



**CIVIL RESERVE AIR FLEET (CRAF)
EXECUTIVE WORKING GROUP (EWG)
MEETING MINUTES
27 April 2016**

NOTICE

The purpose of the CRAF EWG is to provide a forum for the Department of Defense (DoD) to regularly interact with the commercial carriers to evaluate issues and discuss possible changes for improving the CRAF program. The CRAF EWG is not a decision making body and decisions about the CRAF program are reserved for Government officials. CRAF EWG meetings occur twice a year. Regular membership of the CRAF EWG will normally include: Deputy Commander, USTRANSCOM (TCDC); Vice Commander, Air Mobility Command (AMC/CV); Enterprise Readiness Center (TCERC); Acquisitions (TCAQ); Operations (TCJ3); Strategy, Capability, Policy, and Logistics (TCJ5/J4); Joint Distribution Process Analysis Center (TCAC); Judge Advocate (TCJA); AMC Director of Operations, (AMC/A3); Joint Staff/Logistics (JS/J4) as well as representatives from CRAF air carriers. In addition, representatives from the Office of the Secretary of Defense for Transportation Policy, National Air Carrier Association (NACA), Air Transport Association, Department of Transportation (DoT), and the National Defense Transportation Association (NDTA) may be invited. Other guests may be included on an as-needed basis.

CARRIERS REPRESENTED

Carrier	Phone Number
AAR Corp	630-401-7745
ABX Air	937-382-5591
Air Transport Int.	970-316-1318
American	703-443-8955
Atlas	562-810-2323
Delta	763-350-3712
Everts Air	907-322-2580
FedEx	901-224-6581
Kalitta Air	310-779-5332
Lynden Air	907-249-4100
Miami Air	305-876-3648
National Air Cargo	703-595-3731
National Air Carrier Association	703-358-8065
NDTA	703-751-5011
Omni Air International	918-831-3011
Sun Country Airlines	651-900-7160
United	713-324-9069
UPS	502-381-0808



MEETING SUMMARY

1. Opening Remarks – Opening Remarks were delivered by TCJ5/J4, RADM Jackson and AMC/A3, Maj Gen Martinez. Both welcomed all new and recurring members and thanked Mr. Oakley Brooks for the National Air Carrier Association’s sponsorship of the event. RADM Jackson expressed LTG Lyons, TCDC, regret for being unable to attend the EWG.
2. Administrative and Review of Last EWG Due-outs – Mr. Sclarici (TCERC-IA).
 - a. Mr. Sclarici briefed some general administrative concerns and reviewed for the group the status of the August 2015 EWG eight “due outs.” All but one were resolved with five answered by 14 Sept. The tall ridged cargo issue was resolved when industry gained a two year extension to the FAA waiver. Carrier availability being posted in COINS was uneven with cargo carrier’s data input lagging behind passenger carriers. The cyber language issue was briefed as a separate topic during the EWG.
 - b. The remaining due out on DFARS language remains open pending OSD sponsored research.
3. Global Air Cargo Market Update – Mr. Ron Lane (Atlas).
 - a. Mr. Lane began his briefing with a short review of Atlas Air Worldwide, its core business segments and fleet makeup. The second portion of his briefing examined the drivers of global airfreight, acknowledging soft load factors industry wide but noting the international express market is experiencing more rapid growth. He noted that excess capacity is coming down as MD-11Fs and B747-400s are being phased out and new wide body aircraft orders are down due to uncertainty in the Market. Mr. Lane stated that wide body freighters will continue to dominate the major trade lanes carrying well over half of air cargo vs. ‘belly cargo’ and are forecast to do so due to its more reliable schedule/service.
 - b. RADM Jackson asked if a glut of container ships would impact the air freight market as that mode costs continued to reduce. Mr. Lane noted that only 2% of cargo currently goes by air but because this cargo is typically high value/sensitive, he does not see this competing directly. When asked if he thinks Amazon’s move into the air freight market with its B767s will impact their business, Mr. Lane and several other participants felt that these aircraft would primarily be used to move products between distribution centers and would not be in direct competition with them.
4. Air Carrier Training Aviation Rulemaking Committee (ACT ARC) – Mr. Oakley Brooks (NACA).
 - a. Mr. Brooks briefing focused on ACT ARC’s Education, Training and Experience Alternatives for an ATP Workgroup efforts to engage the FAA and other stakeholders to develop an Enhanced Qualification Program (EQP) to help reduce the current pilot shortage. The EQP would combine rigorous candidate assessment, academic coursework, flight and simulator training as well as instructor/evaluator training, data collection and analysis to help reduce the 1500 hour requirement for gaining an ATP license. The cost of this requirement is seen as a “barrier to entry” for new pilots and



forces many US trained pilots to go to other countries to fly where their training is valued and they are not required to have 1500 hours to start working.

- b. The ACT ARC workgroup anticipates making several recommendations to include petitioning the International Civil Aviation Organization (ICAO) for an increase credit for flight simulator training time as well as establishing additional training pathways. Unfortunately lack of consensus on these pathways by workgroup membership and political concerns must be overcome to move forward on this issue. In the meantime, Regional Air Carriers are bearing the brunt of the pilot shortage with one carrier having to discontinue service due to lack of pilots and fines levied against the company for not being able to fulfill service requirements.
 - c. Other potential areas that can be looked at to reduce the pilot shortage is to look at raising the mandatory retirement age to age 67, increase pilot pay for new pilots (new regional pilots make on average ~\$28K/year) and build a body of data with which to engage the FAA and congress to prove the efficacy of the proposed EQP.
5. Forecasted Commercial Workload Requirements – Mr. Brad Eastman (TCJ4).
- a. Mr. Eastman from TCJ4 presented the projected commercial workload for FY16-19 portraying the forecasted commercial workload to remain above pre-9/11 rates. Mr. Eastman stated that because the forecast included fuel costs, the actual spend in execution would be heavily influenced by fuel costs and that during periods of depressed fuel costs the actual total missions flown by the carriers has increased even though the topline spend has not increased. Brad noted that there is potential for growth over the next few years based on a demand signal developing in the AFRICOM AOR which would be very air centric due long distances and lack of infrastructure.
 - b. Several of the attendees questioned the accuracy of the data given the fact that FY16 passenger projections had already been achieved. TRANSCOM leadership reminded the attendees that the J4 projections are designed to be strategic and provide a long range vs. short range/operational forecast of the current year. The J3 forecast is designed to provide the operational forecast.
 - c. The first due out captured was to examine a way of displaying the long range forecast in a fuel neutral way to eliminate the impact of highly variable fuel costs. This due out will be worked by TCJ4, TCJ3, and TCAC.
6. USTRANSCOM Operations Update – Lt Col Brad Hall (TCJ3 Future Operations (FUOPS)).
- a. Lt Col Hall's first brief of the day gave the attendees more details on the emerging West Africa Transportation Logistics requirement which will have both multi modal requirements and hub-and-spoke intra-theater requirements. We expect AFRICOM to announce a Hub sometime in the August time frame. His briefing also covered the several things being done by his organization to capture all the emerging operational requirements. The newest is the Global Transportation Synch Conference that is designed to be held twice per year to capture all DTS user operational requirements.
 - b. Currently the 0-60 day outlook is shared with carriers every Friday in an e-mail and teleconference. Unfortunately the operational requirements captured in the synch conference currently are at a higher classification level than can be shared with carriers,



thus the second due out captured is to explore options for displaying operational projections to carriers that provide enough data for strategic planning while also meeting security requirements. This due out will be worked by TCJ3 and TCAC.

7. Integrated Airlift Management Update – Lt Col Brand Hall (TCJ3 FUOPS).
 - a. This briefing reviewed not only the processes involved in USTRANSCOM’s Integrated Airlift Management (IAM) to help ensure enterprise readiness but to also show results of these efforts.
 - b. As a result of the Resource Driven Allocation Board (RDAB), Demand Shaping and Air Component Checklists that emphasize commercial first solutions where appropriate, the percentage of commercial aircraft utilization has risen to over 40% of total missions flown.
 - c. USTRANSCOM leadership informed attendees of our efforts to engage both UN and NATO on strategic airlift movements in an attempt to provide even more commercial opportunities with the DTS.
 - d. MD-11 operators raised a concern on the allocation process for expansion cargo missions which have resulted in a decreasing trend away from 18% for FY13 to an average of only 4% for this FY to date. Our third due out is to examine how expansion cargo business is allocated to aircraft category. This due out will be worked by TCJ5, TCERC, TCJ3, TCAQ, TCAC and 618 AOC (TACC).
8. Legislative Update – Mr. Kurt “Viva” LaFrance (TCLA).
 - a. Mr. LaFrance discussed the Capitol Hill environment including the FY17 Presidential Budget, Goldwater Nichols Reform, FAA reauthorization and effects of the election campaign on the congressional calendar but should still see the National Defense Authorization Act (NDAA) pushed on time.
 - b. Part of Mr. LaFrance’s briefing was a review of the pending priorities for Congress and an update on the FY17 NDAA timeline. He also pointed out that part of the USTRANSCOM legislative proposal for FY17 NDAA is an extension of authority for the Secretary of Transportation to Issue Non-Premium Aviation Insurance until 31 Dec 2019.
9. Cyber Security – Ms. Mary Jo Varel (TCAQ) and Mr. Mike Jenkins (TCJ6).
 - a. Ms. Varel and Mr. Jenkins briefing was a result of one of the due outs from the Aug 2015 CRAF EWG. During that EWG the question was asked if a “working definition” of “Cyber Intrusion” could be developed as that term was subject to too broad an interpretation. Their briefing informed the attendees that the CRAF contract would eliminate the term Cyber Intrusion and would align with the Dec 2015 DFARS252.204-7012 language of Cyber Incident and Cyber Compromise. The definitions of these terms were reviewed as well as their applicability to subcontractors and “lower-tier” subcontractors.
 - b. Our fourth due out captured is to determine what is considered “covered defense information,” as this term is part of the definitions. This due out will be worked by TCJ6, TCAQ and TCJA.



10. Round Table Discussions.

- a. During the round table session Ms. Sandy Halama from TCAQ presented two slides concerning the COMBI, “FY18 and Beyond” which addressed USTRANSCOM’s reasoning behind the removal of the COMBI from the two year CRAF contract after year one. The overall goals expressed by TCAQ are to incentivize competition within this category there by ensuring maintenance of a modern, fuel efficient (MFE) fleet as well as increase participation in a business line that appears poised for growth based on emerging AFRICOM requirements.
- b. Mr. Carson/ATI which operates the COMBI aircraft, and Mr Coretz/OMNI, questioned the timing of the decision and expressed their concerns for Teaming Arrangement effects, business levels and competition. Ms. Jorgenson stated this issue has been under consideration for several years and that the desired outcome of this change is to produce more capacity to avoid a single point of failure as well as incentives to maintain a MFE fleet of aircraft by increasing competition. After a few more comments, this topic was tabled.
- c. Mr. Sclarici thanked all the briefers, attendees and reminded them of the next EWG on 28 September 2016. Mr. Brooks made a plea for additional industry briefings for the next conference. Ms. Jorgenson reminded everyone of Ms. Halama’s pending retirement in June and publicly thanked her for her years of service to the civil service and to the CRAF program. Attendees echoed her sentiments with a hearty round of applause.

11. Closing Remarks – RADM Jackson (TCJ5/J4).

- a. RADM Jackson thanked all attendees for their attendance, great discussions and wished them a safe journey home.
- b. Meeting was adjourned at 1330.

UPDATES/CORRECTIONS

Please use the USTRANSCOM ERC point of contact listed for updates or corrections to these minutes.

ATTACHMENT

1. Due-Outs.

Attachment 1: Due-outs

DUE-OUT	LEAD	STATUS UPDATE DUE
1. Develop a way to display the long-range forecast in a fuel neutral way to eliminate the impact of highly variable fuel costs.	OPR: TCJ4 OCRs: TCJ3, and TCAC	Open: Tasked out for Coord
2. Develop a method for displaying operational projections to carriers that provide enough data for strategic planning while not violating security requirements.	OPR: TCJ3 OCRs: TCAC	Open: Tasked out for Coord
3. Examine how expansion cargo business is allocated to aircraft category.	OPR: TCERC, OCRs: TCJ3, TCAQ, AMC/A3B, and 618 AOC (TACC)	Open: Tasked our for Coord
4. Determine what is considered “covered defense information” as it pertains to cyber security requirements.	OPR: TCAQ and TCJ6	Closed: Response provided by email on 10 May 16