

# PILOT GROUP PROFILE

## Mesaba: Unity Is the Best Defense

By Anya Piazza, Lead Communications Specialist

Little more than a year-and-a-half after fighting a grueling battle for a new contract, Mesaba pilot leaders were asked to meet with management on Sept. 30, 2005, to discuss concessions. While the request didn't come as a shock, as Mesaba codeshares with Northwest Airlines, and Northwest had filed for bankruptcy—it was disappointing.

Mesaba was just beginning to see growth with new CRJ Northwest flying initiated in the spring of 2005 after nearly 5 years of stagnation. But only two airplanes had been delivered by the time Northwest filed for bankruptcy, halting future deliveries. Citing a planned Northwest downsizing and ongoing cost concerns, Mesaba asked its unions, which represent pilots, flight attendants, mechanics, and dispatchers, for economic relief.

Mesaba pilots had seen numerous other ALPA pilot groups battle through bankruptcy and the ravages that ensued at their airlines. They had also been keeping a close eye on developments at Delta and Northwest, which had more recently entered bankruptcy. Those battles convinced pilots that coordinated work by all Mesaba employees would be required to be effective. At ALPA's suggestion, Mesaba's unions banded together and formed the Mesaba Labor Coalition made up of ALPA, the Association of Flight Attendants, and the Aircraft Mechanics Fraternal Association.

"We knew that this would not be a collaborative process with management, so we decided that to protect our members to the fullest degree, we would need to collaborate with each other," says Capt. Tom Wychor, Mesaba MEC chairman. That decision would not only prove to stem the tide of overreaching demands for concessions, but the collaboration would also make history.

Although Mesaba Airlines filed for bankruptcy on Oct. 13, 2005, its parent company, Mesaba Holdings, was not included in the bankruptcy filing. The Labor Coalition sought to include MAIR Holdings, however, when company financial data revealed that Mesaba had upstreamed more than \$120 million in profits to MAIR over the past 4 years. Demonstrating just how stacked the deck is against employees and their unions, the Bankruptcy Court ruled that the extraordinary monetary transfers were not relevant to Mesaba's need for concessions, and the unions were not permitted to engage in any discovery related to MAIR. Although the Labor Coalition protested against what they saw as a sham

bankruptcy, as months passed, the stark reality was that their airline was bleeding cash and that the unions had no immediate way to access the millions of dollars being held at MAIR.

"While the inequity of the situation angered us all—especially when we learned that MAIR Holdings CEO Paul Foley was one of the highest-paid executives in the airline industry—we had to set those emotions aside and focus on what contract amendments we could consider if Mesaba was going to survive," Wychor says.

Management's 1113(c) motion to reject all of the unions' collective bargaining agreements and to allow it to impose 19.4 percent cuts in wages and benefits was filed in February 2006. Until this point, the Coalition's efforts at coordina-



Mesaba's Labor Coalition members—pilots, flight attendants, and mechanics—are joined by other ALPA pilots in informational picketing.



LEE KLANCHER

**MSA MEC chairman, Capt. Tom Wychor, delivers a strong Coalition message to reporters.**

tion had been relatively informal, but the court filing marked a turning point, and heightened collaboration began in earnest. ALPA leaders and the Coalition, to protect their members' careers, focused their efforts on a three-pronged strategy: negotiations, litigation, and strike preparation.

The airline began to shrink as it lost some of its Saab turboprops and all of its 35 Avro jets. Pilots, flight attendants, and mechanics were furloughed. Attrition skyrocketed as the unions saw the inevitable reductions in pay that resulted from the loss of the largest equipment on the property.

From the outset, management seemed intent on stalling the negotiations. Before the start of the 1113 negotiations, ALPA voluntarily agreed to provide Mesaba with \$2.4 million in cost savings by offering contract relief that would save on training costs. Mesaba agreed to credit the \$2.4 million toward ALPA's overall target cost savings, but reneged on that agreement at the start of the 1113 process. ALPA bitterly protested Mesaba's conduct, and the Bankruptcy Court later vindicated the union.

The Court found that Mesaba's repudiation of that agreement constituted bad-faith bargaining and was one of the reasons the Court rejected Mesaba's first 1113 motion. At the time, however, the message from management to ALPA was clear: capitulate to all of the demands because there will not be any real negotiations.

Mesaba's decision to bank on court approval to reject the union contracts at the expense of negotiations failed. Management was ultimately forced to make three separate 1113(c) filings because the Bankruptcy Court denied the first motion, and the second motion was overturned on expedited appeal. The delay resulting from the losses in court further strengthened the Coalition and the members' resolve.

Ironically, after management received Bankruptcy Court approval to reject the contracts along with a strike injunction, real bargaining finally began as the countdown clock moved toward a midnight deadline for imposition on Oct. 25, 2006, about a year after the bankruptcy filing.

"We said all along that the only viable path to survival for our airline was through consensual agreements with all of its labor groups," says Wychor. "But in achieving any such deal, we made clear to management that while we could agree to some level of concessions to give the airline necessary financial relief, we expected to maintain all of our

key work rules, and we insisted that if the airline grew, we were entitled to wage recovery," Wychor adds.

In fact, not only were the Mesaba pilots able to reduce the initial 19.4 percent wage and benefit cut to about 15 percent—with only a 5 percent reduction in wage rates, which would snap back to the original contract wages—they also achieved 1.5 percent increases in each year after the amendable date, to mitigate the advantage management gains by stalling in Section 6 bargaining. The Negotiating Committee also negotiated a \$14.2 million general unsecured claim that will be distributed among the pilots.

"It was a grueling, intense process," says Capt. Mark Nagel, Mesaba Negotiating Committee chairman. "Because our MEC goal was to limit the wage rate reductions, our team became very creative in thinking outside the box for other ways to save money that did not affect a pilot's W-2. We were greatly aided by Paul Karg from ALPA's Economic and



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**Mesaba Labor Coalition leaders announce the results of their TA ratification votes. From left, Carla Rogat, AFA; Capt. Wychor, ALPA; and Kevin Wildermuth, AMFA.**

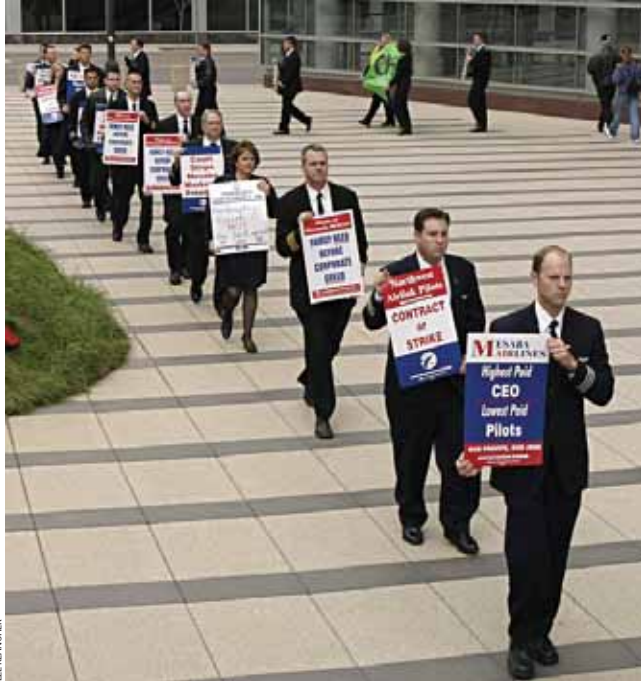
Financial Analysis Department and most of all by Jane Schraft, our contract administrator. We're deeply indebted to both of them," he adds.

In the end, the pilots ratified the new agreement by 68.35 percent with 89.7 percent of eligible pilots voting. Flight attendants passed their agreement by 80 percent with 64 percent of eligible flight attendants voting. The mechanics approved their agreement by 64.8 percent with 82 percent of eligible mechanics voting.

Significantly, the work rule changes that the pilots agreed to are not permanent; they snap back in 4 years or sooner. In addition, a preferential bidding system, which enhances the pilots' schedules, was negotiated as a permanent change. The contract duration is 4 years if Mesaba's fleet does not grow to 79 airplanes by December 2010 (the current fleet size is 49 airplanes), and 5½ years if the fleet consists of 79

or more airplanes by December 2010. In addition, pilot wages will be restored to current book within 4 years if the airline attains a fleet of 85 airplanes.

The Mesaba Labor Coalition's coordination has been touted by all involved as critical to reaching the ratified deals, which limited wage cuts and health insurance costs. The pact made early on by ALPA, the AFA, and the AMFA to share information and openly discuss their positions proved critical to the unions' success. Mesaba management had to



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**Mesaba Coalition members and other supporters protest the bankruptcy judge's decision to strip unions of their fundamental right to strike if management imposes new terms and working conditions.**

deal with a strong, unified group and was not able to divide and conquer the groups individually. The Coalition agreed to stick together on four key issues: total labor cost savings, health insurance increases, duration, and the bankruptcy protection provisions/claim. Through careful collaboration, which included regular face-to-face meetings in the ALPA offices after negotiating sessions, the Coalition formulated legal and bargaining tactics.

"Our careful coordination across employee lines definitely made us stronger," says Wychor, "and did not allow management to pit us against each other."

For instance, on health insurance, management tried to set a pattern by enticing one group to agree to a very regressive health insurance proposal by coupling it with sweeteners in other areas. The Coalition was able to thwart this strategy by working together and ended up with health insurance provisions all could endorse. The Coalition also used its collective power to stage events that garnered news media attention well beyond what any group could have done alone.

"Northwest and other airline travelers were shocked by our low starting salaries. In addition," Wychor adds, "the strong support each group received from its international union had a significant positive effect—especially the sup-


port of ALPA national, our fellow NWA family member pilots flying at Pinnacle and Northwest Airlines, and all ALPA members throughout the United States. These days what happens at one carrier definitely has an effect on other pilots, and I know that many ALPA members understand this."

While many ALPA member groups have faced monumental challenges in the past few years, the unrelenting attacks on Mesaba pilots have made this one of ALPA's most challenging properties. Yet through all of the challenges, polls reveal that this group of pilots is extraordinarily unified and has unusually strong member support for ALPA and the MEC.

When questioned on this topic, the MEC chairman credits ALPA's success to commitment to communications on all levels and an engaged, active MEC that stays in touch with the line pilots. Wychor says that despite all of the tough decisions that have had to be made, the MEC members work well together and endeavor hard to listen to each other, making each decision in a truly collective manner.

"What I've seen the representatives do is remarkable," says Wychor. "They were intricately involved throughout the entire process, understood every possible proposal, gave the Negotiating Committee direction, and talked to their members on a regular basis to ensure that they knew the pilots' pulse. That's teamwork, and I'm very proud of our efforts."

In addition to ensuring a smooth implementation that began Dec. 1, 2006, pilot leaders also face the challenge of improving relations between pilots and management.

"One of the constants during our road shows on the TA was pilots saying that they have very little trust in this management team, which is hardly a surprise," Wychor says. "We cannot ignore this significant problem and think it will just go away. We hope that these new agreements represent the first step in bringing Mesaba management into the Mesaba Labor Coalition, and having them work with us to secure the future of this airline—because that is what is in everyone's best interest." 

## Mesaba Pilot Group At a Glance

**Number of pilots**—555 active; 226 furloughed

**Operations**—operates as a Northwest Airlink affiliate under codesharing agreements with Northwest Airlines, providing service to 88 U.S. and Canadian cities from Northwest's and Mesaba's hubs in Minneapolis/St. Paul, Detroit, and Memphis. Mesaba also supplies essential air service to many communities and is the sole air transport provider to several cities including Alpena, Sault Ste. Marie, and Houghton, Mich., and Hibbing and International Falls, Minn. Mesaba filed for Chapter 11 bankruptcy protection on Oct. 13, 2005, and continues to operate as a debtor-in-possession with a scaled-back operation, having just eliminated all 69-seat passenger Avro RJ-85s from its fleet.

**Fleet**—1 CRJ-200 and 49 Saab SF-340s

**Headquarters**—Minneapolis/St. Paul, Minn.

**Domiciles**—MSP, DTW, and MEM