Travel Industry Update
July 6, 2020

**Delta ALPA Negotiate Early-Out Package For Senior Pilots As Boeing 777 Retirements Near**

- Delta pilots say they have negotiated an early-out package that will enable pilots who are nearing retirement to leave the carrier with an attractive benefit package.
- The Delta chapter of the Air Line Pilots Association, anticipates that about 1,000 to 2,000 of Delta’s 14,500 pilots will accept the package, clearing the way for later negotiations over additional voluntary furloughs, if needed, as airlines reduce flying in the face of the coronavirus crisis.
- The early-out package agreement reached Thursday is expected to appeal to pilots who are closing in on retirement, in particular Boeing 777 pilots, although any senior pilot is eligible, said Chris Riggins, Delta ALPA spokesman.
- In May, Delta said it will retire all 18 of its Boeing 777s by the end of the year.

**Oakland International Airport re-opens more gates**

- As airlines add flights, Oakland International Airport in California re-opens more gates.
- “The expanded service scheduled to be introduced in July and August has resulted in today’s (July 1) reopening of Gates 29-32 in Terminal 2, which had been closed since May,” the airport reported.

**Pilots' union has reached outline deal with British Airways in fight to save jobs**

- Pilots’ union BALPA has told members it has reached an outline deal with British Airways (BA) management about job cuts and changes to pay and conditions.
- The British Airline Pilots’ Association (BALPA) is expected to ballot all of its members this week on the deal over job cuts and changes to pay and conditions early this week - and recommend they accept it.
- While no details of the deal have been formally disclosed, it is believed to include cuts to pay - but may result in fewer job losses than originally envisaged in the consultation.

**TSA facing shortage of PPE**

- An initiative to provide Americans with free face coverings has run out of supplies, according to the Department of Health and Human Services. The shortfall comes as the nation struggles to contain the coronavirus pandemic, which has killed nearly 130,000 people in the United States.
• The deficit was worrying enough that it was noted by the Department of Homeland Security in an internal document, dated June 28, circulated among federal agencies on the coronavirus response and reviewed by Yahoo News.

• The document reveals that the Transportation Security Administration, whose agents oversee security checkpoints at the nation’s airports, also faces a potential shortfall in face coverings. “TSA remains susceptible to shortages in critical PPE items caused by strain and unreliability of the supply chain, particularly for surgical masks,” reads one item from the document.

More TSA agents test positive

• At Orlando International Airport, 16 agents tested positive for COVID-19 between June 23 and July 1. In total, 31 agents have tested positive since March.

• Three TSA screening officers at Savannah/Hilton Head International Airport have tested positive for COVID-19. The latest having worked last Sunday, June 28.

Trade group warns about mass hotel foreclosures

• The American Hotel and Lodging Association (AHLA) is warning of an anticipated wave of hotel foreclosures, citing recent data indicating that only 20% of U.S. hotels have received any debt relief from Wall Street CMBS (commercial mortgage-backed securities) lenders.

• "Right now, many hotels are struggling to service their debt and keep their lights on, especially those with CMBS loans," said AHLA president and CEO Chip Rogers in a statement. "Without action to shore up commercial debt, especially CMBS loans, the hotel industry will experience mass foreclosures and permanent job losses which will snowball into a larger commercial real estate crisis impacting other segments of the economy."

• The AHLA also pointed to a recent report from Trepp, which predicts that the CMBS delinquency rate in the U.S. will surpass 10% for June, up from 7.15% in May and 2.29% in April.

• Trepp also reports that the largest CMBS delinquency balances are in New York-Newark ($6.8 billion), Chicago-Naperville-Elgin ($2.2 billion) and Minneapolis-St. Paul-Bloomington ($1.8 billion). Across all three of these MSAs, lodging was the most heavily impacted sector, accounting for 39.2%, 50.2% and 48.6% of delinquencies in each market, respectively.

• In response to rising delinquency rates, a bipartisan group of congressional leaders is calling on the Department of the Treasury and the Federal Reserve to provide "economic support to bridge the temporary liquidity deficiencies facing commercial real estate borrowers."