

THE SNAG SHEET

MONTHLY NEWSLETTER OF CANADIAN
AIRWAYS LODGE 764

Sep 2009



International Association
of Machinists and
Aerospace Workers
Representing Air Transport
Workers in
British Columbia and the
Yukon



Pension Report Sept 2009

There are essentially 2 ways to receive your pension benefit when you leave the company through retirement or termination. Everyone is aware of the standard monthly pension payment payable from the first month of retirement or commencing on a future deferred date if you terminate prior to attaining a pension milestone.

The second option is to receive a commuted value equivalent to your accumulated pension benefit. This is most commonly referred to as a "lump sum" payout into a locked-in RRSP or equivalent financial vehicle. This is designed primarily for people who leave the company well ahead of retirement and wish to take their money with them to invest on their own rather than leave it encumbered within the Air Canada pension plan. (The April 2009 report explains the commuted value option in a little more detail.)

There are specific rules governing when a commuted value may or may not be taken. Generally speaking it is available until 10 years prior to your Air Canada pensionable age. In the CAIL plan that means up until the month of your 50th birthday regardless of pensionable service. In the AC plan it is available up to age 45 if you have 25 or more years of service and age 55 if you have less than 25 years of service.

Because of the extreme underfunding situation of our pension plans as at 31 December 2008, OSFI has sent 3 separate letters to Air Canada in 2009 with respect to increased regulation of

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the commuted value payouts. The first letter was sent on 6 April 2009 and limited commuted value payments to 75% made between that date and the release of the final actuarial results in June 2009 even though the official funding level was still considered to be 90%. This decision was based on the preliminary figures at that time and 75% was their best guess on the final 2008 solvency funding ratio. It is 82.5%

The 2nd letter was sent on 6 July 2009 and ordered an immediate halt of all commuted value payments until further authorized by OSFI except in the event of death. The freeze does not affect monthly pension payments. They are acting to prevent a run on the pension plan that could adversely affect the plan because of the low solvency funding level. The effect of letter was clarified by a 3rd letter sent on 24 August 2009 that clarified the parameters of the commuted value freeze.

The freeze would only be effective for anyone who left the plan after 6 July 2009. Anyone who had left prior to 6 July 2009 and was still waiting to have their commuted value transferred to them would continue to receive their monies under the terms of the 6 April 2009 letter or under the rules of the Plan Text(s) if they had left prior to 6 April 2009.

At this time OSFI has not indicated how long this freeze will remain in effect but it would be a good bet to assume that it will remain in place until early 2010 when the increase or decrease of the solvency funding ration becomes known. They may even wait until June 2010 when the final actuarial report is published.

Email is the most effective way to reach me. I may be contacted at pres764@telus.net with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock
Chairman, LL764 Pension Committee

Evergreen Airways

For most of the past two decades, airline employees in North America have watched helplessly from both sides of the border as their jobs vanished, while their employers were annihilated by economic downturn and devastation.



A brighter part of these last two decades has been those small carriers who have found a “niche” for survival in this brutal aviation landscape. A “niche” in business terms means “something you do better than anyone else, at a competitive price.” One of the better examples today is Evergreen International Airlines, headquartered in McMinnville, Oregon and performing its overhaul work at the Pinal Air Park in Marana, Arizona.

The airline began as Evergreen Helicopters in 1960 and was founded by Delford M. Smith. Delford grew his company by acquiring the airline certificate and operating rights of Johnstons Flying Service of Missoula, Montana shortly thereafter. Johnstons operated on-demand air cargo charters throughout the United States, and modified military aircraft for use as aerial water bombers. Johnstons was under contract to the U.S. Forest Service, and Evergreen prospered from this acquisition with steady revenue from firefighting, and aircraft modification knowledge.

Evergreen Helicopters became Evergreen International

Airlines in 1975, and a holding company called Evergreen Aviation in 1979. Its “golden egg” became the conversion business for older aircraft, but one of its other treasures is now its museum site in Oregon, which houses the Howard Hughes famous “Spruce Goose”.

Smith’s company became very skilled at converting early model Boeing 727 series 21 through 95 aircraft from passenger configuration to cargo and private jet use. The used aircraft global market was hungry for older, well maintained jet transports modified for new uses.

Evergreen bought its used early model Boeing 727’s from Braniff, Lufthansa, Pan American, United, Northeast, and Japan Airlines. Evergreen operated some of these aircraft for its own cargo charter service, with contracts awarded from the U.S. military and the U.S. Postal Service. However, the majority of these first generation B727 aircraft were bought, converted, and sold to smaller carriers who could not afford newer aircraft, or, the emerging parcel service companies like FedEx, United Parcel Service and DHL, who were rapidly expanding and needed cargo aircraft immediately.

Evergreen’s maintenance and overhaul branch leased the Pinal Air Park in Marana, Arizona in the 1980’s from the American Government. The U.S. military and the Central Intelligence Agency (CIA) had used the site as a base of operations since 1942. The site was deemed surplus after the Vietnam War and a large portion was leased to Evergreen. However, some sections were retained for governmental use, including military helicopter operations and training.

Evergreen operated the Pinal Air Park as an overhaul center for its own aircraft, and as an aircraft parking lot or “boneyard” for commercial carriers, who could send their surplus or “too costly to operate” aircraft for long term storage or eventual dismantling at the highly secure Pinal facility.

The dry desert environment in Arizona was perfect for aircraft storage. The acquisition of Pinal, and the inclusion of “the boneyard business”, gave Evergreen access to the biggest storehouse of older aircraft parts of all types anywhere on the North American continent.

Evergreen increased its reach into, and its profit from, the world-wide aviation spare parts market by culling the “boneyard” for aircraft specific type metal sections and parts. Many of us have seen pictures of Pinal Air Park stored aircraft with major skin, rudder, flap, engine, and landing gear sections gone.

More value was added to Evergreen business when its overhaul branch pioneered the aircraft conversions of older Boeing 747-100 and -200 series passenger aircraft parked at Marana to side door package freighters. Most of the B747-100 series aircraft came from Pan Am and TWA at bargain prices, and some conversions were used by Evergreen for its military and postal contracts. Others were used for Evergreen scheduled cargo service to Asia. The majority of these B747-100 converted aircraft have now reached their maximum airframe service life, and are now being “parted-out” to other third world operators, or have been scrapped.

Older Boeing B747-200 series aircraft were acquired from World Airways (also a survivor for its ability to buy specialized aircraft and the subject of a forthcoming article) and Singapore Airlines. Two Boeing 747SR-46 (short range) aircraft were also bought from Japan Airlines. All of these aircraft have been converted to package freighters and are currently operated by Evergreen.

Evergreen has also purchased McDonnell-Douglas equipment, but mostly as a savvy buyer picking up good used aircraft at a bargain price. After refurbishment, these aircraft are quickly sold on the used aircraft worldwide market at a handsome profit.

Two Air Canada DC8-63 passenger aircraft, fins 876 and

877, were converted to freighters in Italy in 1980 but retained their original Pratt and Whitney powerplants. These DC8-63F's were sold to Evergreen by Air Canada when the freighter fleet was disposed of at the end of 1988. Tighter North American environmental and noise bylaws restricted the operation of these aircraft after 1990, but Evergreen found a buyer and sold the two aircraft to Airborne Express (ABX) who operated the aircraft outside the North America restrictive zone by basing them in Africa.

Evergreen has thrived in the used aircraft market, buying everything from used corporate jets to jumbo aircraft. After some practical modifications and a little refurbishment, the aircraft are back in the air and Evergreen has money in the bank.

Evergreen's conversion expertise for Boeing equipment has also allowed it to partner in some unique projects. One project was the conversion of three former China Airlines B747-400's to Boeing VLCC (very large cargo carrier) aircraft. These aircraft will be used to carry the fuselage shells of the new Boeing 787 Dreamliner from its manufacturing site in Italy to the Boeing assembly plant in Renton, Washington. The VLCC is Boeing's answer to Airbus's successful "Beluga" aircraft which currently transports wing sections from European manufacturing sites to the assembly plant in Toulouse, France. The VLCC program will consist of four aircraft when all the conversions are complete.

Evergreen has also converted a B747-273C (former World Airways aircraft) to a firefighting aerial tanker – "The Supertanker". The aircraft currently serves as a conventional freighter, but can be rapidly modified to fight forest fires. The aircraft has received a Federal Aviation Administration (FAA) certificate of airworthiness, but has yet to be employed in fighting fires. Why?

The upside to this aircraft is that it can discharge seven times the amount of fire retardant on a fire as opposed to any current available aircraft. The downside is that it takes a long time to fill up the discharge tanks after dumping, the

"Supertanker" needs a long runway for operations (and forest fires tend to be in remote areas), and its operating costs are many times greater than the current costs (about \$6000 per hour) for conventional water bombers. However, if the next California wildfire threatens Malibu or Santa Barbara, you can be sure that the "Evergreen Supertanker" will get a call.

Evergreen's ability to survive in the last three decades of air transport economic turmoil has been its unique ability to extract added value from older aircraft with cost-effective enhancements, its entry into the "used parts" side of the commercial aircraft business with its world-wide contacts, its expertise in modifying aircraft to FAA certifiable acceptance, and its wealth of knowledge about Boeing aircraft. That knowledge allows the company to perform "make-overs" of conventional aircraft at low cost to meet unique requirements. The VLCC and "Supertanker" modifications are but two examples.

Evergreen will also partner with NASA on the SOFIA Project, supplying a retired 747-SP aircraft for conversion into a high altitude flying telescope for astral observations. Moreover, they will supply the rear body section of a scrapped B747-SP to serve as a jig and template for the elaborate conversion.

Evergreen International has done well and certainly has a strong future with its fleet of thirteen modified B747-100 and -200 aircraft. But most significantly, after 50 years in business, Delford M. Smith still owns the company.



David Varnes,
ST LL764 and Chair, History
Committee

Airports/Cargo Report

General

The Company has confirmed that they have lost the Cathay Pacific and Delta Airlines contracts. The Cathay Pacific contract will terminate Oct 01, 2009.

The Airport Authority will be doing all de-icing as they have gone to a service provider via tender which Air Canada did not submit a bid for this contract.

There have not been any Shift discussions for any work group.

There is currently a Vacation Purchase plan being offered. All info and application into this plan is available on the Aeronet. The deadline to apply is Sept 15, 2009.

There is supposedly a 2010 Olympic plan in place with various Committees formed but as of yet the Shop Committee has had zero involvement and has not been asked to participate in any discussions.

The Shop Committee met with Mark Shankland, Mgr - Aircraft Services – YVR, on Aug 28, 2009 in regards to the recent rise in Management performing Scope Duties complaints. He has committed to put something in writing with his signature attached explaining to ALL Management that they are not to perform Scope Duties.

The Shop Committee attended a meeting at the BC Federation of Labour on Aug 26, 2009 in regards to a labour dispute involving PSAC (YVR Employees). They are in a legal strike position effective Sept 18, 2009.

Arbitration & Company Meetings

The next arbitration with Arbitrator Teplitsky is scheduled for Sept 14, 2009 in YYZ. Kevin Cox will be in attendance.

The next UMCM is scheduled for Sept 14, 2009 in YYZ. Kevin Cox will be in attendance.

The next national Shop Committee meeting is scheduled for Sept 15-16, 2009 in YUL. Kevin Cox will be in attendance.

In Solidarity:

Kevin Cox Craig Chard
Airport & Cargo Airport & Cargo
Shop Committee Chair Shop Committee Member

Clerical Report

One Grievance was cancelled due to new information coming forward from the Company. An existing job was split between Aveos and Air Canada - Technological Change, Aveos and Air Canada shifted the work elsewhere. Looking into new avenues.

One Grievance was filed and cancelled, just to let the Company know what they did was wrong, it was a 'no' win.

Waiting for some information (a list) from Labour Relations about Non Union Temp Employees working in Union positions across the system.

Some Clerical members had their Benefits changed from ATS Benefits to Finance Benefits – Wrong, everything stays status quo.

Will soon have two new Clerical members in YVR from ATS.

Many questions about the continuation of the Agreement, Benefits, VPP, LOA week.

Majority of the Clerical Group were very happy that they lost nothing with the continuation of the previous Agreement.

In Solidarity,
Ron McKelvie, Chief Shop Steward, LL764 Clerical

Tech-Ops Report

September 9, 2009

Arbitration Hearings: Arbitration hearings were held in Vancouver with Chief Arbitrator Martin Teplitsky on August 20th, 2009 via conference call. The next scheduled arbitration date is scheduled for September 14th, 2009 in Toronto.

UMCM: The next UMCM meeting is scheduled during the week of September 14th – 18th, 2009 in Montreal.

YVR Base Permanent Recalls/Transfers: The Shop Committee has been working with Local Management to ensure our Members are given every opportunity to accept or decline a recall/transfer per the Collective Agreement. Several Category Recall Lists have been exhausted and the Shop Committee is working through the Transfer and Alternate Employment Lists for several Categories. Any Member receiving recall or transfer paperwork from Air Canada/Aveos is reminded to ensure that the Tech Ops Shop Committee receives a faxed copy of their selection to accept/decline recall/transfer. The Tech Ops Shop Committee Office fax number is (604) 273-0896.

Article 16 – Seniority Committee: Joe Toth has been selected as the Local Lodge 764 representative. The Committee is scheduled to meet in Montreal on September 24th, 2009. The Shop Committee does not have a committee agenda at this time.

Collective Agreements 2009: It is the YVR Shop Committees' understanding that new Collective Agreements will be printed. It is unclear, at this time, when they will be ready for distribution.

Heavy Maintenance Stores Local Agreements: The Shop Committee along with Local Shop Stewards have been meeting regarding local agreements pertaining to the "new" Heavy Maintenance Stores Formation. The Stock-

keeper recalls are continuing and we expect the full complement to be identified soon. This will enable the "new" Heavy Maintenance Stores Formation to function independently from the existing Line Maintenance Stores Formation.

LOU #4 Above Basic Positions: There appears to be a general misunderstanding pertaining to this section in the Collective Agreement. Several individuals have been unsuccessful in obtaining an above basic position due to not meeting the requirements of this Letter of Understanding. The membership is encouraged to familiarize themselves with this language to ensure they meet the eligibility requirements for any position they are interested in. It is the YVR Shop Committees' understanding that there is a Bulletin in the works to help enlighten the Membership of the process. The Membership is reminded that there are unique "Qualifying Exams" for the different positions. Interested individuals will need to clarify which position(s) he/she is interested in.

Tech Ops Retirements: The Shop Committee would like to congratulate the following Members; Ihsan Malik – Category 4, Danny Ing – Lead Category 13, Jimmy Chan – Category 16, Dave Austin – LLAT Category 19, Anita Ing – Category 31, and Cam Jolly – Category 33 who retired on July 1st. Also, Greg Lamb – Category 1, Peter Siu – Category 1 and Diane Nisbett – Senior Technical Data Controller who retired on August 1st and finally Manuel Vieira-Ribero – Category 1, Chris Shadeo – Category 13, Terry Hill – Category 18 and Ken Hagen – Category 38 who retired on September 1st. The Shop Committee would like to wish them a long, happy and healthy retirement. The Shop Committee also requests the assistance of all Shop Stewards in notifying the Shop Committee of any Member considering retirement.

In Solidarity,

Joe Toth, L/L 764, Tech Ops Chair

Glenn Cooper, L/L 764, Tech Ops Member

Glenn Girard, L/L 764, Tech Ops Member

United Airlines Report

1 Step One Grievance for overtime bypass

1 Policy Grievance

The Union has filed a policy grievance with the Company based on local Management's stated desire to 'keep all employees'. While the Union would like to see all jobs retained, when this is not possible due to the flight schedule or economics, the Union feels that full time jobs of more senior members should not be the first to be cut. This issue was raised at the last Negotiations, where the Company committed to mitigating full time furloughs where possible. The Scheduling Committee has shown that it is possible on this bid, but their input was rejected.

Local management has been suggesting that the mandatory computer lessons can be completed by employees from home. The Union's recommendation to all members is to complete these lessons in the workplace during work hours. Members who are not able to complete the lessons during their shift should approach a supervisor so that time to comply with lesson completion may be scheduled during work hours.

As was expected, the summer was hectic with rampant overtime and apparent shortages in manpower, most notably at check in, on the ramp and in baggage service. A meeting was held with management to express concerns the Union had over the appearance of overtime shifts that were of unprecedented length, that were open-ended with no finish times, and extra shifts that were not posted in advance for equitable distribution.

While the flight schedule for the Olympics seems to have been formalized, the Company has not given any indication of what manpower allotments, overtime, or vacation will look like for that period, nor has there been any guidelines

for how off-base temporary employee transfers will be handled. It is hoped that there will be answers for some of these questions prior to the next bid in November.

In solidarity,

Janet Andrews, Senior Steward, United Airlines

IAM Scholarships 2010

This scholarship competition is open each year to members of the IAM and their children throughout the United States and Canada under the procedures and rules of eligibility explained in this Announcement.

The 2010 Scholarship Competition begins in August 2009 and runs through February 26, 2010. Beginning in August 2009, applications will be accepted for the 2010 Scholarship Competition. Applications will be available to seniors in high school and IAM members and may be downloaded and printed from this web page.:

<http://www.goiam.org/content.cfm?CID=431>

Applications will not be accepted until August 2009. An application can also be obtained by mail from the IAM Scholarship Department after printing, completing and mailing the request form on this web page or in the 2009 Summer IAM Journal issue.

The IAM Scholarship Fund, which is used exclusively to make possible these awards, was established by the delegates to the 1960 IAM Grand Lodge Convention.

Next General Meeting

Oct 14, 2009
5 PM
7980 River Road
Richmond, B.C.



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CANADIAN AIRWAYS LODGE 764
7980 RIVER ROAD,
RICHMOND, B.C. V6X 1X7
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EDITOR: Gord Taylor
WEBMASTER: Gord Taylor

Office: (604) 273-9668

Fax: (604) 273-9670

E-mail:
webmaster@iam764.ca

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