

**CONTROLS OVER THE FEDERAL AVIATION
ADMINISTRATION'S CONVERSION OF
FLIGHT SERVICE STATIONS TO
CONTRACT OPERATIONS**

Federal Aviation Administration

Report Number: AV-2007-048

Date Issued: May 18, 2007




Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Interim Report on Controls Over the
Federal Aviation Administration's Conversion of
Flight Service Stations to Contract Operations
Federal Aviation Administration
Report Number AV-2007-048

Date: May 18, 2007

From: David A. Dobbs 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-10

To: Federal Aviation Administrator

This report presents the interim results of our audit of the controls implemented by the Federal Aviation Administration (FAA) over its conversion of flight service stations to contract operations. The objectives of our audit were to assess whether FAA had implemented effective plans and controls to (1) transition flight service stations to contract operations, (2) achieve anticipated savings, and (3) ensure that the operational needs of users continue to be met.

Flight service stations provide general aviation pilots with aeronautical information such as pre- and in-flight weather briefings, flight planning assistance, and aeronautical notices. In addition, while employees at flight service stations do not control air traffic, they can provide in-flight support to pilots who are lost or in need of assistance. Flight services are provided at no charge to users and are intended to help promote safe flight operations. However, most of the services provided are optional for pilots' use.

On February 1, 2005, FAA awarded a 5-year, fixed-price incentive contract (with 5 additional option years) to Lockheed Martin to operate the Agency's 58 flight service stations in the continental United States, Puerto Rico, and Hawaii. The contract, worth about \$1.8 billion, represents one of the largest non-defense outsourcing of services in the Federal Government. FAA anticipates that by contracting out flight service facilities, it will save \$2.2 billion over the 10-year life of the agreement. On October 4, 2005, Lockheed Martin took over operations at the 58 flight service stations.

Under terms of the contract, during the transition period, the Government is responsible for costs associated with non-mandatory, Government Furnished Property (e.g., certain legacy systems and equipment). In October 2007, that responsibility shifts to Lockheed Martin.

FAA's anticipated savings are based on the difference between the Agency's projected costs of operating the flight service stations versus the 10-year cost of the Lockheed Martin contract. These savings are expected to be achieved through a series of changes to reorganize flight service stations operations and modernize facilities and equipment. The main changes include the following:

- Consolidating the 58 flight service stations currently in operation into 3 new hub facilities and 16 refurbished stand-alone facilities;
- Deploying a new flight services operating system—FS-21—at the 3 hub and 16 continuing facilities. The new system will connect the facilities through a single, nationwide operating system that will allow flight service specialists to file flight plans, access aeronautical and weather information, and provide other information to pilots for any airport in the country; and
- Reducing flight service specialist staffing levels from approximately 1,900 specialists (at the time that Lockheed Martin assumed operation of the flight service stations) to about 1,000 specialists as a result of the technological and operational changes noted above.

Figure. Picture of the Operating Floor at the New Hub Flight Service Station in Ashburn, Virginia



Source: Lockheed Martin

Our review, conducted between May 2006 and March 2007, included site visits to six existing flight service stations, three Lockheed Martin hub flight service stations, two Lockheed Martin Division Offices, FAA Headquarters, and two FAA Regional Offices. Exhibit A details our review scope and methodology. Exhibit B lists the specific organizations we contacted and visited during the audit. We are continuing our review to further assess FAA's controls over ensuring that anticipated savings are achieved and the operational needs of users continue to be met. We will report on these issues again later this year.

RESULTS IN BRIEF

We found that FAA has implemented effective controls over the initial transition of flight service stations to contract operations. These controls include contractual performance measures that require the contractor to achieve acceptable levels of operational performance and service as well as internal mechanisms that oversee the operational and financial aspects of the program. We also found that the Agency is using these controls to monitor contract flight service stations and, in some cases, is penalizing the contractor for poor performance.

In addition, FAA completed an internal review of the flight services transition in May 2006. The Air Traffic Organization's Office of Finance conducted the review and recommended, among other things, that FAA conduct an independent assessment of the cost baseline used, update projected cost savings, and ensure that the quality assurance branch has sufficient resources to adequately validate contract performance levels. FAA is in the process of addressing those recommendations.

It is uncertain, however, if the controls put in place by FAA will be sufficient to ensure that anticipated savings are achieved during the next and most critical phase of the transition. In February, the contractor began actions to complete, test, and implement FS-21 and to consolidate the existing 58 sites into 3 hub and 16 refurbished locations—all within a 6-month timeframe. There are significant, inherent risks associated with this phase of the transition, and any slips in that schedule could affect the anticipated savings. For instance:

- **FAA and the contractor are facing an extremely aggressive consolidation schedule.** According to the contractor's transition plan, the consolidation involves opening the 3 hub facilities, transferring operations at 42 closing sites, and refurbishing the 16 continuing sites with new equipment. This is planned to occur during a 6-month period, which started in February 2007 and will end in July 2007.

- **The consolidation depends upon the contractor completing and deploying FS-21, and Lockheed Martin has already experienced delays in implementing it.** According to FAA officials, the current deployment schedule for FS-21 already includes a 10-month delay that Lockheed Martin experienced during development, and they believe an additional 6-week delay is possible. Further delays in implementing FS-21 could have a cascading effect on consolidation plans.
- **FS-21 requires digital capabilities and, per the contract terms, must interface with FAA's Telecommunications Infrastructure (FTI) Network.** To meet this requirement, FAA is installing digital connections between Lockheed Martin hub facilities and certain closing and continuing flight service stations. While FAA has begun installing these connections, any delays or problems with installation could hamper testing and operation of FS-21, possibly delaying the transition.
- **Schedule delays could expose the contractor, FAA, or both parties to additional costs, such as extending existing leases at some locations and maintaining legacy systems.** While the ultimate responsibility for delays and related costs incurred will depend upon the party responsible for the delay, it is likely that FAA would bear some portion of the total costs, which would impact the overall anticipated savings. FAA is already facing possible reductions to savings as Lockheed Martin is requesting nearly \$177 million in equitable adjustments to the contract. Most of that adjustment (\$147 million) is based on the contractor's claim that it was not provided with the correct labor rates when it submitted its bid.
- **A critical tool that could assist FAA in monitoring this transition—a variance report comparing actual first year costs to estimates—was only recently completed.** This tool will allow FAA to compare its baseline estimate of savings to actual costs, determine the reasons for shortfalls, and allow for adjustment to ensure that savings are realized. The variance report is critical because it will provide FAA management with its first opportunity to evaluate projections of its outsourcing efforts in areas such as operational costs, technical operations, and actual savings. This is particularly important during the next phase of the transition when delays in consolidation could have cascading effects on expected future savings.

Since we issued our draft report on March 28, 2007, FAA subsequently provided us with a copy of its variance report on April 10, 2007. We are reviewing the variance report and will report on it later this year.

Because of the risks associated with the next phase of the transition, we are recommending that FAA provide our office with an update on the status of the transition through the end of April 2007 (mid-point of the transition). That update should include at a minimum the implementation status of FS-21, the installation status of the FTI digital connections, the operational status of the three hub sites, the number of facilities closed, and the number of sites refurbished. We will continue reviewing this issue and report on it again later this year.

We also found that better controls are needed to ensure that the operational needs of users continue to be met. Specifically, we found that staffing levels at outsourced facilities were lower than what the contractor anticipated, resulting in some users being routed to adjacent facilities that did not have adequate local knowledge needed by those users. While this concern should be alleviated when the planned consolidation and implementation of FS-21 is complete, it could be compounded if there are delays in fielding the new operating system or consolidating facilities. We will continue reviewing this issue as well and report on it again later this year.

FAA also needs better controls for monitoring contractor staffing and plans for ensuring that flight service specialists are properly trained and certified to meet user demand. Finally, FAA does not have a system for monitoring customer service that is independent of Lockheed Martin. Such a system is important to independently verify the quality and level of services provided during this transition and after consolidation.

SUMMARY OF RECOMMENDATIONS

Our recommendations focus on the actions FAA should take to improve controls over its outsourcing of flight services stations during the next phase of the transition. They include:

- Providing our office with an update on the status of the next phase of the transition through the end of April 2007,
- Ensuring that the contractor has appropriate and feasible contingency plans to maintain the quality and quantity of services during the next phase of the transition,
- Developing and implementing management controls for monitoring contractor staffing, and
- Developing a means for monitoring customer service that is independent of the contractor.

A complete list of our recommendations can be found on page 11.

SUMMARY OF MANAGEMENT COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided FAA with a draft copy of this report on March 28, 2007, for comment and requested its response by April 12, 2007. On April 30, 2007, FAA provided us with its formal response, which is contained in its entirety in the appendix to this report. FAA concurred with three of our recommendations to:

- Provide an update on the status of the transition through the end of April 2007;
- Ensure that the contractor has appropriate and feasible contingency plans in place during the transition; and
- Develop a means for monitoring customer service that is independent of the contractor.

FAA agreed to provide us with the status of the transition through the end of April 2007, which we are awaiting. In addition, since we issued our draft report, FAA has (a) required the contractor to establish contingency plans to maintain services should there be delays in consolidation during the next phase of the transition and (b) established a website link (independent of the contractor) for monitoring customer service. We consider these recommendations resolved.

FAA did not concur with our third recommendation to develop and implement management controls for monitoring contractor staffing plans to ensure that the contractor has a sufficient number of specialists certified in the appropriate service areas. In its response, FAA states that the purpose of some of the performance measures included in the contract are to measure whether the contractor has sufficient staffing. However, most of the performance measures cited by FAA deal with the response time to telephone calls and radio contacts as well as how quickly information is entered into computer systems. For example, performance measure 7, cited by FAA in its response, measures the number of phone calls answered per day within 20 seconds on connection.

While these measures may provide some information related to facility staffing levels, they do not measure whether the contractor has sufficient specialists certified in a particular service area to meet user needs. Each service area has unique conditions, such as cross-border flights or restricted flight areas, which are most effectively dealt with by specialists who are certified in those specific areas.

The one performance measure cited by FAA that does deal directly with customer satisfaction, a customer satisfaction survey, has not been completed. We believe that FAA needs to implement controls that monitor staffing levels in specific service areas to ensure that customers receive services that meet their needs.

We believe that FAA needs to reconsider its position; accordingly, we consider this recommendation unresolved.

ACTIONS REQUIRED

In accordance with Department of Transportation Order 8000.1C, we are requesting that you provide us with the status update of the transition through the end of April 2007 (recommendation 1). We are also requesting that you reconsider your position regarding developing and implementing management controls for monitoring contractor staffing plans to ensure that the contractor has a sufficient number of specialists certified in the appropriate service areas (recommendation 3). We would appreciate receiving your response within 30 calendar days.

We appreciate the courtesies and cooperation of FAA representatives during this audit. If you have any questions concerning this report, please feel free to call me at (202) 366-0500 or Dan Raville, Program Director, at (202) 366-1405.

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cc: FAA Deputy Administrator
FAA Chief of Staff
Anthony Williams, ABU-100

TABLE OF CONTENTS

FINDINGS	1
FAA Has Implemented Effective Controls Over the Initial Transition of Flight Services to Contract Operations.....	1
Existing Controls May Not Be Sufficient To Ensure That Anticipated Savings Are Achieved During the Next and Most Critical Phase of the Transition.....	2
Better Controls Are Needed To Ensure That Operational Needs of Users Continue To Be Met.....	8
RECOMMENDATIONS.....	11
MANAGEMENT COMMENTS AND OIG RESPONSE.....	12
EXHIBIT A. SCOPE AND METHODOLOGY	16
EXHIBIT B. LOCATIONS VISITED	17
EXHIBIT C. PERFORMANCE MEASURES.....	18
EXHIBIT D. MAJOR CONTRIBUTORS TO THIS REPORT	19
APPENDIX. AGENCY COMMENTS.....	20

FINDINGS

FAA Has Implemented Effective Controls Over the Initial Transition of Flight Services to Contract Operations

We found that FAA has implemented effective controls over the initial transition of flight service stations to contract operations. These controls include contractual performance measures that require the contractor to achieve acceptable levels of operational performance and service as well as internal mechanisms that oversee the operational and financial aspects of the program. For example, FAA has:

- Realigned the Agency's existing Headquarters Flight Services Office to oversee the transitional, operational, and financial aspects of the flight services contract. This office includes a quality assurance branch that measures Lockheed Martin's performance against contractual performance measures and an operations branch that oversees the contractual operations of flight service stations.
- Maintained an operational evaluation group separate from the Flight Services Office that conducts reviews of flight service stations to ensure that FAA regulations and procedures are followed by contractor personnel. The group has also adjusted its monitoring procedures to reflect changes in flight services provided by Lockheed Martin.
- Convened an Executive Board of Performance and Cost Review, which monitors the cost and operation of the outsourced flight service stations. The Board; which is made up of officials from FAA's Flight Services Program Office, managers from various FAA lines of business, and Lockheed Martin; serves as the primary managerial oversight board and reviews contractually mandated financial and operational reports for outsourced flight service activities.
- Included 21 performance measures in the contract, which range from operational efficiency to customer service, by which Lockheed Martin is evaluated against. Lockheed Martin can earn up to \$10 million annually in bonuses for meeting an acceptable performance level (APL) associated with each measure but can also be financially penalized for not meeting an APL. Exhibit C lists the 21 performance measures and the associated APLs.

The Lockheed Martin Project Manager for Flight Service Stations stated that the contractor is having difficulties with meeting certain performance measures, specifically with processing pilot reports within the contractually

Findings

required time. According to FAA managers, some performance measures may be modified in the future. Both FAA and Lockheed Martin are still trying to come to a mutual agreement on scoring and collecting data for some performance measures.

We also found that the controls implemented by FAA are being utilized, and, in some cases, FAA has penalized the contractor for poor performance. For example, during fiscal year (FY) 2006, FAA determined that Lockheed Martin failed five of the contractual performance measures, either during a quarter or for the year, resulting in \$8.9 million in financial penalties being assessed against the contractor. The contractor also submitted corrective action plans to resolve other performance measures that were cited as deficient.

In addition, FAA's Air Traffic Organization Office of Finance completed an internal review of the flight services transition in May 2006 and recommended, among other things, that FAA conduct an assessment of the cost baseline used, update projected cost savings, and ensure that the quality assurance branch has sufficient resources to adequately validate contract performance levels. FAA is in the process of addressing those recommendations.

Existing Controls May Not Be Sufficient To Ensure That Anticipated Savings Are Achieved During the Next and Most Critical Phase of the Transition

It is uncertain whether the controls implemented by FAA will be sufficient to ensure that anticipated savings are achieved as Lockheed Martin begins the next and most critical phase of the transition. Starting in February, Lockheed Martin began consolidating the existing 58 sites into 3 hub and 16 refurbished locations and testing FS-21, the new software operating system for flight service stations. In addition, FAA will install digital communication lines to support the FS-21 system. All of this is to occur within a 6-month timeframe, which is scheduled to end in July 2007.

There are significant risks associated with this phase of the transition; any slips in this schedule could have significant implications to the costs and anticipated savings of the transition. One critical tool that will assist FAA in monitoring this transition—a variance report comparing actual first year costs to estimates—was only recently completed.

Findings

FAA and the Contractor Are Facing an Extremely Aggressive Schedule for Consolidating Locations

FAA and Lockheed Martin plan on completing remaining aspects of the outsourcing by October 2007. However, the bulk of this work will occur during a 6-month timeframe (February 2007 through July 2007). This includes beginning operations at the new hub facilities, temporarily closing and refurbishing the 16 continuing sites, permanently closing 42 sites, installing and testing FS-21 equipment and software, and training flight specialists on new flight service areas and FS-21.

The contractor has already made adjustments to the consolidation schedule. According to Lockheed Martin officials, while the Leesburg, Virginia, hub opened in February 2007, the contractor switched the first facility entering the hub from the Leesburg Flight Service Station to the Anniston, Alabama, Flight Service Station, which is smaller and less complex and is therefore a lower risk to the consolidation plan. The Leesburg facility is now scheduled to be consolidated into the new hub this month.

A delay in the hubs becoming fully operational could prove especially costly since they must be operational before the facilities that are slated to close can cease operations. The hubs are also where much of the training on FS-21 and the new airspace responsibilities will occur. Table 1 shows the current schedule for consolidating sites during the next phase of the transition.

Table 1. Planned Consolidation Schedule

EASTERN			CENTRAL			WESTERN		
SITE	CEASE OPS	RE-OPEN	SITE	CEASE OPS	RE-OPEN	SITE	CEASE OPS	RE-OPEN
Anniston	02/19/07							
Terre Haute	03/12/07							
Altoona	03/26/07							
Nashville	04/02/07	05/14/07						
Buffalo	04/09/07							
Lansing	04/09/07	05/21/07						
Macon	04/16/07	05/28/07	Fort Worth*	04/16/07	04/16/07	Prescott*	04/16/07	04/16/07
Green Bay	04/23/07		Conroe	04/23/07		Reno	04/23/07	
Raleigh-Durham	04/30/07	06/11/07	Columbia	04/30/07	06/11/07	Oakland	04/30/07	06/11/07
Leesburg*	05/07/07	05/07/07						
Dayton	05/07/07		Jonesboro	05/07/07		Great Falls	05/07/07	
Kankakee	05/14/07	06/25/07	McAlester	05/14/07		Denver	05/14/07	06/25/07
Burlington	05/21/07		Albuquerque	05/21/07	07/02/07	Riverside	05/21/07	
St. Petersburg	05/28/07	07/09/07	St. Louis	05/28/07		San Diego	05/28/07	07/09/07
Anderson	06/04/07		San Angelo	06/04/07		McMinnville	06/04/07	
San Juan	06/11/07	07/23/07	Princeton	06/11/07	07/23/07	Honolulu	06/11/07	07/23/07
Miami	6/18/07	07/30/07	Columbus	06/18/07		Seattle	06/18/07	07/30/07
Louisville	06/25/07		Wichita	06/25/07		Hawthorne	06/25/07	
Williamsport	07/02/07		Fort Dodge	07/02/07		Cedar City	07/02/07	
Bridgeport	07/09/07		Grand Forks	07/09/07		Rancho Murieta	07/09/07	
Elkins	07/16/07		Deridder	07/16/07		Casper	07/16/07	
Jackson	07/23/07		Huron	07/23/07		Boise	07/23/07	
Gainesville	07/23/07							
Bangor	07/30/07							
Greenwood	07/30/07							
Cleveland	07/30/07							
Islip	NET 12/14/07							

*Co-located AFSS and Hub; Source: Lockheed Martin

Findings

Consolidation Depends Upon the Contractor Completing and Deploying FS-21

The consolidation is contingent upon having the new flight services operating system (FS-21) operational. When completed, FS-21 should allow specialists to access weather information, Notices to Airmen, and other locality-specific information for any location in the Nation. This capability is limited with the existing software. Without the ability to access nationwide information from the hubs, Lockheed Martin will not be able to locate specialists to the new facilities or re-align geographic responsibilities.

The contractor anticipates completing, testing, and installing FS-21 at all locations by July 2007. However, the current FS-21 schedule already includes a 10-month delay from the contractor's original plan, and, according to FAA, another 6-week delay is possible. While representatives from Lockheed Martin have indicated that testing is going well and that implementation is thus far on schedule, the software testing is a highly complex process. FS-21 must meet FAA's operational requirements set forth in FAA Order 7110 and provide seamless connectivity with the rest of the National Airspace System. Further delays in installing FS-21 could have a cascading effect on consolidation plans.

FS-21 Depends Upon FAA Installing Digital Connections at Flight Service Stations

FS-21 requires digital capabilities and, per terms of the contract, must interface with FAA's Telecommunications Infrastructure Network. To meet this requirement, FAA plans on installing digital connections between the Lockheed Martin hub facilities and the closing and continuing flight service stations. While FAA has begun installing the digital connections, one FAA official noted that, based on the current schedule, there are only about 75 days between when the digital connections are installed and when operations at closing and continuing flight service stations are cut over. Given the tight timeframe, any delays or problems with the installation of these connections could hamper testing and operation of FS-21, possibly delaying the transition and increasing contractual costs.

Because of the series of risks associated with the next phase of the transition, we are recommending that FAA provide our office with an update on the status of the transition through the end of April 2007, which would be the mid-point of the transition. That update should include at a minimum the implementation status of FS-21 and the FTI digital connections, the operational status of the three hub sites, the number of facilities closed, and the number of sites refurbished. We will continue reviewing this issue and report on it again later this year.

Findings

Delays Could Result in Additional Costs That Could Be Borne by the Contractor, FAA, or Both Parties

Any delays during the transition could result in additional costs to FAA and a reduction in its estimated cost savings. However, the Agency's responsibility for these costs is unclear. Under terms of the contract, during the transition period, the Government is responsible for costs associated with non-mandatory, Government Furnished Property (e.g., certain legacy systems and equipment). In October 2007, that responsibility shifts to Lockheed Martin with the exception of Government Furnished Property specifically noted as mandatory in the contract, which consists primarily of remote radios and telecommunications.

Although FAA has structured the contract to provide Lockheed Martin with a strong incentive to control costs, there are several factors that could increase the Agency's costs. First, FAA and Lockheed Martin have agreed to share cost savings underruns should the contractor's billable costs be less than the agreed-upon level or cost overruns should the contractor's billable costs exceed the agreed-upon level. If the billable costs are higher, FAA would be responsible for some of those costs. Also, the cost implications of any delays to the planned consolidation are based on several variables, including the timing of the delay, the party responsible, and the specific items impacted by the delay. If a delay is caused by FAA's actions, it could result in adjustments to the contract that could increase Agency costs and reduce potential savings.

FAA is already facing potential additional reductions to its cost savings. Lockheed Martin is requesting nearly \$177 million in equitable adjustments to the contract. Most of this adjustment (\$147 million) is based on the contractor's claim that it was not provided with the correct labor rates when it submitted its bid. Lockheed Martin is claiming that the actual wage rates for flight service specialists are significantly higher than what FAA instructed bidders to assume and that FAA knew, or should have known, that the rates were higher than what the company proposed.

In conjunction with its equitable adjustment request, Lockheed Martin appealed the wage rates for flight service specialists to the Department of Labor. The Department of Labor issued its findings related to the wage dispute in September 2006, in which it proposed a three-tier wage system. FAA has appealed parts of that finding, and the issue is not yet resolved.

The remaining \$30 million is related to FAA's software and interface requirements. Lockheed Martin claims that FAA did not provide the documentation in sufficient time to develop the software needed for interfacing with its air traffic system and telecommunications systems. FAA is analyzing

Findings

Lockheed Martin's claims regarding this issue, but no final determination has been made.

One Critical Tool—a Variance Report Comparing Actual First Year Costs to Estimates—Was Only Recently Completed

One critical tool that could assist FAA in monitoring the next phase of the transition—a variance report comparing first year actual costs to estimates—was only recently completed. This tool will allow FAA to identify cost overruns, determine the reasons for the overruns, and allow for adjustment to ensure that savings are realized. Since we issued our draft report on March 28, 2007, FAA subsequently provided us with a copy of its variance report on April 10, 2007. We are reviewing the variance report and will report on it later this year.

The variance report is important because it will provide FAA management with its first opportunity to evaluate its projections for the Flight Services Program in areas such as operational costs, technical operations, and actual savings. Now that the first variance report is complete, FAA plans to update it on a quarterly basis. We are requesting that FAA provide summarized results of those reports to our office.

FAA Needs To Clarify Its Savings Estimates

FAA originally estimated that it would save \$2.2 billion from outsourcing its flight service activities over the 10-year life of the contract. However, FAA has also reported that savings over the 10-year life of the contract would be \$1.7 billion. According to the Director of the Flight Services Program Office, the difference between the two estimates is that FAA's original cost savings estimate included approximately \$500 million in cost avoidances. Those cost avoidances were associated with not hiring additional flight specialists during the A-76 competition in 2003 in anticipation of consolidating facilities, irrespective of whether services would be operated by FAA or a contractor.

We came to the same conclusion in our 2001 report on flight service stations.¹ In that report, we recommended that FAA consolidate its 61 flight service stations (at the time of our review) into 25 locations while continuing to operate them. We also estimated that FAA would likewise save approximately \$500 million through attrition and reductions in overhead and acquisition costs as a result of consolidation. In its response to our recommendation, FAA went one step further by proposing the A-76 study.

¹ OIG Report Number AV-2002-064, "Automated Flight Service Stations: Significant Benefits Could Be Realized by Consolidating AFSS Sites in Conjunction With Deployment of OASIS," December 7, 2001. OIG reports can be found on our website: www.oig.dot.gov.

Findings

We believe that the \$1.7 billion cost savings estimate is a more accurate representation of the actual savings of the contract. The decision not to replace departing specialists was made prior to the contract with Lockheed Martin, and the associated savings would have been achieved even if FAA continued to operate the flight service stations instead of outsourcing the services. Accordingly, we believe that FAA needs to clarify its savings estimates.

Better Controls Are Needed To Ensure That Operational Needs of Users Continue To Be Met

Improvements are needed to ensure that the operational needs of users continue to be met. We found that staffing levels at outsourced facilities were lower than what the contractor anticipated, resulting in some users being routed to adjacent facilities that did not have adequate local knowledge needed by those users. This issue should be corrected when the consolidation is complete and FS-21 is implemented at all continuing and hub locations. FAA also needs to monitor contractor staffing and plans for ensuring that flight service specialists are properly trained and certified to meet user demand. In addition, FAA does not have a system for monitoring customer service that is independent of the contractor. Such a system is important to independently verify the quality and level of services provided during this transition and after consolidation.

Staffing Levels at Existing Flight Service Stations Have Been Lower Than What the Contractor Anticipated

According to Lockheed Martin figures, overall staffing at flight service stations dropped from 1,841 employees in October 2005 to 1,603 employees in January 2007, a reduction of nearly 13 percent. While some reduction was foreseen, officials from Lockheed Martin indicated that the actual attrition rates exceeded their original estimates and that they were experiencing staffing shortages at both facilities that are scheduled to be closed as well as facilities that are scheduled to remain open.

For example, overall facility staffing at the Bridgeport, Connecticut, Flight Service Station—which is scheduled to close—dropped from 35 employees in October 2005 to 22 in January 2007. At the Miami, Florida, Flight Service Station—which is scheduled to continue operations—overall staffing dropped from 73 in October 2005 to 61 in January 2007. According to Lockheed Martin officials, specialists departing from a continuing facility are usually replaced but specialists departing a facility scheduled to close usually are not.

Findings

As an Interim Solution, the Contractor Is “Call Off-Loading” to Adjacent Facilities, but Specialists Often Do Not Have Local Knowledge Needed by Users

As an interim solution to short-staffed facilities, the contractor is using “call off-loading” to satisfy user requests. Call off-loading allows pilot calls to be transferred to adjoining flight service stations when the original servicing facility becomes too busy or does not have adequate staffing on duty to handle a user’s request. This reduces the wait time for services, such as pilot briefings, and equalizes work among the flight service stations. Call off-loading was originally utilized by FAA in southern California and the eastern United States in cases where a facility received an inordinate number of requests at the same time. The contractor has since expanded call off-loading into a nationwide program.

Several FAA officials indicated that the use of call off-loading has increased significantly since the contract was put in place. In some cases, we found multiple facilities that had to adjust their operations in order to cover off-loaded calls from short-staffed facilities, which created a cascading effect across the country.

For example, one flight service facility supervisor noted that calls at the San Diego, California, Flight Service Station were off-loaded last summer to the Albuquerque, New Mexico, Flight Service Station due to staff shortages. However, this overloaded the Albuquerque facility and required Albuquerque’s calls to be sent to the Fort Worth, Texas, Flight Service Station and Fort Worth’s calls to be transferred to facilities in the east.

While we found that call off-loading provides users with flight services in a timelier manner, some users noted that they do not always receive adequate local knowledge when they are off-loaded to an adjacent facility. This issue should be corrected when the consolidation is complete and FS-21 is implemented at all continuing and hub locations.

However, we are concerned that any delays in the next phase of transition could cause further degradation in services as facilities scheduled to close remain open longer than planned and call off-loading is used more and more often as a stop-gap measure to short staffing. This could be even more pronounced if attrition among flight specialists continues to increase. In our opinion, Lockheed Martin needs to develop contingency plans to ensure that services meet user needs should there be delays in consolidation during the next phase of the transition. Those plans should be reviewed by FAA for feasibility. Since we issued our draft report, FAA has required the contractor to establish contingency plans to maintain the quality and quantity of services to meet user demands. We will continue reviewing this issue and report on it again later this year.

Findings

FAA Needs To Develop an Oversight Plan That Monitors the Contractor's Staffing and Plans for Ensuring That Specialists Are Properly Trained and Certified in Areas That Meet User Demand

Lockheed Martin has developed a strategy for monitoring staffing at its facilities, which includes utilizing a workforce management system that will track flight specialist staffing and monitor workloads at individual flight service facilities. By tracking staffing and workload figures, the system will allow the contractor to identify staff shortages at individual facilities. The system will also let Lockheed Martin identify facilities with higher levels of users or seasonal shifts in traffic, allowing it to adjust staffing and training procedures. However, the system is still in developmental stages.

While FAA is aware of Lockheed Martin's staffing and training procedures, it does not have a formal system in place to monitor the contractor's efforts in this area. Since the workforce management system will represent another new system implemented by Lockheed Martin and will still be in developmental stages during the next phase of the transition, we believe that FAA needs to improve its oversight of the contractor staffing plans to ensure that users of flight service stations continue to receive the local knowledge they are accustomed to. This includes developing procedures for monitoring the contractor's actual staffing, staffing plan, and training efforts to ensure that specialists are trained and certified in the areas that will meet users' demands.

FAA Needs To Develop an Independent Customer Service Monitoring Process To Verify the Quality and Level of Services Provided by the Contractor

FAA relies on the following two external sources for customer feedback and complaints regarding flight service stations.

Contractor's Flight Service Website: Lockheed Martin has a portal on its website that allows users to make comments and complaints regarding flight services. Complaints are then forwarded by Lockheed Martin to FAA for review. FAA's flight services website also includes a link to this portal, but the process relies on Lockheed Martin to provide customer comments on its own performance to FAA for evaluation. FAA does not have an independent means for receiving feedback regarding Lockheed Martin's performance.

User Group Discussions: Although FAA holds discussions with user groups regarding flight service operations and receives complaints collected by the Aircraft Owners and Pilots Association (AOPA), AOPA officials indicated that they expect FAA to have its own customer service function that will respond to

Findings

user issues and complaints. However, the Agency does not have its own customer service function that is independent of the contractor.

In our opinion, FAA needs to develop a customer service mechanism independent from Lockheed Martin for users to address concerns regarding contracted flight services. This is necessary so that FAA can unilaterally determine if user needs are being adequately met under contract operations. Since we issued our draft report, FAA established a website link (independent of the contractor) for monitoring customer service.

RECOMMENDATIONS

We recommend that FAA:

1. Provide our office with an update on the status of the next phase of the transition through the end of April 2007. That update should include at a minimum the implementation status of FS-21 and the FTI digital connections, the operational status of the three hub sites, the number of facilities closed, and the number of sites refurbished.
2. Ensure that Lockheed Martin has appropriate and feasible contingency plans to maintain the quality and quantity of services to meet user demands should there be delays in consolidation during the next phase of the transition.
3. Develop and implement management controls for monitoring contractor staffing plans to ensure that there are a sufficient number of flight service specialists certified in the appropriate service areas to adequately meet user demand.
4. Develop a means for monitoring customer service that is independent of the contractor in order to autonomously verify the quality and level of services provided to users under contract operations.

MANAGEMENT COMMENTS AND OIG RESPONSE

We provided FAA with a draft copy of this report on March 28, 2007, for comment and requested its response by April 12, 2007. On April 30, 2007, FAA provided us with its formal response, which is contained in its entirety in the appendix to this report.

FAA concurred with three of our recommendations—to provide an update on the status of the transition through the end of April 2007 (recommendation 1), to ensure that the contractor has appropriate and feasible contingency plans in place during the transition (recommendation 2), and to develop a means for monitoring customer service that is independent of the contractor (recommendation 4).

We consider recommendation 1 resolved but open pending receipt of FAA's report on the status of the transition. We are closing recommendations 2 and 4 based on the actions taken by FAA. Specifically, since we issued our draft report, FAA has (a) required the contractor to establish contingency plans to maintain the quality and quantity of services to meet user demands should there be delays in consolidation during the next phase of the transition (recommendation 2) and (b) established a website link (independent of the contractor) for monitoring customer service (recommendation 4).

FAA did not concur with recommendation 3, which was to develop and implement management controls for monitoring contractor staffing plans to ensure that the contractor has a sufficient number of specialists certified in the appropriate service areas. In its response, FAA states that the purpose of some of the performance measures included in the contract are to measure whether the contractor has sufficient staffing. However, most of the performance measures cited by FAA deal with the response time to telephone calls and radio contacts, as well as how quickly information is entered into computer systems. For example, performance measure 7, cited by FAA in its response, measures the number of phone calls answered per day within 20 seconds on connection.

While these measures may provide some information related to facility staffing levels, they do not measure whether the contractor has sufficient specialists certified in a particular service area to meet user needs. Each service area has unique conditions, such as cross-border flights or restricted flight areas, which are most effectively dealt with by specialists who are certified in those specific areas. The one performance measure cited by FAA that does deal directly with customer satisfaction, a customer satisfaction survey, has not been completed.

We believe that FAA needs to implement controls such as requiring the contractor to submit monthly staffing reports that monitor staffing levels in specific service areas to ensure that customers receive services that meet their needs. Accordingly, we believe that FAA needs to reconsider its position and we consider this recommendation open and unresolved.

In its response, FAA made additional, specific comments to several points in our report. FAA's comments and our responses are as follows:

Page 1, third paragraph, first sentence:

OIG Draft Report: “On February 1, 2005, FAA awarded a 5-year, fixed-price incentive contract (with 5 additional option years) to Lockheed Martin....”

FAA Comment: “The FAA awarded a 5-year contract with a 3-year option period followed by a 2-year option period.”

OIG Response: As we state in our report, the flight services contract is a 5-year contract with 5 additional option years—a 3-year option period and a 2-year option period. Accordingly, we made no changes to our final report.

Page 2, second paragraph, first bullet:

OIG Draft Report: “Consolidating the 58 flight service stations currently in operations into 3 new hub and 17 refurbished stand-alone facilities....”

FAA Comment: “There will be 3 new hub facilities and 16 refurbished stand-alone facilities.”

OIG Response: During our review, the status of the Islip facility was uncertain. Since we issued our draft report, Lockheed Martin has decided that it will consolidate the Islip facility into the Leesburg Hub rather than refurbish it. As a result, there will now be 3 new hub facilities and 16 refurbished stand-alone facilities once the consolidation is complete. We revised our final report to reflect this modification.

Page 11, second paragraph, third sentence:

OIG Draft Report: “If the [contractor] billable costs are higher, FAA would be responsible for some of those costs.”

FAA Comment: “While the FAA also shares in any cost overruns, we feel the risk here is minimal because of the contract structure that limits this liability to 15 percent above target cost. Any overruns that occur are most probable in the first three years of the contract because of development and implementation costs.

Management Comments and OIG Response

In these first three years, our liability cap is the 15 percent profit we already have budgeted in the contract; so overruns occurring in this timeframe will be borne solely by the contractor.”

OIG Response: We continue to believe that if the contractor billable costs are higher, FAA would be responsible for some of these costs. FAA’s comment that risk is limited does not change the fact that FAA would be responsible for a portion of the additional costs billed by the contractor. Accordingly, we made no changes to our final report.

Page 11, third paragraph, first sentence:

OIG Draft Report: “One critical tool that could assist FAA in monitoring the next phase of the transition—a variance report comparing the first year actual costs to estimates—has not been completed.”

FAA Comment: “The FAA believes the variance report can be a valuable tool to assist us in monitoring the costs and savings for the overall program. The first period variance report has been completed and has been provided to the OIG under separate cover. The fiscal year 2007 year-to-date first quarter cost variance report is near finalization. This report will continue to be updated quarterly.”

OIG Response: The Flight Services Program Office provided the variance report to our office on April 10, 2007; this was after we sent our draft report to FAA (March 28, 2007). We will address the variance report in the follow-up audit to this report. We revised our final report to reflect the change in the status of the variance report.

Page 12, second paragraph, third through fifth sentence:

OIG Draft Report: “...the decision not to replace departing specialists was made prior to the contract with Lockheed Martin, and the savings would have been achieved even if FAA continued to operate the flight service stations instead of outsourcing the services. In some references made by FAA, this cost avoidance has already been removed from its savings estimate. We found that on several occasions, FAA is reporting a lower expected savings amount of \$1.7 billion instead of the original projection of \$2.2 billion.”

FAA Comment: “Expected savings and cost avoidances resulting from the AFSS program are \$2.2 billion in capital and labor over a 13-year period. The OIG report in late 2001 and the A-76 feasibility study conducted in 2002 led to the decision to conduct an A-76 competition. For the period of 1991 to 2003 leading up to the announcement of the A-76 competition, AFSS staffing declined an average of 3.5 percent per year. After the announcement of the A-76 in 2003,

staffing declines accelerated significantly to over 9 percent a year for the next two and one-half years; in fact, the percentage drop from 2004 to 2005 was over 19 percent. These declines would not have occurred without the actions taken because of the A-76 activity. The management strategy to lower AFSS staffing and to not replace equipment was made as a result of the decision to perform an A-76 competition and the \$500 million should be included as part of the cost avoidances attributable to the A-76 activity.”

OIG Response: During our fieldwork, we noted that FAA had reported an expected savings amount of \$1.7 billion rather than \$2.2 billion on several occasions. We believe that, when discussing the outsourcing, FAA needs to do a better job of differentiating between the savings resulting from the actual outsourcing and the total savings associated with the A-76 competition. We reiterate that the outsourcing of flight services directly resulted in \$1.7 billion in savings. The additional \$500 million in planned savings from the elimination of capital programs and the staffing reduction occurred prior to the outsourcing decision and could have been achieved even if FAA continued to operate the flight service stations instead of outsourcing the services. Accordingly, we did not revise our final report’s conclusion on this issue.

EXHIBIT A. SCOPE AND METHODOLOGY

This performance audit was conducted in accordance with generally accepted Government Auditing Standards prescribed by the Comptroller General of the United States and included such tests as we considered necessary to provide reasonable assurance of detecting abuse or illegal acts. We conducted this review between May 2006 and March 2007. The review included site visits to six existing flight service stations, three Lockheed Martin hub flight service stations, two Lockheed Martin division offices, FAA Headquarters, and two FAA Regional offices.

To determine whether FAA has sufficient controls and plans in place to transition flight service stations to contract operations, we interviewed officials from FAA's Office of Flight Services, FAA's Safety Evaluations Office, and Lockheed Martin. We also reviewed the FAA and Lockheed Martin flight service contract, including the 21 performance measures and APLs associated with each measure, and the FAA and Lockheed Martin schedules, timetables, and transition plans for flight service transition and consolidation. We visited six operating flight service stations and the three Lockheed Martin hub facilities and observed FAA quality assurance and safety evaluations at two flight service stations.

To determine whether FAA has sufficient controls and plans in place to achieve anticipated savings, we interviewed officials from FAA's Office of Flight Services, Cost Accounting Standards Division (ABA), Technical Operations, the Air Traffic Organization's Finance Branch, and Lockheed Martin. We reviewed FAA's cost savings estimate and supporting documentation, Agency cost accounting data for FY 2006, contractor quarterly cost and budget reports required by the flight service contract, and equitable adjustment requests from Lockheed Martin.

To determine whether FAA has sufficient controls and plans in place to ensure that the operational needs of users continue to be met, we interviewed officials from FAA's Office of Flight Services and Lockheed Martin; held meetings with representatives from labor, aviation-interest, and other user groups; and reviewed customer service surveys conducted by AOPA.

EXHIBIT B. LOCATIONS VISITED

Existing Flight Service Station Facilities:

- Leesburg, Virginia, Automated Flight Service Station
- Bridgeport, Connecticut, Automated Flight Service Station
- Fort Worth, Texas, Automated Flight Service Station
- Prescott, Arizona, Automated Flight Service Station
- Cleveland, Ohio, Automated Flight Service Station
- San Diego, California, Automated Flight Service Station

Lockheed Martin Hubs and Offices:

- Lockheed Martin Division Offices (Washington, District of Columbia, and Rockville, Maryland)
- Lockheed Martin's Leesburg, Virginia (Ashburn), Hub Automated Flight Service Station
- Lockheed Martin's Fort Worth, Texas, Hub Automated Flight Service Station
- Lockheed Martin's Prescott, Arizona, Automated Flight Service Station

FAA Locations:

- FAA Headquarters/Program Office
- ATO Flight Services Western Regional Headquarters
- ATO En-Route Central Service Area

We also met with the following industry representatives to obtain their opinions on the outsourcing and other issues related to the operation of flight service stations:

- Aircraft Owners and Pilots Association
- General Aviation Manufacturers Association
- National Association of Air Traffic Specialists
- National Air Traffic Controllers Association

EXHIBIT C. PERFORMANCE MEASURES

Table 2. Contractual Performance Measures With Acceptable Performance Levels

ID	Performance Measures	Acceptable Performance Level (APL) Transition	Acceptable Performance Level (APL) End-State	Acceptable Performance Level (APL) End-State Plus 2 years	Payout Frequency
1	AFSS Customer Satisfaction Rating	84%	90%	95%	Annually
2	Conformity Index Score	85%	85%	90%	Annually
2a	Customized Info Services Conformity Index	80%	85%	90%	Quarterly
3	Employee Evaluation Index Score	90%	92%	95%	Annually
4	Number of Operational Errors	Not to exceed 2 per year	Not to exceed 2 per year	Not to exceed 2 per year	Annually
5	Number of Operational Deviations	Not to exceed 6 per year	Not to exceed 5 per year	Not to exceed 5 per year	Annually
6	Number of Validated Customer Complaints	Less than or equal to 1%	Less than or equal to .01%	Less than or equal to .0095%	Quarterly
7	Percentage of Calls per Day Answered Within 20 Seconds	80%	92%	98%	Quarterly
8	Percentage of Dropped Calls per Hour Over 20 Seconds Wait	Less than or equal to 7%	Less than or equal to 5%	Less than or equal to 2%	Quarterly
9	Percentage of Radio Contacts Acknowledged Within 5 Seconds	80%	90%	95%	Quarterly
10	Percentage of Radio Contacts Service Initiated Within 15 Seconds	85%	90%	90%	Quarterly
11	Percentage of Error-Free Flight Plans Filed	95%	97%	99%	Quarterly
12	Percentage of Domestic Flight Plans Filed Within 3 Minutes	95%	97%	98%	Quarterly
13	Percentage of International Flight Plans Filed Within 5 Minutes	90%	95%	98%	Quarterly
14	Percentage of Urgent Pilot Reports (PIREPs) Processed Within 30 Seconds of Receipt	90%	94%	98%	Quarterly
15	Percentage of PIREPSs Processed Within 30 Seconds of Receipt	90%	94%	98%	Quarterly
16	Emergency Services Evaluation Index Score	95%	98%	99%	Annually
17	Percentage of Overdue Aircraft Located Prior to Issuance of QALQ	94%	96%	98%	Quarterly
18	Percentage of Domestic Notice to Airmen (NOTAMS) Accepted	90%	92%	95%	Quarterly
19	Availability of Services	Per NAS-SR-100	Per NAS-SR-100	Per NAS-SR-100	Annually
20	Percentage of Calls per Day Blocked	Less than or equal to 5%	Less than or equal to 3%	Less than or equal to 1%	Quarterly

EXHIBIT D. MAJOR CONTRIBUTORS TO THIS REPORT**THE FOLLOWING INDIVIDUALS CONTRIBUTED TO THIS REPORT.**

<u>Name</u>	<u>Title</u>
Dan Raville	Program Director
Susan Bader	Project Manager
Robert Romich	Project Manager
Frank Danielski	Senior Auditor
Christopher Frank	Senior Auditor
Ebonique Poteat	Analyst
Andrea Nossaman	Writer-Editor

APPENDIX. AGENCY COMMENTS**Federal Aviation
Administration**

Memorandum

Date: April 30, 2007

To: Robin Hunt, Acting Assistant Inspector General for Aviation and Special Program Audits

From: Ramesh K. Punwani, Assistant Administrator for Financial Services/CFO
R. Punwani

Prepared by: Anthony Williams, x79000

Subject: "Draft Report: Controls Over the Federal Aviation Administration's Conversion of Flight Service Stations to Contract Operations"

As requested in your memorandum dated March 28, I have attached FAA's written comments to your subject draft report. Included in this attachment is FAA's position to the four recommendations contained in the report.

Thank you for allowing the agency the opportunity to make comments and to provide the specific action taken or planned for each recommendation. If you have any questions, please contact Anthony Williams, Budget Policy Division, at (202 267-9000).

Attachment

**Federal Aviation Administration's (FAA) Response to the
Office of Inspector General's (OIG) Draft Report on
Controls Over the Federal Aviation Administration's Conversions of
Flight Service Stations to Contract Operations**

Specific Comments. Our specific comments follow:

Page 1, third paragraph, first sentence:

OIG Draft Report: “On February 1,2005, FAA awarded a 5-year, fixed-price incentive contract (with 5 additional option years) to Lockheed Martin....”

FAA Comment: The FAA awarded a 5-year contract with a 3-year option period followed by a 2-year option period.

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FAA Comment: There will be 3 new hub facilities and 16 refurbished stand-alone facilities.

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FAA Comment: While the FAA also shares in any cost overruns, we feel the risk here is minimal because of the contract structure that limits this liability to 15 percent above target cost. Any overruns that occur are most probable in the first three years of the contract because of development and implementation costs. In these first three years, our liability cap is the 15 percent profit we already have budgeted in the contract; so overruns occurring in this timeframe will be borne solely by the contractor.

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FAA Comment: The FAA believes the variance report can be a valuable tool to assist us in monitoring the costs and savings for the overall program. The first period variance report has been completed and has been provided to the OIG under separate cover. The fiscal year 2007

Appendix. Agency Comments

year-to-date first quarter cost variance report is near finalization. This report will continue to be updated quarterly.

Page 12, second paragraph, third through fifth sentences:

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FAA Comment: Expected savings and cost avoidances resulting from the AFSS program are \$2.2 billion in capital and labor over a 13-year period. The OIG report in late 2001 and the A-76 feasibility study conducted in 2002 led to the decision to conduct an A-76 competition. For the period of 1991 to 2003 leading up to the announcement of the A-76 competition, AFSS staffing declined an average of 3.5 percent a year. After the announcement of the A-76 in 2003, staffing declines accelerated significantly to over 9 percent a year for the next two and one-half years; in fact, the percentage drop from 2004 to 2005 was over 19 percent. These declines would not have occurred without the actions taken because of the A-76 activity. The management strategy to lower AFSS staffing and to not replace equipment was made as a result of the decision to perform an A-76 competition and the \$500 million should be included as part of the cost avoidances attributable to the A-76 activity.

OIG Recommendations.

OIG Recommendation: Provide our office with an update on the status of the next phase of the transition through the end of April 2007. That update should include at a minimum the implementation status of FS-21 and the FTI digital connections, the operational status of the three hub sites, the number of facilities closed, and the number of sites refurbished.

FAA Response: The FAA agrees the schedule to implement FS2 1, install the needed FTI circuits, and consolidate legacy AFSSs is aggressive. The FTI office, to date, has a 92 percent success rate in installing circuits on time and has installed all circuits needed to achieve initial operating capability at 33 of the 57 AFSSs. While there was a ten-month schedule slip immediately after contract award, Lockheed Martin is meeting the revised implementation schedule and has opened the Washington hub and consolidated six AFSSs into the hub. The two remaining hubs in Fort Worth and Prescott will open over the next two weeks. The FAA will provide the OIG with an update on the transition status through the end of April 2007 as requested.

OIG Recommendation: Ensure that Lockheed Martin has appropriate and feasible contingency plans to maintain the quality and quantity of services to meet user demands should there be delays in consolidation during the next phase of the transition.

Appendix. Agency Comments

FAA Response: The Flight Services Program Office (FSPO) has required the contractor have in place contingency plans for each facility to ensure the expected service is provided. A contingency plan is used for each consolidating site to allow for fallback in the event the transition or any piece of the transition to the hub is unsuccessful. These plans are coordinated on a site-by-site basis between the contractor and the FAA before each consolidation. To date, no fallback has been necessary for any consolidated site.

OIG Recommendation: Develop and implement management controls for monitoring contractor staffing plans to ensure that there are a sufficient number of flight service specialists certified in the appropriate service areas to adequately meet user demand.

FAA Response: The OIG recommends management controls for monitoring contractor staffing plans. The purpose, in part, for several of the performance measures and associated acceptable performance levels (APL) is to measure whether the contractor has sufficient staffing. The contractor must submit corrective action plans (CAP) when one or more of these APLs are not achieved. The FAA monitors the actions taken as a result of the CAP and may assess monetary credits if the APLs are not met. These APLs are 1, 6- 10, 12-14, and generally deal with maximum times allowed to perform a service.

OIG Recommendation: Develop a means for monitoring customer service that is independent of the contractor in order to autonomously verify the quality and level of services provided to users under contract operations.

FAA Response: The FAA agrees with the recommendation for having a method of monitoring customer services independent of the contractor. The FAA has placed a link on the FAA homepage directing customers to provide comments on service to 9-AWA-ATO-SYSOPS-FS@faa.gov. This address is also posted prominently on the FSPO Web site. Complaints are validated, researched, and responded to in a timely manner, normally within two weeks. The FSPO also has mechanisms in place to independently receive and act on feedback from internal units that deal with the contractor, e.g., towers, centers, etc. The Safety Services organization within the FAA also evaluates the facilities on a regular basis. This action is done independently from the FSPO.

The following pages contain textual versions of the graphs and charts found in this document. These pages were not in the original document but have been added here to accommodate assistive technology.

Controls Over the Federal Aviation Administration's Conversion of Flight Service Stations to Contract Operations

Section 508 Compliant Presentation

Table 1. Planned Consolidation Schedule

Schedule for Eastern United States

- The Anniston, Alabama, site is scheduled to cease operations on February 19, 2007.
- The Terre Haute, Indiana, site is scheduled to cease operations on March 12, 2007.
- The Altoona, Pennsylvania, site is scheduled to cease operations on March 26, 2007.
- The Nashville, Tennessee, site is scheduled to cease operations on April 2, 2007. The Nashville site is scheduled to re-open on May 14, 2007.
- The Buffalo, New York, site is scheduled to cease operations on April 9, 2007.
- The Lansing, Michigan, site is scheduled to cease operations on April 9, 2007. The Lansing site is scheduled to re-open on May 21, 2007.
- The Macon, Georgia, site is scheduled to cease operations on April 16, 2007. The Macon site is scheduled to re-open on May 28, 2007.
- The Green Bay, Wisconsin, site is scheduled to cease operations on April 23, 2007.
- The Raleigh-Durham, North Carolina, site is scheduled to cease operations on April 30, 2007. The Raleigh-Durham site is scheduled to re-open on June 11, 2007.
- The Leesburg, Virginia, site is scheduled to cease operations on May 7, 2007. The Leesburg site is scheduled to re-open on May 7, 2007. (This is a co-located AFSS and hub.)
- The Dayton, Ohio, site is scheduled to cease operations on May 7, 2007.
- The Kankakee, Illinois, site is scheduled to cease operations on May 14, 2007. The Kankakee site is scheduled to re-open on June 25, 2007.
- The Burlington, Vermont, site is scheduled to cease operations on May 21, 2007.
- The St. Petersburg, Florida, site is scheduled to cease operations on May 28, 2007. The St. Petersburg site is scheduled to re-open on July 9, 2007.
- The Anderson, South Carolina, site is scheduled to cease operations on June 4, 2007.
- The San Juan, Puerto Rico, site is scheduled to cease operations on June 11, 2007. The San Juan site is scheduled to re-open on July 23, 2007.
- The Miami, Florida, site is scheduled to cease operations on June 18, 2007. The Miami site is scheduled to re-open on July 30, 2007.
- The Louisville, Kentucky, site is scheduled to cease operations on June 25, 2007.
- The Williamsport, Pennsylvania, site is scheduled to cease operations on July 2, 2007.
- The Bridgeport, Connecticut, site is scheduled to cease operations on July 9, 2007.
- The Elkins, West Virginia, site is scheduled to cease operations on July 16, 2007.
- The Jackson, Mississippi, site is scheduled to cease operations on July 23, 2007.
- The Gainesville, Florida, site is scheduled to cease operations on July 23, 2007.
- The Bangor, Maine, site is scheduled to cease operations on July 30, 2007.
- The Greenwood, Maine, site is scheduled to cease operations on July 30, 2007.
- The Cleveland, Ohio, site is scheduled to cease operations on July 30, 2007.

- The Islip, New York, site is scheduled to cease operations on NET December 14, 2007.

Schedule for Central United States

- The Fort Worth, Texas, site is scheduled to cease operations on April 16, 2007. The Fort Worth site is scheduled to re-open on April 14, 2007. (This is a co-located AFSS and hub.)
- The Conroe, Texas, site is scheduled to cease operations on April 23, 2007.
- The Columbia, Missouri, site is scheduled to cease operations on April 30, 2007. The Columbia site is scheduled to re-open on June 11, 2007.
- The Jonesboro, Arkansas, site is scheduled to cease operations on May 7, 2007.
- The McAlester, Oklahoma, site is scheduled to cease operations on May 14, 2007.
- The Albuquerque, New Mexico, site is scheduled to cease operations on May 21, 2007. The Albuquerque site is scheduled to re-open on July 2, 2007.
- The St. Louis, Missouri, site is scheduled to cease operations on May 28, 2007.
- The San Angelo, Texas, site is scheduled to cease operations on June 4, 2007.
- The Princeton, New Jersey, site is scheduled to cease operations on June 11, 2007. The Princeton site is scheduled to re-open on July 23, 2007.
- The Columbus, Ohio, site is scheduled to cease operations on June 18, 2007.
- The Wichita, Kansas, site is scheduled to cease operations on June 25, 2007.
- The Fort Dodge, Iowa, site is scheduled to cease operations on July 2, 2007.
- The Grand Forks, North Dakota, site is scheduled to cease operations on July 9, 2007.
- The Deridder, Louisiana, site is scheduled to cease operations on July 16, 2007.
- The Huron, South Dakota, site is scheduled to cease operations on July 23, 2007.

Schedule for Western United States

- The Prescott, Arizona, site is scheduled to cease operations on April 16, 2007. The Prescott site is scheduled to re-open on April 16, 2007. (This is a co-located AFSS and hub.)
- The Reno, Nevada, site is scheduled to cease operations on April 23, 2007.
- The Oakland, California, site is scheduled to cease operations on April 30, 2007. The Oakland site is scheduled to re-open on June 11, 2007.
- The Great Falls, Montana, site is scheduled to cease operations on May 7, 2007.
- The Denver, Colorado, site is scheduled to cease operations on May 14, 2007. The Denver site is scheduled to re-open on June 25, 2007.
- The Riverside, California, site is scheduled to cease operations on May 21, 2007.
- The San Diego, California, site is scheduled to cease operations on May 28, 2007. The San Diego site is scheduled to re-open on July 9, 2007.
- The McMinnville, Oregon, site is scheduled to cease operations on June 4, 2007.
- The Honolulu, Hawaii, site is scheduled to cease operations on June 11, 2007. The Honolulu site is scheduled to re-open on July 23, 2007.
- The Seattle, Washington, site is scheduled to cease operations on June 18, 2007. The Seattle site is scheduled to re-open on July 30, 2007.
- The Hawthorne, California, site is scheduled to cease operations on June 25, 2007.

- The Cedar City, Utah, site is scheduled to cease operations on July 2, 2007.
- The Rancho Murieta, California, site is scheduled to cease operations on July 9, 2007.
- The Casper, Wyoming, site is scheduled to cease operations on July 16, 2007.
- The Boise, Idaho, site is scheduled to cease operations on July 23, 2007.

Source: Lockheed Martin

Table 2. Contractual Performance Measures With Acceptable Performance Levels (APL)

Performance Measure 1	AFSS Customer Satisfaction Rating	APL during transition: 84%	APL at end-state: 90%	APL at end-state plus 2 years: 95%	Payout Frequency: Annually
Performance Measure 2	Conformity Index Score	APL during transition: 85%	APL at end-state: 85%	APL at end-state plus 2 years: 90%	Payout Frequency: Annually
Performance Measure 2a	Customized Info Services Conformity Index	APL during transition: 80%	APL at end-state: 85%	APL at end-state plus 2 years: 90%	Payout Frequency: Quarterly
Performance Measure 3	Employee Evaluation Index Score	APL during transition: 90%	APL at end-state: 92%	APL at end-state plus 2 years: 95%	Payout Frequency: Annually
Performance Measure 4	Number of Operational Errors	APL during transition: Not to exceed 2 per year	APL at end-state: Not to exceed 2 per year	APL at end-state plus 2 years: Not to exceed 2 per year	Payout Frequency: Annually
Performance Measure 5	Number of Operational Deviations	APL during transition: Not to exceed 6 per year	APL at end-state: Not to exceed 5 per year	APL at end-state plus 2 years: Not to exceed 5 per year	Payout Frequency: Annually
Performance Measure 6	Number of Validated Customer Complaints	APL during transition: Less than or equal to 1%	APL at end-state: Less than or equal to .01%	APL at end-state plus 2 years: Less than or equal to .0095%	Payout Frequency: Quarterly
Performance Measure 7	Percentage of Calls per Day Answered Within 20 Seconds	APL during transition: 80%	APL at end-state: 92%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly
Performance Measure 8	Percentage of Dropped Calls per Hour Over 20 Seconds Wait	APL during transition: Less than or equal to 7%	APL at end-state: Less than or equal to 5%	APL at end-state plus 2 years: Less than or equal to 2%	Payout Frequency: Quarterly
Performance Measure 9	Percentage of Radio Contacts Acknowledged Within 5 Seconds	APL during transition: 80%	APL at end-state: 90%	APL at end-state plus 2 years: 95%	Payout Frequency: Quarterly
Performance Measure 10	Percentage of Radio Contacts Service Initiated Within 15 Seconds	APL during transition: 85%	APL at end-state: 90%	APL at end-state plus 2 years: 90%	Payout Frequency: Quarterly
Performance Measure 11	Percentage of Error-Free Flight Plans Filed	APL during transition: 95%	APL at end-state: 97%	APL at end-state plus 2 years: 99%	Payout Frequency: Quarterly
Performance Measure 12	Percentage of Domestic Flight Plans Filed Within 3 Minutes	APL during transition: 95%	APL at end-state: 97%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly

Performance Measure 13	Percentage of International Flight Plans Filed Within 5 Minutes	APL during transition: 90%	APL at end-state: 95%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly
Performance Measure 14	Percentage of Urgent Pilot Reports (PIREPs) Processed Within 30 Seconds of Receipt	APL during transition: 90%	APL at end-state: 94%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly
Performance Measure 15	Percentage of PIREPSs Processed Within 30 Seconds of Receipt	APL during transition: 90%	APL at end-state: 94%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly
Performance Measure 16	Emergency Services Evaluation Index Score	APL during transition: 95%	APL at end-state: 98%	APL at end-state plus 2 years: 99%	Payout Frequency: Annually
Performance Measure 17	Percentage of Overdue Aircraft Located Prior to Issuance of QALQ	APL during transition: 94%	APL at end-state: 96%	APL at end-state plus 2 years: 98%	Payout Frequency: Quarterly
Performance Measure 18	Percentage of Domestic Notice to Airmen (NOTAMS) Accepted	APL during transition: 90%	APL at end-state: 92%	APL at end-state plus 2 years: 95%	Payout Frequency: Quarterly
Performance Measure 19	Availability of Services	APL during transition: Per NAS-SR-100	APL at end-state: Per NAS-SR-100	APL at end-state plus 2 years: Per NAS-SR-100	Payout Frequency: Annually
Performance Measure 20	Percentage of Calls per Day Blocked	APL during transition: Less than or equal to 5%	APL at end-state: Less than or equal to 3%	APL at end-state plus 2 years: Less than or equal to 1%	Payout Frequency: Quarterly