

REPUBLIC TEETERING AFTER PILOT UNION REFUSES TO ALLOW VOTE

News / Airlines



Republic Airways Holdings said stalled labor talks with its pilots could force it down “an alternative path” that may include a Chapter 11 bankruptcy filing.

Indianapolis-based Republic, the parent company of regional carriers Republic Airlines and Shuttle America, has presented its “last, best and final” [contract offer](#) to its more than 2,000 pilots, who are represented by the International Brotherhood of Teamsters (IBT). The offer followed negotiations overseen by the US National Mediation Board, which was brought into the talks this summer after efforts to reach a deal, in the words of Republic chairman, president and CEO Bryan Bedford, “hit a wall.”

But the Indianapolis-based chapter of IBT representing the Republic pilots, Teamsters Local 357, said it will not take Republic’s offer to the pilots for a vote. The national leadership of IBT can overrule Local 357 and demand a vote, but it’s not clear when or if such a decision will be made. Phone calls made by ATW to get clarification from IBT resulted in Local 357 referring questions to IBT national leadership, which in turn referred questions to the local chapter in Indianapolis. An IBT national spokesman in Washington DC did say there is “no timeline” on making a decision on whether to overrule Local 357’s decision not to put Republic’s offer up for a vote.

Republic VP-human resources Matt Koscal told ATW the company needs IBT national leadership to make a decision quickly, allowing a vote by rank-and-file flight deck crew to take place in the

near future. “We do need this process to be wrapped up in weeks, not months,” he said.

“Our pilots should have the right to vote on” Republic’s three-year contract offer, Koscal said, adding, “We remain hopeful that our pilots will have a chance to vote on it ... It is an industry leading deal in the regional space ... We would expect that a decision would be made [by IBT national leadership] in days, not weeks ... Fundamentally, what this comes down to is we believe the local [IBT] leadership is disconnected from our pilots.”

In 2014, Republic management and IBT officials tentatively reached a four-year contract that all parties agreed would have raised the pilots’ pay to among the top of US regional airlines. But [the pilots rejected the deal](#) in a ratification vote.

Negotiations were reopened this year, and Bedford told reporters in mid-May at the Regional Airline Association convention in Cleveland that the company was “[in a stabilized approach](#)” toward reaching a new agreement with its pilots. “We have made significant headway in negotiating the deal,” he said.

But shortly thereafter, talks broke down. “It is highly emotional,” Bedford said during an early August conference call with analysts to discuss Republic’s 79% year-over-year [second-quarter net income decline](#). “Hopefully, cooler heads will prevail and the pilots will make a rational decision that’s in their best interests.”

During the same call, he said “the company simply cannot afford to stay the course. Until we resolve our labor dispute, our operational and financial results will continue to be materially affected.” Republic has been in talks with mainline partners American Airlines, Delta Air Lines and United Airlines about [adjusting its contractual flying](#), saying that [apilot shortage in the US](#)—exacerbated by its own labor situation—is forcing it to reduce its schedule.

Republic has hired [Seabury Group](#), a company that specializes in advising airlines going through difficult periods, to help it navigate the choppy waters and potentially a restructuring. “We want to assure all of our stakeholders that we will exert every effort to stabilize our airline and achieve a consensual outcome quickly,” Bedford said. “It’s our goal to thoroughly restore the company both operationally and financially.” He added that Republic is “fully prepared to protect the long-term viability of our airline regardless of which path we may travel.”

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