: It sounds like
    someone is rubbing against the mic or something.
    MS. CONCKLIN: Is that better? A
    little bit?
    MR. KELLERMeyer: Yes, much.
    MS. CONCKLIN: Much better?
    And our newest member is Mike Connor
    back there. As you all know, Kwanita Brown is
    our Contracting Officer, and -- is Corey not
    here?
    MS. BROWN: No. Corey Gerst, who is
    the team lead and will be transitioning to the
    contracting officer role, is in critical required
    training, so he couldn't attend today.
    MS. CONCKLIN: Okay. Great.
    MR. KELLERMeyer: I'm sorry. It got
    bad again.
    MS. CONCKLIN: It got bad again?
    Okay. So we will make sure anyone who is
    speaking will talk right into the mic.
Kwanita Brown had just said that we have a new contract specialist, Corey Gerst --

MS. BROWN: Gerst.

MS. CONCKLIN: -- Gerst, and he hasn't -- he hasn't officially become the contracting officer, but he will be transitioning into the role sometime in the next year probably, replacing Kwanita as she moves onto higher overseeing of the City Pair Program.

So to get started, there will be multiple people talking throughout this meeting. I'm going to get started with the agenda items.

So today we are just going to do an overview from the PMO side of the house, our program management improvements, and then Kwanita is going to comment, and I'll just talk about just actual contract and solicitation updates to make sure you guys understand the item number of where things fall.

We are going to talk about significant changes to the RFP. Please make sure that any questions you have, especially when we get into
the business class and modeling it out, which
we're going to do for you guys, any questions you
have, let's make sure we can get it out there and
address it.

We are also going to talk about fuel
surcharge overview, make sure everyone is clear
on how that operates and works moving forward.
Also, it's not on here, but we are going to get
into the audits, to make sure it's clearly
addressed, again, to understand that we fully
support the decision -- we've worked together
with you guys over the last few months -- and how
it's going to be implemented. And if there's any
hiccups, we will make sure we resolve them right
away. And just we will go through any questions
you have and make sure you have --

The other thing we do want to address
is the COPS. I know last year there were some
issues with COPS. We'll get into details, but I
want to make sure that you guys start -- do more
practicing this time around with the system, and
we're going to set some dates where you guys can
We will maybe recommend uploading last year's bids in there, just to see -- make sure they all go through, so we don't have the hiccups that we had last year as we transition to our platforms. Next slide.

This is a slide we talked about last year, but I just wanted to -- I apologize, it's on the middle of the screen.

We'd like to look at our program in three areas in this presentation. It's the integrity of the award, which -- and to us, the compliance of the award carrier is a key indicator that we are striving to continuously increase. We think it's very important, and we are going to go through this procurement process making sure the award carrier gets the value, and we're driving business to the award carriers.

Obviously, the award carrier that is expected is already taken, unless, obviously, exceptions do apply. You will see, there is discussion -- we have worked with our ETS vendors
to properly display these items, and we're still working with them, with agencies, to ensure that the award carrier is displayed first.

And we are putting a level of importance based into the display, so carriers are seeing the award carrier in the display easily, at first _CA and then YCA, obviously.

One thing that we are really priding ourselves on is becoming more and more transparent with our suppliers. Our supplier --

MR. COYLE: Should we ask questions as we go?

MS. CONCKLIN: Sure. Go ahead.

MR. COYLE: Just to clarify on the first point, the awarded carrier will show up first, their YCA or _CA or --

MS. CONCKLIN: Yes.

MR. COYLE: Where would the DG fall?

Would it then go to commercial payers?

MS. CONCKLIN: Yes.

MR. COYLE: And then the --

MS. CONCKLIN: Yes.
MR. COYLE: -- competing airlines and
then DGs at the bottom of this slide?

MS. CONCKLIN: Yes.

MR. COYLE: And has that been
implemented?

MS. CONCKLIN: Some agencies, yes. As
you all know, we have to work with the agencies
one-on-one to implement their -- implement this.
So it has been approved by the councils; we have
authority to proceed. So now it's a one-on-one
situation, and we're working with agencies to do
testing, making sure that any of their settings
and then the display are being populated within --
- not being changed as we go in and change the
way that carriers are shown.

So you obviously have a lot of the
other things in the system that you have to
accommodate for when you make a change on the
document.

MR. COYLE: It would be ETS2?

MS. CONCKLIN: Yes.

MR. COYLE: As well as ultimately DTS
will have -- will follow this protocol?

MS. CONCKLIN: So we work very closely

with the DoD team, and DTS has already
implemented the _CA first. And when we worked
with putting together our feelers or our
priorities, we worked closely with you to make
sure we're aligned as closely as possible, since
we're one government trying to operate. And to
give them a lot of credit, they were already
doing this stuff. Yes.

MR. COYLE: Thank you.

MS. CONCKLIN: Moving forward. So the
transparency is really -- for us, it's very
important. How we communicate with our suppliers
and our customers, obviously, we want to be more
and more transparent as it comes to data, things
that we are trying to strive and do in the
program, make sure it's a joint effort, not a:
here's what we're doing, kind of, accept it.

As the suppliers know, we've had a lot
more meetings this year. People would like to
see that go forward more and more as it comes to
data, other items.

    As you all know, OAG, we are starting
to get more and more data-rich when it comes to
schedules, and so this year, we are going to be
providing you what we would see as what you
should be making sure you're bidding on to help
you guys so you don't miss any markets that may
fall under the radar because they're smaller and
you're not sure about the -- if you can meet the
minimum requirements.

    So that's one thing our team is really
going to be help -- first start for us to help
you guys when it comes to uploading your bids.

    To go further, where I'd love to see
this is to somehow get it automated where the
buyers just go in and validate, you know, versus
actually upload. So this is what we're striving
to get to. This is just the first step this
year.

    MR. COYLE: So, Lauren, it does say
quarterly, so will you be providing that on a
quarterly basis --
MS. CONCKLIN: Yes.

MR. COYLE: -- to check for the perhaps schedule changes or something that might affect the carrier that was awarded that market?

MS. CONCKLIN: Yes, we can do that. This is a new approach our team is taking with OAG data. We're getting it now, so now we can provide it to the suppliers. We have that data. Correct.

MR. COYLE: Thank you.

MS. CONCKLIN: And it will help, again, with quality of service, you know, in the market and stuff, so we'll make sure you guys have that data on a quarterly basis. So we're putting those files together.

The other thing we're working on, we -- as you all know, last year, we awarded earlier, and this year we're aiming to award another about two weeks earlier. And so where we're trying to get to from our side is, what is the sweet spot that allows the award to happen, to get fares loaded for our travelers to take
advantage of, book, and be able to get the _CA fares, YCA fares.

So we -- right now we're aiming for about two weeks earlier than last year. It's estimated that -- and you know, again, anything can shift, but that's what we're looking at. And we think that we're getting pretty close to our sweet spot of where we'd like to start strong and become our new norm. So we'll keep you updated as we progress and what data's showing. So all of this is based on data and our analysis to make sure that our travelers are able to book where they need to book.

So moving forward, I know we had a little discussion about international business class. So international business class is something our team is starting to really look into. How do we strategically drive this and work with our suppliers?

So one thing we've heard repeatedly over and over again is the 48-hour cancellation eats up our seats, and then we lose -- we lose
the ability to really resell those tickets at a
margin that we feel like we need to be selling
them at.

So this year, moving forward, we
decided to implement a seven-day cancellation
policy with our CB fares across the board, all
international CB fares, and we'll get more into
this. But we find this to be a really -- an
important achievement based on what our
suppliers, we've heard you guys say, and we've
gotten the data, ran the numbers, to see what we
thought was fair and reasonable to give back to
the suppliers. And so we're going to implement a
seven-day cancellation policy to help the
airlines be able to resell those seats if they
are not paid fully.

MR. BILLONE: That's for all, not just
the 12 --

MS. CONCKLIN: Not just 12, all. Yep.
All international business class, not just the 12
markets, correct.

The other thing we started doing is
what we call mythbusters, and this is really --
while it doesn't directly affect the suppliers,
it is our way of working with the customers to
say what are the common myths -- myths we're
hearing? Basically, for why does the government
customer always get the middle seat? RDGs, City
Pair fares.

These are the types of things that we
think you have been hearing throughout the years.
We are creating one-pagers that are going up on
our website. We are also sending them out to
customers to help -- help debunk these myths and
our reasons why.

Again, this is just another way of
communicating to our customers. We'll share it
with the suppliers as well, so you can see what
we're sharing with our customers to, as we say,
debunk these myths that are out there that are
not true. And if you have any ideas for a
mythbuster, something you have experienced or you
hear a lot about government CPP fares, feel free
to reach out. This is something we are trying to
do on a quarterly basis to add more and more.

And then just going forward, as I've already mentioned, we would like to have more regular meetings as we start to implement and get the voice of, obviously, our customers and suppliers, but keep this going. Whether it's data-sharing, whether it's concerns, issues, transparency is really important to us.

So you'll see more and more meetings. They don't always have to be in person. It's easier to, you know, set meetings up via Meeting Space, but this is where we're driving the business going forward to create a really tight working relationship with our suppliers.

Next slide.

So I'm going to introduce Mary Morrison. She is going to take over. Next slide. Hold the mic.

MS. MORRISON: So I'm going to introduce, which Lauren already touched on, some program management improvements we have made to the program for FY18. So she already touched on
the international business class. This slide shouldn't be unfamiliar. We have shown it during our industry days and our one-on-ones. But we see this as a very valuable market or, sorry, inventory to you guys and to our customers.

So we see about nine out of ten business class fares are not using a _CB, so we just saw this as a real opportunity. And in FY17 we took a few steps to try to see if that would help get more fair and reasonable rates. We can give you the passenger counts for markets with the international business class fares.

Inventory clarification, where it can fall in any bucket in business class, and that kind of falls into number three.

And then after FY16 and our one-on-one and industry days, we kind of got that clarification from our OGP that, according to FTR 10.106, saying that you must use the City Pair fare when it's available, that includes business class fares when they're available. And there are exceptions to it that fall under 107, but 106
sends you must take a City Pair fare.

So, therefore, in FY18, we took even further steps to make our fares -- try to get those more fair and reasonable fares. And we are trying to do the international business class test pilot, and then we are changing the ticketing timelines for those _CB fares.

So the auto cancellation for the international business class fares will now be seven days. So it's very similar to the 48-hour auto-cancellation where, to get the seven-day auto-cancellation reservation, reservations must be made eight days or prior to the departure. Those that are made seven days or after may not fall under this auto-cancellation. So it's very similar to the 48-hour, just different time frame, and that is stated in the RFP.

So the international business class test, so these are 12 markets where we saw high business class usage that fall near or close to the 14-hour rule, which allows the government to fly business class. We are evaluating these bids
in these 12 markets, so the _CB fare is required.
The weight, the composite fare weight is 15 percent for the business class. Yes?

MR. BILLONE: So this is a major question.

MR. KELLERMeyer: I'm having trouble hearing.

MR. BILLONE: Okay. The _CB fares for these 12 markets, if you do not bid a _CB fare, then you're not going to be eligible to get a reward; is that correct?

MS. MORRISON: In those 12 markets.

MR. BILLONE: What's the plan going forward? Because some carriers may not want to bid a business class fare. So look at your examples of how you do the composite. Nowhere in there is there anything about, if I don't bid a business class fare, what impact that has. So I mean, this is a major issue in my opinion.

MS. CONCKLIN: So as far as going forward, we don't know what FY19 brings. We're focusing on FY18 today. In the RFP, you will see
-- and I can have Kwanita, she will hit on this more in the contract section, but they will see there is a no/no-go section within the RFP.

I hear -- I understand that the _CB is being required because in these markets, they are 14-hour-plus markets, so therefore, the government traveler is given the right to be able to fly the business class. And so in our -- the only way we see fit in order to ensure, through what we're seeing with data, to get better _CB fares is insert them into the evaluation process.

We use benchmarking on a regular basis to look at what we're getting on a _CB -- getting at the _CB rate, and there is no question of why travelers are choosing commercial -- going outside and choosing other fares. So in order to ensure that we are -- we should be at least at or below the benchmarks, so we're trying our best to get the government _CB rate fair and closer to where we see fit as far as a fair price.

MS. MORRISON: Historically, _CB fares are in these markets.
MS. CONCKLIN: Yes.

MR. BILLONE: Well, I mean, historically, according to GSA, many of them were too high to award. Okay, and many _CBs were too high. They were unreported when the carrier made the bid, the carrier made their bid in the City Pair, but they didn't win the business class fare because somebody arbitrarily thought that the fare was high. How is that --

MS. CONCKLIN: It's not arbitrary.

MR. BILLONE: Well --

MS. CONCKLIN: I want to go on the record and state, nothing -- the one thing I will -- one thing -- and I can't stress this enough, any decision we make, there is no arbitrariness about it.

MR. BILLONE: Well, you don't tell us what the benchmark is, so we don't know. And when we bid something and you say it's too high, that won't get awarded, well then too high compared to what? It's still a discount on the business class fare. So that's still two ways of
looking at things a little differently. But so with this test, if you feel that the business class fare that is being offered by one airline is too high, what are you going to do?

MS. CONCKLIN: Just one second.

Excuse me. If you're on the phones and you're not asking a question, could you mute your phone? Because there is someone talking in the background. Thank you.

MR. BILLONE: Yes. So, yes. So if you -- hypothetically speaking, if you look at all the business class fares that were bid, and they were way high, you think they're too high, okay --

MS. CONCKLIN: Yes. So, historically, the way that -- we've looked back in the years. So we only have evaluated the _CA and YCA, and then the _CB fare would be awarded, whether or not it's considered fair and reasonable. And if it's considered fair and reasonable, then it's loaded with the _CA and the YCA fare. And what we consider fair and reasonable, obviously, is --
we use our data to decide that.

   Historically, what I have seen is that
that _CB fare has been awarded, and what we're --
we don't see this as a risk, in a sense that the
airlines have been bidding or producing a _CB
fare. So to say that it's a minimum requirement,
there is no -- not like the airlines have been
giving us no _CB fare.

   MR. BILLONE: No, I understand that.

But what you, in your opinion --

   MS. CONCKLIN: Yes.

   MR. BILLONE: -- you're saying your
opinion, in whatever methods you use, size of the
_CB fare that was in these 12 international
markets is too high, that was all the carriers.
What happens?

   MS. CONCKLIN: So in FY18 -- we won't
decide -- it will be evaluated on that 15
percent. I'll model it out to show you how it is
going to work out.

   MR. BILLONE: It doesn't matter how
high that fare is.
MS. CONCKLIN: It gets a percentage, yes. It gets based in a calculation. But there is still a technical cost way, right? So it's going -- so that if you -- if you give a _CB fare that is high, then your weighted average comes down to, let's just say, this X number, and then there is another airline that is below that number and technically is sufficient. You know, that is -- there is a technical cost weigh-out that is going to happen, just like it happens or --

MR. BILLONE: I don't think I got an answer, but that's okay.

MS. CONCKLIN: So you're saying -- are you asking us that if we see a fare that comes through at the _CB level that we consider unfair and reasonable, we won't even count it into that calculation?

MR. BILLONE: Well, what do you do?

MS. CONCKLIN: No, we won't. It's going to be, Tom, just like a _CA and the YCA happens today, we don't decide that's fair and
reasonable. It's calculated out, and then a composite fare is provided based on that calculation, and we weigh that cost versus the technical points to say -- and then based on the other carriers' bidding, which direction we are going to award.

MR. BILLONE: All right. So, to continue along this point, I want to make sure I've got this absolutely clear, because I --

MS. CONCKLIN: That's -- no, keep going. That's what this is for.

MR. BILLONE: I have to explain it to other people.

MS. CONCKLIN: Sure.

MR. BILLONE: So you award a City Pair, say Washington to --

MS. CONCKLIN: You could say Washington to X location. Okay.

MR. BILLONE: -- X location, okay. Their location is 14 hours, right?

MS. CONCKLIN: Yes.

MR. BILLONE: But you feel that that
_CB fare is not reasonable. So you've already awarded it, and the composite -- you look at the composite. It's better than all the other carriers --

MS. CONCKLIN: Yes.

MR. BILLONE: -- and you would normally award that City Pair to that carrier.

MS. CONCKLIN: Yes.

MR. BILLONE: What about you going to do about that _CB fare?

MS. CONCKLIN: Let me turn this around and help me answer. If I -- if you're bidding a YCA and _CA fare, and we do a composite, we don't today say that fare is not fair and reasonable, do we? As far as that just initial YCA and _CA, right?

MR. BILLONE: You get the composite and --

MS. CONCKLIN: Correct.

MR. BILLONE: Well, kind of, because when we get into the special area, there are other things that --
MR. COYLE: There are negotiations.

MS. CONCKLIN: There is negotiations, correct. But this is going to happen -- this is going to occur the same way -- domestic right now is being calculated out in a sense of the population. You get the fares. It gets calculated to one composite fare. These 12 markets are going to do the same thing. The _CB will be calculated into that calculation for one composite fare.

MR. BILLONE: Okay. Then, when we look at the negotiations, we look at each fare, which is what happens.

MS. CONCKLIN: Yes.

MR. BILLONE: And so a potential issue, will come back to a carrier and say, we think your business class fare is too high. Is that --

MS. CONCKLIN: Just like we've done in the past in the markets, yes.

MR. BILLONE: With the others.

MS. CONCKLIN: Correct.
MR. BILLONE: Okay.

MS. CONCKLIN: And you did have the ability to lower it, change it, or not.

MR. BILLONE: Okay.

MS. CONCKLIN: That's --

MR. BILLONE: Just wanted to make sure we got a --

MS. CONCKLIN: Everything is occurring like with business as normal. The only difference is now the _CB fare in those 12 markets are going to be calculated into a composite fare.

MR. BILLONE: Okay.

MS. CONCKLIN: And we don't -- that's why we're calling this a test pilot for each of these 12 markets, because we don't know what FY19 is going to bring, we don't know -- we've done modeling and played this out. But to not start considering that _CB fare, especially in 14-hour-plus markets when a traveler is taking those fares, is -- we're not doing our -- the due diligence of trying to get better pricing in
those markets.

MR. BILLONE: And if you don't pick that _CB --

MS. CONCKLIN: It's a minimum requirement in those 12 markets.

MR. BILLONE: And it is required.

MS. CONCKLIN: Yes.

MR. BILLONE: Thank you.

MS. CONCKLIN: Yes.

MR. ARCENEAUX: So the 15 percent, is that just something that's sort of a hold-over from the historical data pool?

MS. CONCKLIN: It comes from -- yes, we have -- we're very rich in data, so we looked at what we see as our passenger counts, usage rates, what we see -- you know, usage rates as far as YCA, _CA, and business class in those markets, trying to find a way where we want to -- what we thought the closest to actual was happening, to try to come up with a number that doesn't weigh one side or the other too high or too low.
MS. CARLOCK: So from a customer's perspective, then, this change, what is it that is expected of us to help me be able to ascertain whether this is an added value to the program?

MS. CONCKLIN: From a customer level, you know, working with you guys, we know it's our job to get you the best pricing and those awarded carriers to ensure that you're -- the value is there from a savings perspective. What we see is really driving the awarded carrier and market share to the awarded carrier, unless exceptions apply, but driving the business to the awarded carrier.

We'll continue to see pricing, better pricing because market share is higher. When we see market share in the 80s, 90 percent, it really -- that market is a lot -- heavily competed with carriers, and we see prices drop.

So what you can do is help drive business to the awarded carrier, unless there is an exception that does apply.

MS. CARLOCK: So we have to make a
concerted effort not only to drive the business
but also to be able to ensure we capture the
proper data and analyze it to see if the business
--- so we can supply that information to you.

MS. CONCKLIN: Yes.

MS. CARLOCK: Okay.

MS. CONCKLIN: So we have that data
for the most part. You know --

MS. CARLOCK: Right. But, I mean, for
us to do it. You have your -- I mean, you have
the data, but you have to manage that.

MS. CONCKLIN: Yes. And you can
manage that -- you know, we are helping somebody
agencies manage that on a monthly basis in all of
their markets, especially their high usage
markets, and say what percentage is going to what
in real time, so they can help --

MS. CARLOCK: Right.

MS. CONCKLIN: Yes. Help make changes
in real time as well.

Let's go to the next slide, I think.

So I've been trying to discuss -- the next slide
will actually show you modeling out we did to break it down. But, again, the _CB fare is a required fare. It's a minimum. So if you do not bid that _CB fare, then you are not eligible for an award in that market. So we wanted to show you that, obviously, a _CA fare is not a required -- is not required.

So what will play out -- if a _CA is not provided, then the YCA gets 85, and the _CB would get 15. If a _CA is provided, then the YCA fare will get 34, _CA 51, and _CB 15 percent. Is that clear?

MR. BILLONE: That's still only for those 12 markets.

MS. CONCKLIN: Only for those 12 markets, correct, for FY18.

Go to the next slide. I think this will start helping. And what we wanted to do -- and hopefully everyone can see this slide -- what we wanted to do is actually model out an FY17 versus FY18, so you can see how it would play out as far as a composite fare.
So for Carrier A, let's say they gave in FY17 an $800 CA, a $1,000 YCA, and a $2,000 business class. Last year's composite fare, because the $2,000 business class was not calculated out, the composite fare came to $880. If that same fare, same bid was given in FY18, the composite fare, because now the CB fare is being calculated in those 12 markets, the composite fare would be $1,048.

So if a competing carrier in that market in FY17 provided a no-bid CA, a $900 YCA, and a $1,500 business class fare. Again, in FY17, that CB fare would not be calculated. So the composite fare would have been 900.

And you apply that now to FY18 in those 12 markets. The composite fare, because now the CB fare is being calculated, would have been $990.

So does this example help to showcase how the CB fare would have played out in FY17 -- how the composite fare would have played out in FY17 versus '18? Are there any questions around
this? Because I want to make sure that the
airlines do -- it's fully understood and there is
no questions before we go into how --

    MR. BILLONE: Only just -- because, I
mean, the only question had to do with if you
didn't bid in business class. And since you're
saying it's mandatory --

    MS. CONCKLIN: In those 12 markets.

    MR. BILLONE: Well, that changes
things. You know, I figured out, you know, I did
the same thing.

    MS. CONCKLIN: Yes.

    MR. BILLONE: And if you didn't bid a
business class fare, you wouldn't, on the old way
of doing things --

    MS. CONCKLIN: Correct. And then, if
we're looking at historical data, we're not
seeing airlines not providing that _CB fare.

    MR. BILLONE: Right.

    MS. CONCKLIN: So that's why we feel
comfortable that having a _CB fare requires a
minimum. There is not -- an airline has not not
done that, so now where I'm -- now where I think what you're getting at is, now that the _CB fare is being calculated, that price being provided, there is a more strategic understanding of how you have to bid that properly or ensure that composite fare stacks up on it.

MR. BILLONE: Okay. And the last --- I swear this may be my last one.

MS. CONCKLIN: No, keep going. That's what this is for. Go ahead.

MR. BILLONE: So we can put that fare in any of the business class buckets that we want to.

MS. CONCKLIN: Correct. We changed it to be -- the focus. Any inventory bucket.

MR. BILLONE: Any inventory bucket.

MS. MORRISON: Yes. Yes.

MR. BILLONE: So where the inventory is is not going to matter in your evaluation.

MS. CONCKLIN: Correct.

MR. BILLONE: Thank you.

MS. CONCKLIN: Correct. Where it is
does not matter in the evaluation, for business.

MR. BILLONE: Right. I understand.

MS. CONCKLIN: In FY18.

MR. BILLONE: In FY18. Caveat, caveat, caveat.

MS. CONCKLIN: Caveat. Only because you asked.

MR. BILLONE: Thank you. That's my job.

MS. CONCKLIN: It is your job.

So is there any more questions you all have around the -- yes.

MR. MILLER: Lauren, Eric with Department of State. One of the concerns I have with that inventory bucket is if you are looking at U.S. carrier-operated metal versus Coach Air, a lot of times if you need that I business class, or Z business class on a Coach Air partner, it's not there. So that has been one of our biggest pain points, that -- so, if you want examples, but American Airlines to Delhi awarded, but it's British Airways operated. And those I seats,
those lower business class inventory just aren't there.

MS. CONCKLIN: Yes. And those are the types of examples where I think where we should have, you know, one-on-one conversations with the airlines, because the Coach Air partners should not be -- they should be provided what the U.S. metal is going to be providing, because we might have to work on the class within those Coach Airs to make sure the airlines are matching them up appropriately.

MR. MILLER: Okay. It's just something to look at.

MS. CONCKLIN: And that's the type of stuff we could have on one-on-one meetings with the carriers. So those examples are good. Please provide them to us and we'll work with the airlines in order to --

MR. COYLE: Just one final thing. So in the non-pilot airline markets, other than the 12, when the _CB prepares a bid, we're going back to what it is today --
MS. CONCKLIN: Correct.

MR. COYLE: -- it still needs to be a reasonable for it to get it.

MS. CONCKLIN: Correct. So the question was, to make sure everyone can hear, in the non-12 markets that we're using as the test pilot markets, the _CB fare will operate as it has been operating currently and previously, where that _CB fare will not be part of the composite and will just be looked at whether it's fair and reasonable. Correct. For FY18.

MR. COYLE: Thank you.

MS. CONCKLIN: And, again, just as we've done this far, we've always kept the suppliers up to date with the potential costs of what we're doing. And if we were to make any changes in FY19, FY20, we always broach them with you guys, get comments and feedback, and collectively we don't try to shock anyone with something we're going to do.

Just like we were talking about previously about incorporating the _CB fare into
the composite, we did hear from suppliers about
the 48 hours, and that's why we're changing it to
seven days for all business class international
markets, not just the 12.

Any other questions on this slide?

COURT REPORTER: I'm sorry. Can I ask
that people identify themselves before they speak
if they're in the audience?

MS. CONCKLIN: Okay. Great. So, yes,
if you can identify yourself when you speak, and
then we'll do a better job of making sure we
reiterate the question over the mics, so everyone
can hear it, as well.

Next slide?

I'm going to let Mary come up and get
into some of the definitions, changes, in the
RFP.

MS. MORRISON: So these are just a few
definitions that we just wanted to talk about
with you guys. And letting you know, we have
talked about it in the one-on-one sessions with
industry, government and agency partnership
meetings. But just to solidify it, we used to have leg and segment together, and now we have separated them out for purposes of defining them through our contract.

We saw that a little bit -- industry was different and all over the place, and so we just wanted to do it for the purpose of our contract to make sure everyone knew, when we were discussing this, what we were meaning by leg per segment and whatnot.

So a leg is basically, if you took a one-way trip between DCA to San Diego with a connection, that would be two legs. And then segment is, would just be all portions of a flight, no matter what's in between basically, and that would be one segment.

So with the example above, I said DCA to San Diego, with a connection, that's two legs. That would be one segment, that one-way trip.

MR. KELLERMEYER: I'm sorry. Can -- I have a question. Well, actually more of a statement. This is Morgan from Silver.
I just want to say, I don't know if you have read all the responses to the RFI you put out, but in my response, I mentioned that there are three precedents actually to the reverse of the definitions you have. So I'd just like to say real quick, then, that segment, there's a precedence in the ZP tax, the Segment Tax, per takeoff and landing, and not for -- the taxes apply twice for connection.

Another precedence is in science. A segment -- a leg can be segmented into many segments.

And a third precedence is in mathematics, where you have a right triangle and a line from the vertex to one of the legs of the right triangle segmented into two segments. So there is -- so there's three precedences in the English language where actually a segment should be the definition of the leg, and the leg should be from the point of takeoff to the point of turnaround, in my opinion.

MS. CONCKLIN: So we appreciate that
-- the response.

So based on, you know, we did do the RFI, and we also -- just talking with all the suppliers and looking at industry, there is a very -- there is very different ways of defining these terms across the board. And so what the City Pair team wanted to do is take -- for FY18, we're looking at clearly defining them from our perspective of how the contract is going to read them within the contract.

And, again, industry and the -- within the suppliers, it has been a vast difference on how to define. And so this is just the City Pair's contract verbiage going in the contract clearly laid out as easy as possible as we could.

So we appreciate that each industry is different.

MR. KELLERMeyer: Thanks for explaining that. But, I mean, like I said, there is already a precedent out there. And if you reissue these definitions as opposite of what is already out there, it could create some confusion. Wouldn't it be easier just to reverse
the definitions in your contract?

MS. CONCKLIN: Again, as we stated, reversing them -- we can basically define these in our contract however the City Pair wants to define them. Again, we did solicit feedback, and there was no clear consensus.

And so we took the best of what we heard and tried to apply it in the way that best associates itself with the City Pair team and the way that we track things and look at things, especially from a data perspective, what is asked from the _CA and YCA data pools that are required by the airlines, and we consolidated it into one clear definition for each term that we are going to use for -- we are planning on using for FY18.

Again, if there is multiple concerns from the airlines, let us know. But, again, this is just a definition of how City Pair is defining it. It's not changing the industry or your individual companies on how you define it internally. This is the City Pair team's definitions.
MR. KELLERMEYER: Okay.

MS. CONCKLIN: Do any other airlines have a concern? Great. Okay.

MS. MORRISON: Thank you. So another definition we wanted to pull out was regional jet. In years -- last year, the capacity was 60, and we're changing that to 70. Yes?

MR. COYLE: George Coyle with Delta Airlines. This is -- when we met in mid-November, we were expecting the follow up as to what the issue really was surrounding the regional jet where there was a capacity issue, if there was certain O&Ds.

The reason it's so concerning is there is a fuel-efficient, low-emission aircraft CRJ-700s that are out there flying. Some airlines opt to put a premium cabin, so they will -- they will have less seats. Others --

MS. MORRISON: You can you still fly it in our program. Right.

MR. COYLE: But will it be weighted differently? That's the key.
MS. MORRISON: Yes, it will be weighted differently in the jet points.

MR. COYLE: See, that -- I think that works against the City Pair Program, and that's why it's important to understand if there is a capacity issue, or what is driving the change, because it's also a greener, more efficient -- it's used at airports where there is noise abatement issues.

MS. CONCKLIN: Yes. So we would -- after the last industry meeting we had, there was definitely a difference of opinions on the airlines on this. And we went back and looked at the data as far as what is being flown in these markets.

Now, this is not saying you can't fly or that this doesn't go towards your -- a credit for, you know, flight options. It's just for the additional -- inside the technical points in the subfactors, you won't get additional points, because in some of these markets, the way we looked at it, if there's two airlines competing
with the same number of flights a day, one airline is offering more seats, and we need the lift, the extra lift to get us from Point A to Point B, that's why we're trying to -- it's quote/unquote like bonus points they're getting or extra points for having a bigger aircraft.

MR. COYLE: So, Lauren, that goes back to whether there is a capacity issue. I understand what you're saying. We're of the belief that we've right-sized the equipment in these markets. So if you have markets where you are not finding the capacity you need, it would be very helpful for us to understand the issue.

MS. CONCKLIN: Okay. And that's a good takeaway and something our team will go back and relook at over this week and next week to see what, again, we're seeing. And if we need to have another session on it, we will definitely reach out. But we do have the data points, and we'll review it and get back to you guys on this.

This is what the solicitation is -- pre-solicitation is for. So concerns you have,
address them, and we will definitely take the
initiative to go back, reanalyze, and make a
determination.

MR. COYLE: Okay.

MR. BILLONE: Tom Billone with United.

MS. CONCKLIN: Yes.

MR. BILLONE: I'm only saying that
because I need to know you know my name. That 70
number --

MS. CONCKLIN: Yes.

MR. BILLONE: -- is that entire
aircraft or just coach?

MS. MORRISON: That's seating capacity
for the entire --

MR. BILLONE: Seating capacity.

MS. MORRISON: -- aircraft. Yes,
entire aircraft.

MR. BILLONE: Okay.

MS. CONCKLIN: And that's, yes, over
the entire aircraft. There is other issues that
it comes with, yes. And these are the kinds of
things we are starting to look at, because it
does -- as we start to see emerging things within
the airline and in the planes, what they're
classifying coach versus premium class, we're
trying -- and what we have as far as our numbers
and passenger counts, we're doing -- we're taking
our data, trying to analyze it as best we can,
because it's important to ensure we have the lift
capacity to get our travelers from A to B. Plus,
it's good for the awarded carrier. You don't
want to see people going off to a DG or to DG
competing because there is no flight available.
So --

MR. COYLE: So is it fair to say,
Lauren, that it is the -- that's the driver, is
you're hearing that there is not enough seats on
some of these flights?

MS. CONCKLIN: There's two drivers.
That's one of them. And then, two, based off of
our experts, is what the industry is doing,
 meshing it up better within how we define the
number of seats of what the industry is using as
well.
MR. COYLE: So even though the program has less seat availability?

MS. CONCKLIN: Yes. Yes. We're seeing this in some markets. When I say some, a lot of markets, and that's why we were looking at changing it. But, again, our team will go back, reanalyze it again, ensure that this is not -- we don't want to do anything to negatively affect our program, and we'll reanalyze it and come up with a determination after we go back and relook at it.

MS. MORRISON: And then this last definition is the _CB fare of the auto-cancellation requirements, which we already discussed.

Another point that is in the contract is method of evaluation, and that's Subfactor 2. This is the average elapsed time factor. So usually we get 20 bonus points for nonstop flights, and we have changed that, increased that to 50 this year. And in FY17, I think you saw some increases in bonus points for nonstop --
well, no, that's just points in general -- to really close that gap of service disparity between nonstop and connections.

And that's what we're doing here in nonstop markets versus heavy connection markets. We really wanted to get those bonuses for the nonstops available. You know, just another tweak to close that gap.

Next slide.

So this is the audits. So, obviously, this will be -- is incorporated into CPP FY18, but it is effective now for FY17 as of December 15. We wanted to ensure a concise and clean auditing process, so we are only auditing tickets that have the SmartPay designated card, and that reference YCA in an awarded market.

So you should only receive a document that is in an awarded market, and it has to reference that fare in the awarded market, and it has to be charged by the SmartPay card. And that's only -- you should get it if it's more than the awarded fare. Yes.
MR. COYLE: George, Delta Airlines.

We have actually received some that were for business class or Delta Covered Plus, which is more room within the coach cabin. So is there -- is there a rule on how those purchases will be audited? We believe they should not be audited because that was a traveler choice to upgrade.

MS. CONCKLIN: This is YCA only.

MS. MORRISON: Yes. So the --

MR. BILLONE: Yes. So it would be above the YCA, so under this definition it would fall within the auditing parameters, but yet the traveler chose to fly in the business class cabin.

MS. CONCKLIN: Yes.

MR. COYLE: And we're getting -- we're receiving a notice of collections for that.

MS. CONCKLIN: We believe we have just rectified that situation, and you should be -- we can take this offline, but there -- that should not be occurring, and Jerry Ellis has just worked with the auditing team to clarify this and we got
notice this morning that they are moving forward, re-notifying their auditors of what their quality control process and procedure is, and we will ensure that we stand and support you guys on these notice of overcharges to make sure that they are auditing only what is required to be audited.

MR. COYLE: That would be very much appreciated.

MS. CONCKLIN: And we can talk about this after this -- after the meeting. Jerry Ellis can fill you in personally on what is being done.

MR. COYLE: Thank you.

MS. CONCKLIN: Yes.

So up next I want to introduce Kwanita Brown, as you all know. She will be hitting on contract-specific items and numbers and just make sure you all -- if you have any specific contract questions, she'll be able to answer them.

MS. BROWN: All right. Hello, everyone. As Lauren said, I'm Kwanita Brown,
Contracting Officer for the City Pair Program.

So I'm going to get into the solicitation itself. So this slide here is just to sort of highlight some of those key solicitation requirements sections that you should definitely keep an eye on.

The first is the significant changes section. So we started last year, we took it -- the significant changes and put them in a separate document and really sort of did a crosswalk between what got changed from one year to the next.

So you can find that in Attachment 6. We did upload that, like the solicitation, and we will upload a modernized version for any other changes that may be made when we release the final version.

Section C is where you'll find all of the tactical requirements for the line items that we are soliciting. Section H is where you'll find any of the special contract requirements.

So, for example, we talk about our Department of
Defense requirements. You'll find those in that section there.

Section J.1 is also a critical section for you to remember. This is where our proposal checklist is. It will itemize for you all of the documentation that you will need to complete. Be mindful of your SAM registrations. That's the System for Award Management. Just make sure that your airline -- the registration is current and up to date.

Also, just make sure that you are submitting all of the documentation that is there. It is usually very helpful. You can actually check all of the -- and complete the checklist as you are going through putting your package together. And in that document, J.1, we also list out who -- the email addresses to which you make your electronic submission for the paper version such as the 1449, which is your signed contract, and the submission of the other documentation that is listed there.

The other thing to make note of is
Section L.1, and this is where you will find all of your instructions on what you are submitting and how you're submitting it. This also is where we have our offer submission dates. So the dates that are in there now are estimated dates. If there are any changes, that will come out in that final release of the solicitation.


MS. BROWN: Right now, that is our tentative date, but that date may change.

MR. BILLONE: Because that's about a month earlier than all -- had a long time before.

MS. BROWN: Yes. As Lauren mentioned, we're doing a very aggressive time schedule this time around, so we're looking to --

MR. BILLONE: So when is the final?

MS. BROWN: We're looking at early February.

MR. BILLONE: Early February.

MS. BROWN: And, again, these are very
fluid dates. Right now, these are what we are dealing -- what we are focusing on. And if all of those are able to stick with the plan and the schedule that we have, then March 3rd will be --

MR. BILLONE: Well, that might be a little tight for the airlines. If you're going to come in in February and give us maybe less than a full month to get it out to you, where in the past you've given it out to us in February, like the first week, and we had almost until the end of March to get it to you, which gives us more time.

This is not the only thing we're working on, so, you know, we need a little bit of extra time. We can't -- because you have an aggressive schedule doesn't mean that we are going to be able to meet that schedule.

MS. CONCKLIN: Yes. So everything, according to the schedule, is from -- if you look at last year to what we're doing this year, is a two-week difference. As we met over all the course of this fall, we looked at -- we did
discuss what we're trying to do being a little more earlier based on awarding earlier. And so last year to this year is a two-week difference in each aspect, two weeks almost exactly.

If the timeline that we left -- because we did discuss potentially shortening it between -- but the airlines said, no, they still need the same amount of time in between all the submissions. We didn't change the time from last year of the number of days. We just changed the date of start to finish.

MR. BILLONE: Well, it's all going to depend on when you get to the final one, right?

MS. CONCKLIN: Correct. I think if -- and right now tentatively I believe the RFP is scheduled to go out end of January. So --

MS. BROWN: It's February 6th.


MR. BILLONE: You know --

MS. CONCKLIN: One thing --

MR. BILLONE: -- I'm uncomfortable
with it, to be honest with you.

    MS. CONCKLIN: Remember, one thing we are doing this year, too, is giving you those OAG schedules of all the schedule data, which you guys said would be very helpful. And we can -- this is the time to address it. If you think March 3rd is not doable --

    MR. BILLONE: If you get it to us on the 6th, that would give us at least until the 15th.

    MS. CONCKLIN: Okay.

    MR. BILLONE: I don't know how George feels.

    MR. COYLE: I was just going to say, do you know when the OAG data will be released?

    MS. CONCKLIN: We -- I think we're starting to finalize that now. We can get that to you --

    MR. BRISTOW: Well, we're trying to -- we're going to try to run it, you know, as close to the solicitation as we can, because we want it to match, you know, the same timeframe. And so
it is what it was last year, 28th or something like that. Here's what we show you.

MS. CONCKLIN: But we can tweak that, so if we -- let's say the RFP goes out February 6th. When would you like to get the OAG data?

MR. COYLE: The sooner the better.

Even though it may become dated, it would get us a jumpstart on the qualifying --

MS. CONCKLIN: Because we can do that.

We can do that now, and we can get it to you.

MR. ELLIS: Jerry Ellis, GSA.

Actually, when we send out the initial draft, and then the final, the markets go out, which is the biggest part of your labor. You look at the markets, and, you know, you should use the markets, Attachments 4 and 5, Group 1 and Group 2, use those for the initial draft rather than waiting for the final draft. That should --

MS. CONCKLIN: The markets won't change.

MR. COYLE: No. I --
MR. ELLIS: But those are the markets that we are going to, and that is the biggest part of your -- your offer is to review the markets; isn't it?

MS. CONCKLIN: So we have the markets out there now. We could -- we could get the data for OAG run now as well. If we can do that and get that to you, would that help now? And then you guys can start building your file now?

MR. COYLE: Yes. And we'll run our own internal --

MS. CONCKLIN: Yes. That would --

MR. COYLE: -- as well. And that will give us a cross-reference to identify any holes.

MS. CONCKLIN: Would that help? Then March 3rd is still reasonable with that, or are you still asking --

MR. BILLONE: I know next week.

MS. CONCKLIN: Okay.

MR. BILLONE: That's when I meet with my people.

MS. CONCKLIN: Okay. Well, let us
know.

MR. BILLONE:  I will.

MS. CONCKLIN:  We don't want to put anyone in distress, so --

MR. BILLONE:  No. Because I don't know what's on their plates.

MS. CONCKLIN:  Yes. No, I understand.

So let us know. Again, the reason for all of this is we -- we know when our travelers tried to book for different timeframes, and so that's why we're trying to play with the date of when we award.

Again, it takes 20 days to get them loaded, when that would happen, to ensure our travelers have the ability to book the fares, especially because, you know, the end of -- beginning of a year when there is a lot of travel taking place, meetings and such.

So let us know. We can commit to running -- yes, we'll talk about it. We'll get -- we'll see what we can run and see how we can help get schedule data to you guys sooner to help
you guys -- what we don't want to happen, last
year some markets were missed. That's why we're
trying to ensure that the -- that we can help
provide the schedules and see that nothing falls
through.

MR. COYLE: So, George, Delta
Airlines. Actually, Section H, this is more of a
lawyer question.

MS. CONCKLIN: Oh, okay.

MR. COYLE: So we have talked about
this in the past in a separate program. We have
the reserve air fleet, how airlines manage that
separately. Has there been more consideration
given to a language update as it relates to the
connection between these two programs?

The way the language is currently
written, if a carrier, for whatever reason, did
not participate in the reserve air fleet, GSA
would be forced -- have no choice -- would be
forced legally to remove them from the City Pair
Program, without even having a voice in the
process. I believe that language might be worthy
of an adjustment.

MS. CONCKLIN: So we work very closely with our craft/TRANSCOM folks on this and meet with them regularly to try to ensure that GSA is not -- you know, and the carrier did not -- we are not putting ourselves in a situation that we're not predicting or can't -- we cannot have anything to do about it.

So currently right now the language is as it is. Now, to say there's is going to be a tweak, we definitely would let you know, but our working relationship with both the craft and TRANSCOM was a vital part of our contracts.

And, currently, as you saw the draft, that is the language that we are moving forward with for FY18. Not to say that FY19 isn't going to bring something new, but currently right now the FY18 language is staying as it was in the FY17.

MS. BROWN: Okay. The final item on this -- on this slide is dealing with subcontractor plans. I know that many of our
current contract carriers have already gone
through the process of doing a renewal of your
plan. So as you've done in previous years, you
can just submit a clean copy of that plan. Any
new offeror would have to complete that package
if it is applicable for you to complete a
subcontracting plan.

Next slide, please.

Okay. So right here, as everyone
knows, we have issued out our draft solicitation,
so we do have a Q&A period. So right now --
between now and Monday, January 23rd, you have an
opportunity to provide any questions or comments
to the draft solicitation. The email address is
listed there of where you should send those
questions or comments. So please feel free to
use things like pressure points or in the
deadline of the offer. You know, it will be a
great question or comment to put there as well
and will help us as we need to make any
adjustments to the final solicitation before we
release it.
Our responses, we will provide those back via a posting on FedBizOpps by Monday, January 30th.

Okay. And so here we're listing our anticipated schedule for COPS. The first one here is COPS test application. We are looking to open it up on January 23rd with a close date of January 27th. The main point of contact will be Jerry Ellis. As an alternate, you'll have Corey Gerst.

And for the test application, as Lauren alluded to before, this is a very critical time for us to not only test the system, for our annual users to really get in there and understand that.

So we provided with the draft posting of the solicitation the FY18 user manual for COPS. We suggest that you go in and actually familiarize yourself with the system, especially if you have new users. Our acquisition team will get in contact with all of the current contract carriers and provide you with a list of your
current COPS users, and you will have an 

opportunity to provide any updates to that. 

If there are any new offerors that are 

interested in submitting an offer, then please 

get in contact with myself or Corey Gerst -- our 

contact information will be listed in a later 

slide -- and let us know that you would like to 

have access to the system, and we can establish a 

username ID for you. 

And to all of our existing carriers, 

we will get in contact with you and let you know 

who was working on COPS last year, and you can 

make whatever adjustments you need to make. We 

will provide you with a user ID and a password. 

And then we totally encourage you to go in and 

test out the system during these times. 

And as Lauren said, one way that you 
can do that, or at least test a system, is 

perhaps take your FY17 bid and actually upload 

it. That will help us to see if there are any 

vulnerabilities, errors, or issues with the 

system, as well as help you to understand how to
do that process.

   And then the other thing is, as we get

enough feedback from people where a group
discussion might be helpful, then we can set up -
- establish a date during this week to establish
a group discussion, along with our IT folks, to
really help you walk through the process.

   MR. BILLONE: This is Tom again. Last
year was a nightmare.

   MS. BROWN: That's one of the reasons
why we're really strongly encouraging you to --

   MR. BILLONE: When you uploaded it, it
would say you uploaded it successfully. Then it
would say you had to another email saying you had
errors. And then you'd go in, fix your errors,
and it said you had no errors.

   MS. CONCKLIN: Well, Tom, last year
was an anomaly as far as from the COPS system.
Our IT folks have updated their platform on the
COPS side, and this year we believe it -- all the
bugs are out of the system. But just as a
doublecheck, we have asked to really go in there
with your FY17 data, upload it, and we can validate it to ensure that that does not happen again.

MR. ELLIS: Exactly. Tom, this is Jerry Ellis, GSA. That's why, again, we are not only encouraging you, but we are readily encouraging you -- it is not only a test for you and your people that are uploading COPS; we want you to test the system --

MR. BILLONE: Okay.

MR. ELLIS: -- and make sure that we've got all of those bugs out, as Lauren indicated. So --

MR. BILLONE: Message received.

MR. ELLIS: -- read the manual, upload your last year's, and make us understand that the system is in perfect working order.

MR. BILLONE: Okay. Thank you, sir.

MR. ELLIS: Thank you.

MS. BROWN: All right. And then, finally, on here we have a list of the dates for the Group 1 upload and the Group 2 upload.
Again, these are typically based upon the release of our solicitation, and they are subject to change if there are any changes that we make prior to the final release of the solicitation.

All right. And then here are our upcoming dates. So as we've indicated, the final release will be in early February. The Group 1 close will be in early March, the Group 2 close in late March. Our special board will have their initial review -- all of those dates are met -- in mid-April, and their final review would be in late May with award occurring in mid-July.

And, again, as I state very often, these are subject to change. But right now these are the dates that we are working with, or the timeframes, rather, that we are working with.

All right. So now I'm going just going to kind of highlight some of the significant changes by section within the RFP. So right here, as Mary and Lauren talked about early, there are word definition changes. Right here I just wanted to list out all of the
definition and word changes, so that you had
complete itemized list of them. But I'm only
going to address the two that are additions that
were never in the solicitation before.

So the first is go/no-go. We wanted
to actually provide a definition of, what does
that mean? I think it's, you know, pretty
explanatory, but you just never know. So we
wanted to just define that, and it just basically
means that the offer that was received or it
denotes that it meets and conforms to all of the
requirements.

The next is putting in a definition
for the international business class test
markets. So Lauren and Mary have already kind of
gone into detail about a program. We really just
wanted to define it as to what it was and they
can create a definition for it. And so that's
simply what that is, in addition to the RFP.

Section B.4, which is where we have
our pricing schedule for Group 1 and Group 2
markets, we did make some adjustments here. So
for Group 1 and Group 2 line items, basically, any line items that are associated with outside of the test markets, there were no changes. The basic offer remains the YCA, but carriers are welcome to submit a _CA or a _CB fare.

However, in the international business class test line items, this is where, as we mentioned before, the base would be the YCA or the _CB. So basically these are your two mandatory fares. You are also allowed to provide a _CA fare, if you so choose to do so.

Next is our Section C. This is our technical requirements. So specifically Section C.3.A, Item 7, and C.3.A., Item 8, there were adjustments there based on the auto cancellation changes that were made. So under Item 7, which originally dealt with unticketed -- it basically talked about the 48-hour cancellation of unticketed coach fares, nothing has changed with that.

However, with the _CB, we have now put in the seven-day auto cancellation, so that is a
new section that has been added there to address
the seven-day auto cancellation.

Additionally, we added specific
requirements for the international business class
test market. They are no different from the
requirements for the international routes, but we
did want to separate these out as they are new
line items that are being solicited.

So same -- same technical requirements
as we have for the international routes, but just
a new section that is being added.

Section I, there are other contract
clauses that have been updated, but those are
being updated as would normally occur for federal
regulations. However --

MS. CONCKLIN: There's a question,
Kwanita. I think it's about the last slide. BJ,
do you have a question?

MS. GULICK: No. Sorry about that.

MS. CONCKLIN: Oh, okay. Sorry.

MS. BROWN: So the one contract -- I'm
sorry. Jerry Ellis.
MR. ELLIS: One thing about the international business class routes, those 12 items, they are all indicated and will have the characteristics of extended connection markets international. So double connections, up to 300 total minute connection time, they are extended connection markets for the business class option.

MR. BILLONE: In the extended market?

MR. ELLIS: Yes. Because you what -- well, I think it's tab number 5, so you have domestic international, domestic extended connection, international extended connection. The next one is extended connection business class.

MR. BILLONE: Okay. Thank you.

MR. ELLIS: Tab 5.

MS. BROWN: So, and then we have slides for the markets as well, so I'll provide the numbering for that at that time.

So for Section I, the one I did want to address is dealing with the option to extend the term of the contract. So this year we
decided to shorten the timeframe in terms of a written notice. And that would be, you know, for example, the issuance of a modification. So we just shortened that timeframe to one day, just to sort of give us additional time that we need -- we need to exercise an option, and notification would have to be provided to the carrier within three days. So it was just shortening the timeframe, but nothing else changes in how we process the options to exercise the mod.

Section M, which is our evaluation factors for award, it has already been addressed by Lauren and Mary, but we wanted to highlight that the area which they talk about for the Subfactor 2 change -- the point factor is 50, can be found in Section M.3.

And then for Section M.5, this is where we have put in our price evaluation information for the weighting for the international business class. So we already talked about the weighting.

And so now we are just going to kind
of go over briefly what the fuel surcharge is.
So basically during the pre-award stage, when you
are preparing your offer of submission, you want
to assure that fuel surcharges are included in
all of your line items, that means both domestic
and international.

The next opportunity to make a change
where you are going to include a fuel surcharge
on a fare would be post-award. So if after the
contract awards have been made and there has been
a change where you now need to include a fuel
surcharge, those requests can be made.

The fuel surcharge does need to be
imposed commercially for 14 consecutive days, and
it would be effective either on the first day of
the contract, October 1st, or 14 days after it
was originally imposed.

I have a question here.

MR. COYLE: George, Delta Airlines.

So what about the time period from the upload to
October 1st?

MS. BROWN: So the only opportunity in
terms of including it at the pre-award phase would be, let's say, for example, if we hold discussions and then we open up costs, and you know that they will change in your fuel surcharge. Where you will need to make an adjustment to an initial bid, you can do that at that time.

Outside of that, you would have to wait to find out the announcement of the award as to whether or not you will actually receive the award, and then you can make a request then. So there is a -- there is a part within the clause which allows for you after contact award to say, hey, we have a -- we have a fuel surcharge that has been imposed 14 days.

And even though the contract hasn't started yet, we can go back and review that fuel surcharge and actually get it approved, and that's where that effective October 1st will come into play, because the contract hasn't started yet, but there was a fuel surcharge that may have happened during that offer submission time. But
now it's contract award and we're going to look at that, and then we can add that on at that time, and --

MR. COYLE: But that really hasn't changed.

MS. BROWN: No, it hasn't -- it hasn't changed. Let me -- there is nothing that has changed. I think it was just sort of like giving you guys an overview again of the process in case you need it. And the section which -- for those who are not familiar with the clause, it is on page 61 of the draft solicitation. It is a meaty section. You know, you've got to kind of read through it. I had to read through it a couple of times myself, you know, to kind of bring out my speaker notes for this.

So I just wanted to kind of give you the highlighted and the bulleted sections here, but nothing has really changed in the process. We do allow for the fuel surcharge, the most critical aspects of it, that you want to make sure it has been imposed commercially for 14
And the other thing that is really important is that when you are submitting it, you want to submit it to me as a Contracting Officer. So when you get those requests, you can send me an email. You always want to make sure you have substantiated information. So you want to have supporting documentation that shows that it has been imposed, you know.

And I think we have always worked in the past with the carriers on, you know, what we consider to be, you know, substantial information, or, I'm sorry, substantiated information because it may be different from carrier to carrier.

So we can work separately with that. We haven't had any requests in a while, so we just kind of wanted to go through the process of what to do in this scenario. And also, just being mindful that any surcharges that are requested cannot be imposed until they have been approved by the contracting officer. And then at
any time when it is no longer being imposed commercially, you must provide a written notice to the contracting officer to request that it is being removed from the contract fares.

And that's pretty much what I have here on this slide. And then the other thing is if you can provide a helpful in the clause itself that can be used when preparing.

Any questions before I move on to the next slide?

So now I'm going to get into the market selection and market information. So this is just giving you sort of a snapshot of the market dynamics. So under Group 1, we have a total of 4,734 line items that we are soliciting, and for Group 2 it's 5,188.

And then we also break down the specific structure of domestic versus international versus extended connection domestic, extended connections national, and so forth. It is a total of 9,922 line items that are being solicited, and this is versus the 9,856
that were solicited for FY17. So they have increased in number from last year.

The dynamics here again shows you that there has been a one percent increase in the amount of line items that we are soliciting for '18 versus '17. There is a slight reduction in the amount of Group 1 total line items that we are soliciting, where we have an increase in the number of Group 2 line items total that we are soliciting.

Again, there is also an increase in the number of domestic markets that we are soliciting, but a decrease in the number of international markets that we are soliciting. And our passenger count has also gone up this year.

MS. CONCKLIN: And I just want to hit on the passenger count, and you see those numbers are starting to get back up to the historic numbers again. And that plays a role in really looking at the awarded carrier market share percentage number of people taking it. So you
are seeing where we derive that business. I know it's something that we've been told the airlines look at from their perspective of what -- the percentages they are getting on their awarded markets. And so the numbers are historical. So we're back up to where -- above the height that we were pre all the reduction in travel.

MR. BILLONE: Looking into your crystal ball, we have a change in administration coming in. I guess you know about that.

MS. CONCKLIN: Yes.

MR. BILLONE: What effect do you think that is going to have on this? Or do you have any idea?

MS. CONCKLIN: I don't -- I don't see -- my prediction personally, you know, if I'm going to go on the record, I don't see a reduction in the sense that I think that government is getting way smarter about how we travel. And we are analyzing the, you know, total cost of the trip.

And so the agencies are really
watching this. They are looking at the travel, how they're traveling, what they're spending, what they're buying at, and that's why we're trying to get even smarter at what we're procuring, because we know there's a procurement price and then there is actual cost of the ticket, average cost of a ticket, and we look at both from the agency's perspective to help them monitor. But as far as passenger numbers are rising year over year, and we see that continuing.

MS. BROWN: So I told you before we were going to provide a list of the item numbering. So here we're basically letting you know that, when you're looking for your Group 1 domestic line items, Group 1 is between 1 and 2,557. Group 1 international is 2,600 to 3,162. The Group 1 domestic extended connection will be between 3,200 and 3,921. The international extended connection, 4,000 to 4,855.

Group 2 domestic, 5,000 to 9,323, and then finally, the international is 9,400 to
10,200-and --

MS. CONCKLIN: Sorry, Kwanita. I want to hit on one thing before you move forward. One thing is really critical, especially as we talk about Cuba. From what we gather, there is no D.C. markets, so it's really important when you go to -- when you bid out this Cuba market, to think about D.C., where you fly to, then, to get to Cuba. That's something I just would reiterate is an important piece, since there is no direct to, you know, the D.C. area. So just something to consider. I know we've mentioned it before, but please play that out into your -- your bids.

MS. BROWN: And just quickly before I hit this slide, if you're looking specifically for the international business class items, those are 4,900 to 4,911. The Fifth Freedom are 4,920 to 4,924, and the Havana ones are 4,940 to 4,958. And like here you'll see the 19 Havana markets that we are going to be soliciting this year for FY18.

MR. BILLONE: Excuse me, Washington to
Havana?

MS. CONCKLIN: I think that is what I was trying to say is we're piecing it together, correct? Is it now a market?

MR. ELLIS: Yes. All of the Havana markets are minimum connection service.

MS. CONCKLIN: Correct.

MR. ELLIS: One flight in, one flight out per day. So they are basically, you know, IT markets with a Group 2 type of information, except they -- except, again, minimum -- they are going to be evaluated as a Group 1. If you have not stopped service of a market, it will play out over a connection service.

MR. BILLONE: So there is no authorized flights between Washington and Havana.

MR. ELLIS: Yes. So it's a connection market.

MR. BILLONE: So whether it's authorized by the DOT or not, we would still bid it as a connection?

MR. ELLIS: Yes. Yes. It's just that
they don't have nonstop service, just like any other market. There are certain --

    MR. BILLONE: So this is the only market that is going to be on that DOT approval of flight system. You know, and the question is, how does that correlate? If DOT says you're not authorized to fly 1 and 2, will they allow a connection?

    MR. ELLIS: Well, then --

    MR. BILLONE: And I fear that if we went out there as a single fare rather than a composite of two YCAs, that's --

    MR. ELLIS: Well, we're trying to feel our way through this, too. And so that's why we made the minimum connect -- connection service in all of these markets as the minimum service for --

    MS. CONCKLIN: Yes. We haven't heard of any pushback on this. We do work with DOD and DoD. And I see what you're getting at because basically you're pricing it out as an origin-destination versus two different segments. You
are calling it one segment. Yes. This is why it is important the way we define it, for City Pair purposes, not industry. That's why we are trying -- that's, again, back to our point of why it doesn't -- there's a difference.

We will -- you know, that's a good point. I want to follow up. We do work with DOT regularly to go through all of our markets, especially with the Fifth Freedom and such, to ensure that we are not -- not missing things or the relationships --

MR. BILLONE: I think that's clarification.

MS. CONCKLIN: But one clarification, that's a good point, and we'll take that back a follow-up item on how that has -- I would -- you know, in my -- I would hate to see it not be able to be done because you can, in theory, go from --

MR. BILLONE: It's a City Pair --

MS. CONCKLIN: Yes. It's a City Pair versus a -- yes. But we'll follow up with that.
It's a good item. That's a good takeaway for RT,
so -- but, again, this is why -- this goes back
to the definitions, too, of why we define things
specifically.

MS. BROWN: All right. So finally we
have reached our last slide, which is questions.
We do have contact slides after this. But right
now, if there is any questions that haven't
already been raised, we are more than happy to
address those now.

MR. MILLER: I'll try to be brief
because of the time. This is Eric from
Department of State.

Last year we brought up throughout the
year that validating carrier doesn't matter for
this program. And we still can see that in
overseas markets for Fly America Act and this
program. So the gentleman to my left uses Air
France, uses KLM. This gentleman behind me uses
SN Brussels, Lufthansa. And the GSA has yet to
come out with, for Fly America Act, validating
carrier does not matter. So that's just a
"please" to maybe your contract so we can point
to something that validating carrier --

MS. CONCKLIN: What do you mean by --

I'm sorry. Just clarity, what do you mean by
"validate"?

MR. MILLER: So United has a City Pair
out of Sierra Leone. In Sierra Leone, we can't
issue on United. There is no United paper in the
country. So we issue on SN Brussels.

For this gentleman in Lebanon, all
Delta YCAs issued out of Lebanon are issued on
Air France paper. So there is still confusion
outside of the United States that the validating
airline, 006, 001, doesn't matter for this
program or for Fly America, since 1989 when
Northwest pulled out of Europe, Africa, Middle
East BSP.

So I've been raising this with several
people, but you don't have the ability --

MR. BILLONE: Well, we don't have BSP

in --

MR. MILLER: Correct. So it doesn't
matter. But it's just a clarity that could help
in this program when you look at global ticketing of the City Pair Program.

MR. COYLE: But they would still be booking the DL Star, for Fly America Act reasons, in the GDS.

MR. MILLER: And still the UAs to the DA, still all of that, but that the validating paper doesn't matter. We're in 261 locations, so we keep getting these issues over and over again, especially when you award in different markets where that's not there.

In FY17, you were going to check _CA availability. Did you -- is that something that you actually did and reported back?

MS. CONCKLIN: Yes.

MR. MILLER: Because we still have the issue of point of sale overseas, U.S. carriers turn off buckets. So you will award a YCA to Delhi and a _CA and think it's great, but we can't issue it in India because there is no availability. So that's still an issue I think in FY18.
MR. MILLER: Every time we get something -- an airline that's not in the GDS/ETS 2 online booking engine, currently domestically we are paying $70 more a ticket. So when you award to a carrier that doesn't play in a GDS/ -- or solution in the online booking engine, it's costing us $70 more a ticket. So, you know, I encourage all airlines to participate in GDSs or find solutions in the online booking engine.

And, lastly, just -- we'll take this offline -- in our current online booking engine, unfortunately, we discovered time matters. And in the Carlson online booking engine, it searches four hours front or back from the time that is on the display.

So we today put in Miami to Buenos Aires, and if it was somehow set at 9:00 a.m., we do not see the contract carrier. Also, the online booking engine continues to break City Pair's where it finds cheaper fares using YCA DG.
So that's something we can take offline.

  MS. CONCKLIN:  Okay.

  MR. BILLONE:  That has been an issue -- breaking the fares has been an issue for as long as I can --

  MS. CONCKLIN:  Yes.

  MR. BILLONE:  They'll break a fare, which is not -- they'll take two YCAs, and the contract says you can't do that.

  MS. CONCKLIN:  Yes.

  MR. BILLONE:  It says you cannot combine two YCAs to get a lower fare. So that then -- back in the days when there were travel agents, they would force the fare, but we can't do that now, so it's breaking the fare at the connection point.

  MS. CONCKLIN:  So as the Director of the City Pair Program, I can commit and promise to you that this is something that we are continuing to work on. We -- it was a major initiative for our program working with the ETS team. And, actually, I just had a follow-up
discussion with -- about that this morning, and I will continue to drive the best that we possibly can.

From our perspective, we -- you know, we buy commercial products, and that's how we want to leverage the commercial products. And we will ensure that our engines can operate efficiently with those commercial products.

And so while it's not perfect yet, we're continuing -- I promise you we will continue to work on it, and that's what I can -- we don't own that program, so we are working with our sister/brother organization -- cousin, yes -- to ensure that we are operating together on it, and we will continue to drive that.

MS. CARLOCK: Do you see that -- and I'm just asking from a fee perspective -- that we shouldn't see any in the DoD system. And this is Andrea Carlock from DTMO. Our system is not designed to include that.

MR. BILLONE: But you don't use that.

MS. CARLOCK: Right. But I'm speaking
from a holistic federal --

MS. CONCKLIN: Yes. Well, you should
take it offline because it -- you guys have got
to remember, each agency operates their system
differently, and they run and manage things
differently. And they are -- everyone -- their
policies are different.

The City Pair Program, what we do is
a procurement on an annual basis to leverage the
buy and provide -- the buy at a larger volume in
order to ensure better pricing.

Now, as far as -- the systems vary
across the board, but what we're trying to do is
-- the best we're trying to do is standardize.
We take the -- what we're trying to do with the
agencies is take the 80/20 approach, right? Try
to create something that is standard, that fixes
80 percent of the problems, and knowing that
there are going to be outliers and you can't
always get 100 percent. So that's where we're at
today. It's an initiative.

We're working on a category management
team that Tim Burke, who is the category manager for government-wide travel, all of the travel. We're working with that team to find a way to ensure, as best possible, when it comes to getting that 80/20 -- that is where we're operating and trying to work to.

MS. CARLOCK: I was only speaking from our perspective.

MS. CONCKLIN: Yes.

MS. CARLOCK: Because if we're following the guidelines in the way that your contract is written, they shouldn't be breaking it. So I was trying to make sure that we were in compliance with the contract as it was written. So we can take it offline.

MR. BILLONE: Yes. We can take it offline. I mean, let's face it, inventory is a biased question.

MS. CARLOCK: Okay. We can go offline.

MS. CONCKLIN: Yes. Any other questions? I have a few takeaways from what I
heard. Our team will go back -- again, ensure the questions that you have get sent to Kwanita, Corey, or Onthego. And our team will take -- you know, obviously, we take them very serious, and we will come back with answers to the questions.

But I do need you guys to respond on the timeline. That is critical. There is a reason why these aren't arbitrary numbers like awarding at this time. It's really -- these are numbers based on drivers that we see as far as pricing, all of these different -- yes, so it's very important. That's a question we need --

The Havana question is something that we will follow, D.C. to Cuba, something we are definitely going to follow up on as well as the 70, 60 seats.

So those are the three major takeaways that I have on the top of my head. My team, I'm sure, might have a couple others that they heard, but those are the things I'll make sure we follow up on.

Any questions on the phone?
MS. GULICK: Yes. This is Barbara at DOT/FAA. I wanted to ask what did you say in those last two slides, what is that EC?

MS. MORRISON: Did she say EC?

MS. CONCKLIN: Go back. Oh, extended connection?

MS. GULICK: Okay. Extended connection.

MS. CONCKLIN: Yes.

MS. GULICK: All right. Thank you.

MS. CONCKLIN: Any other questions?

All right. Well, thank you, guys. Thanks for coming, and we're off to a great year for '17, and I look for a great FY18.

Thank you.

(Whereupon, the above-entitled matter went off the record at 3:06 p.m.)
CERTIFICATE

This is to certify that the foregoing transcript

In the matter of: FY18 City Pair Program
Pre-Solicitation Conference

Before: US GSA

Date: 01-12-17

Place: Washington, DC

was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings.

______________________________
Court Reporter