REPUBLIC WARNS OF CHAPTER 11 IF PILOTS REJECT NEW CLA

News / Airlines

Republic Airways Holdings Inc., parent firm to Republic Airlines (YX, Indianapolis Int'l) and Shuttle America (S5, Fort Wayne), has warned that it may file for Chapter 11 bankruptcy protection should it fail to conclude a new Collective Labour Agreement (CLA) with its pilot corps. The two have been at loggerheads since 2007 when a previous CLA fell open to amendment.

Last week, management presented what it termed its "last, best and final offer" to the International Brotherhood of Teamsters Local 357, which represents Republic's 2,200 pilots, for consideration.

According to Bloomberg news, Republic latest contract offer would see new first officers receiving a 74% pay increase, with a smaller raise for more-senior aviators. The agreement also would give pilots a ratification bonus of USD1,000 to USD11,000 based on length of service, as well as another bonus on the one-year anniversary of ratification.

The union says it is reviewing the offer with leadership to decide whether to send it to its membership for a vote later this week.

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An FAA decision to amend commercial pilot requirements last year has severely impacted the size of Republic's pilot corps forcing it to curb its flying through 2016 and renegotiate contracts with major carriers such as American Airlines (AA, Dallas/Fort Worth), United Airlines (UA, Chicago O'Hare), and Delta Air Lines (DL, Atlanta Hartsfield Jackson). In light of this, management wrote to pilots urging them to accept the offer or risk 'non-consensual restructuring'.

“We cannot remain stuck at the crossroads any longer,” a letter signed by eight Republic executives said. “Our morale has suffered and our people are exhausted. Our code-share partners - our sole source of revenue - are justifiably frustrated with our performance. Our suppliers and vendors are no longer willing to wait for us to resolve our issues. Our stock price has been battered.”

The firm said earlier this year that it had recruited airline turnaround specialists Seabury LLC to start restructuring its finances and “explore all options to retain the enterprise value of the organization."

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