

**Torres Rojas, Genara**

FOI # 14789

**From:** amuirragui@seiu32bj.org  
**Sent:** Friday, March 21, 2014 5:30 PM  
**To:** Duffy, Daniel  
**Cc:** Torres Rojas, Genara; Van Duyne, Sheree; American, Heavyn-Leigh  
**Subject:** Freedom of Information Online Request Form

Information:

First Name: Aldo  
Last Name: Muirragui  
Company: SEIU Local 32BJ  
Mailing Address 1: 14 NE 1st Ave  
Mailing Address 2: Suite 905  
City: Miami  
State: FL  
Zip Code: 33132  
Email Address: [amuirragui@seiu32bj.org](mailto:amuirragui@seiu32bj.org)  
Phone: 786-567-6473  
Required copies of the records: Yes

List of specific record(s):

Correspondence between the Port Authority staff, executives or board members and air carriers about the implementation of the wage increase and other requirements outlined in the 12814 letter from Executive Director Patrick Foye to the CEOs of Delta Airlines, JetBlue Airways, American Airlines and United Airlines.

**THE PORT AUTHORITY OF NY & NJ**

FOI Administrator

May 5, 2014

Mr. Aldo Muirragui  
SEIU Local 32BJ  
14 NE 1st Avenue, Suite 905  
Miami, FL 33132

Re: Freedom of Information Reference No. 14789

Dear Mr. Muirragui:

This is in response to your March 21, 2014 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code"), for "Correspondence between the Port Authority staff, executives or board members and air carriers about the implementation of the wage increase and other requirements outlined in the 12814 letter from Executive Director Patrick Foye to the CEOs of Delta Airlines, JetBlue Airways, American Airlines and United Airlines."

Material responsive to your request for correspondence between the Executive Director and the Deputy Executive Director and the air carriers about the implementation of the wage increase and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/14789-O.pdf>. Paper copies of the available records are available upon request.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Daniel D. Duffy  
FOI Administrator



Nene Foxhall  
Executive Vice President  
Communications and Government Affairs

March 17, 2014

Mr. Patrick Foye  
Executive Director  
Ms. Deborah Gramiccioni  
Deputy Executive Director  
The Port Authority of New York and New Jersey  
225 Park Avenue South, 14th Floor  
New York, NY 10003

Dear Pat and Deb,

I respond for United to Pat's letters, which ask us and three other carriers to ensure our airport service vendors pay their employees a minimum of \$10.10 per hour. Before I respond on that point, I want to be clear that United pays most of its New Jersey and New York employees well above that amount and provides health, flight and retirement benefits to those employees.

I apologize for the delay, but the requests that we mandate our vendors to pay a minimum wage above state and federal requirements raise significant legal issues. When applied to New Jersey airports, they would also raise significant economic issues, considering other major costs the Port Authority disproportionately imposes on New Jersey carriers. Among the issues of concern are the following.

First, the Port Authority is asking certain airlines, including United, to pay what is, essentially, a Port Authority minimum wage without legislative authority. For example, the city of New York cannot enact a minimum wage without state legislative authority. So, we respectfully join others who suggest the appropriate way to mandate that New York and New Jersey employers pay a minimum wage higher than current state and federal law is to seek state legislative authority to do so.

Second, the Port Authority is apparently attempting to mandate a Port Authority minimum wage through the delay of the negotiation and/or implementation of car rental concession agreements at Newark Liberty Airport. This is significant because a large portion of the financial benefit of the agreement offsets costs to carriers operating at Newark. It is our understanding that the Port Authority plans to move forward with the implementation of such concession agreements at the New York airports, where the majority of the financial benefit is realized by the Port Authority. A representative of the Aviation Department last week told us he has "been instructed" to tell United that carriers at Newark Airport will not receive an estimated \$3.5 million annual credit due for the Port Authority's new car rental concession agreement at Newark Airport until United agrees to the request that we ensure that our vendors pay the higher minimum wage.

If the Port Authority denies United access to certain Port Authority facilities or certain payments to which it is entitled while its competitors are granted such access and payments, the Port Authority is engaging in discrimination.

Finally, requiring airlines to act in concert to force wage raises on third party contractors raises antitrust concerns.

The requests would also raise significant economic issues, especially for United and New Jersey carriers, if granted for Newark Airport. We estimate that if our vendors paid all airport employees \$10.10 per hour, the cost to United would be up to \$12 million annually. That is a broad estimate, given United is not the direct employer, and, therefore, doesn't have complete, specific wage data for its vendors.

Some argue that we might easily pass this cost along to our customers at Newark Airport, but that is not the case. First, airlines are very low-margin businesses, and second, airline customers are extremely price-sensitive, especially when it comes to connecting flights. Newark Airport is the only true connecting hub in the New York / New Jersey area. As such, almost half of United passengers enplaned in Newark are connecting passengers whose itineraries neither begin nor end in the NYC/NJ area. Because of this, Newark is competing with several other connecting hubs in the Eastern United States for traffic. Hubs like Atlanta, Charlotte, Washington Dulles, and Philadelphia, among others, all compete with Newark for connecting travelers. For example, an average customer traveling from, say, Nashville to London could connect through ATL, CLT, IAD, and PHL among others, and would be largely indifferent to anything but the price of the ticket. Since United must compete for this traffic on price, United would be unable to raise prices to pass along the higher cost of the change to customers.

Newark is already a much more expensive airport from which to operate than all of those other major hubs before this cost increase. Further, Newark Airport is already at an estimated \$52 million annual competitive disadvantage to the New York airports due to the different rate-making methodology employed in the separate lease agreements for New York and New Jersey airports. Finally, this cost increase would be on top of the \$24 million annual cost increase that the Port Authority is imposing on United (part of an estimated \$57 million annual cost increase being imposed on all Port Authority carriers) as a result of the new Airport Rescue and Firefighting program, which ensures Port Authority police officers continue to perform firefighting duties in addition to their law enforcement duties.

We want to be a good partner to the Port Authority, but hope the Port Authority will respond to the concerns we have outlined about the process and policy impacts of these requests. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Rene Foxhall".



27-01 Queens Plaza North  
Long Island City, NY 11101  
jetblue.com

February 19, 2014

Mr. Patrick J. Foye  
Executive Director  
The Port Authority of New York and New Jersey  
225 Park Avenue South, 15<sup>th</sup> Floor  
New York, New York 10003

Dear Pat:

Last week, we celebrated the 14<sup>th</sup> anniversary of JetBlue's inaugural flight from JFK International Airport to Fort Lauderdale/Hollywood. Headquartered in New York City since our founding, we have grown significantly since 2000 and today offer more than 400 daily low-fare flights to and from four Port Authority airports – JFK, LaGuardia, Newark and Stewart – all on large jets with a total of 4,500 JetBlue crewmembers at those airports. On behalf of all of JetBlue Airways' 15,000 crewmembers, including the more than 5,700 in New York State, I want to thank you and your Port Authority colleagues for your support for New York's Hometown Airline™.

I am writing in response to your letters of January 28 and February 10, 2014, regarding wages for some working at JFK, LaGuardia and Newark. I am pleased to report that all 5700 JetBlue crewmembers in New York State, including those who work at JFK and LaGuardia, are paid at hourly rates in excess of the New York State minimum wage (the current \$8 level as well as the scheduled increase to \$9.00 in 2015) – as well as your stated target rate of \$10.10 an hour. Taking care of our Crewmembers remains JetBlue's top priority.

JetBlue fully supports the initiative to raise worker pay to a new standard. We applaud you for leading the effort to raise awareness and public sentiment. While we do not set the wage rates for employees of our business partners at any of the airports we serve, as we do with our own crewmembers, as New York's Hometown Airline JetBlue values all that its crewmembers and business partners do to provide customers with award-winning service.

Mr. Patrick J. Foye  
February 19, 2014  
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JetBlue would like to join the effort to ensure that airport worker pay rates are increased. In the coming weeks, we plan to meet with our business partners at JFK and LaGuardia to emphasize the importance of this issue. However, rather than attempting to impose pay rates on our business partners, which raises many real legal and doing-business issues, we look forward to working with Governor Cuomo and you to advocate for an increase in the New York State minimum wage to \$10.10 an hour for all who work in our state, not just a select few. A statewide increase in the minimum wage, in our view, is the best way to increase wages for all those who work at the airports and for all New Yorkers.

Since JetBlue began flying from JFK on February 11, 2000, spurring more than 50 percent growth in flight activity at the airport, JetBlue has become the largest intrastate carrier in New York. Our growth has brought direct jobs and immeasurable economic benefit to seven communities throughout New York State. As we continue to work together to address important challenges facing the traveling public, including access and infrastructure improvements at JFK and LaGuardia, I hope we can add an increase in the New York State minimum wage to our agenda.

I thank you for raising this important issue and look forward to partnering with you.

Sincerely,

A handwritten signature in black ink that reads "Robin Hayes". The signature is written in a cursive, flowing style.

Robin Hayes  
President

**THE PORT AUTHORITY OF NY & NJ**

Patrick J. Foye  
*Executive Director*

February 10, 2014

Mr. Dave Barger, President and CEO  
JetBlue Airways Corporation  
118-29 Queens Blvd  
Forest Hills, NY 11375

Mr. W. Douglas Parker, CEO  
American Airlines Group  
4333 Amon Carter Boulevard  
Fort Worth, TX 76155

Mr. Jeff Smisek, President and CEO  
United Airlines  
77 West Wacker Drive  
9<sup>th</sup> Floor HDQZR  
Chicago, IL 60606

Gentlemen,

As you know, Delta Airlines has informed the Port Authority that Delta has agreed to adopt promptly the requests made in my letter of January 27. We are gratified by that action taken by the largest carrier at LaGuardia and one of the largest carriers in our region and nation.

Your representatives separately informed me last week that your companies were considering the requests made on January 27. I look forward to continuing that dialogue.

To assist in that consideration, I feel duty bound to inform you of the following: as you know, the Port Authority has been working with Governor Cuomo's office and four pre-qualified world class developer teams on the development of a new, 21st Century Central Terminal Building at LaGuardia. We have informed each of the developer teams and your companies that as a condition of the PA entering agreement with the selected developer that airport workers at third party contractors performing work under contracts for airlines at CTB would have to agree to the requests set forth in my prior letter with respect to employees of their contractors.

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T: 212 435 7271 F: 212 435 6670

February 10, 2014

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As current users of CTB, you should know that the new CTB lease provisions the developers and airlines at CTB will be required to sign will mandate those worker protection provisions not only for CTB but also for each terminal each CTB airline uses at both of the NYC airports.

By taking this action, we will together treat these workers justly, reduce turnover, enhance service levels and place all airlines at the NYC Port Authority airports on a level taxiway so to speak.

I will reach out to your teams Monday morning.

As I wrote before, the Port Authority is prepared to use every tool at its disposal to achieve these goals. Providing an improved wage and benefits package to the thousands of hardworking men and women that make our airport system the largest in the country is something that cannot wait. I look forward to working with all of you in bringing the Port Authority's airports into the 21st Century.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick J. Poye', written over a printed name and title.

Patrick J. Poye  
Executive Director

cc: Mr. Hector Figueroa, President  
32BJ Service Employees International Union

**THE PORT AUTHORITY OF NY & NJ**

Patrick J. Foye  
*Executive Director*

January 28, 2014

Richard Anderson, CEO  
Delta Air Lines  
103 Delta Blvd.  
Atlanta, GA 30320

Dave Barger, CEO  
JetBlue Airways Corporation  
2701 Queens Plaza North  
Long Island City, NY 11101

Doug Parker, CEO  
American Airlines  
4333 Amon Carter Boulevard  
Fort Worth, TX 76155

Jeff Smisek, President and CEO  
United Airlines  
233 South Wacker Drive  
Chicago, IL 60606

Hector Figueroa, President  
32BJ Service Employees International Union  
25 West 18<sup>th</sup> Street  
New York, NY 10011

Gentlemen,

Following my meetings with each of you or your representatives yesterday, I wanted to outline the immediate steps we deem necessary for each of your airlines to take to provide improvements in the wages and benefits for the thousands of hardworking men and women working for your contractors and vendors to support flight and terminal operations at our airports.

The Port Authority's airports are a major economic driver for the entire region, supporting over 500,000 direct and indirect jobs, \$26 billion in wages, and \$72 billion in economic activity. The Port Authority and the airlines serving our airports have embarked on programs to invest billions of dollars to improve these airport facilities and make them more competitive.

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## THE PORT AUTHORITY OF NY & NJ

However, in order to achieve our vision for New York's airports, we must provide a wage and benefits system that lays the foundation for a world-class passenger experience. Earning good wages and providing proper training increases job loyalty, reduces turnover, and improves customer satisfaction. Toward that end, the Port Authority is calling for the following changes at New York airports:

- **Make Martin Luther King Jr. Day a paid holiday for all airport workers, including retroactive effect for this year.** MLK Day is a paid holiday for Port Authority employees, as it is for employees of your airlines. Employees of your contractors should enjoy the same benefit, especially in light of the importance of this holiday to our country's history and values.
- **Immediately effect an increase in the hourly wage paid by your contractors to their lowest paid employees by \$1 per hour, with a phase-in to \$10.10 per hour.** Employees making an average base wage of \$8 to \$9 per hour or lower must receive an immediate \$1 per hour increase in their base wage.
- **All contracts relating to the new LaGuardia Central Terminal building will provide an improved wage and health benefits package for all terminal employees and contract employees.**
- **The Port Authority will actively promote a three to five year plan of improvements to wages and benefits paid to all airport workers, with an initial draft developed within 90 days.** The Port will convene the airlines, 32BJ SEIU, and the major contractors to develop the draft plan. The Port Authority will require that all new airline contracts, and all contracts with changed terms, include enhanced wages and benefits, including health benefits.

Our airports are major employers and economic engines for the entire region. I strongly believe that improved wages and benefits will reduce turnover and job training costs while significantly improving customer service, making this a win-win for the airlines, millions of their passengers, the Port Authority and the thousands of hard-working employees at our airports.

The Port Authority is prepared to use every tool at its disposal to achieve these goals. Specifically, the Port will enforce these changes through revisions to terms and conditions of Port-Airline agreements.

Providing an improved wage and benefits package to the thousands of hardworking men and women that make our airport system the largest in the country is something that cannot wait. I look forward to working with all of you in bringing the Port Authority's airports into the 21<sup>st</sup> Century.

Sincerely,



Patrick J. Foy  
Executive Director, Port Authority of NY & NJ

**THE PORT AUTHORITY OF NY & NJ**

Cc: Larry Engelstein, EVP 32BJ SEIU  
Jeffrey Goodell, VP Government Affairs, JetBlue Airways  
Michael Minerva, VP Airport & Government Affairs, American Airlines  
Monica Slater Stokes, Managing Director Corporate & Government Affairs, United Airlines  
Gail Grimmett, SVP New York, Delta Air Lines  
Patricia Ornst, Director New York Government Affairs, Delta Air Lines