



**U.S. Department of
Transportation**

Office of the Secretary
Of Transportation

Office of Inspector General

Memorandum

Subject: ACTION: Expanding FAA's Contract Tower
Program, AV-1999-094

Date: May 4, 1999

From: Lawrence H. Weintrob
Assistant Inspector General for Auditing

Reply to JA-10
Attn of: Ext. 60500

To: Federal Aviation Administrator

The Federal Aviation Administration's (FAA) contract tower program has been extremely successful in providing air traffic services to low activity airports at lower costs than the agency could otherwise provide. FAA's current contract tower program saves the agency about \$250,000 per tower annually.

In light of the program's success, Congress last year directed FAA to conduct a study to determine if additional savings could be achieved by expanding the contract tower program to other FAA-operated air traffic control towers "without radar capability." FAA currently operates 70 former level II and III¹ visual flight rules air traffic control towers (towers that are not equipped for instrument flight operations).

FAA has tasked a work group from the Air Traffic Division to conduct the required study and expects it to be complete by the end of May 1999. We are concerned, however, that the work group has narrowly defined the congressional direction to study air traffic control towers "without radar capability" and is only reviewing 14 former level II and III visual flight rules towers. This is happening because the work group has defined certain visual monitors used in 56 of the 70 former level II and III towers as radar equipment, thus excluding those towers from consideration in the study.

¹ FAA classified air traffic control towers as levels I (least busy) through V (busiest) based on air traffic volume. In October 1998, FAA re-classified air traffic control facilities into 14 levels, based on volume of air traffic and complexity of operations.

According to contract engineers (and based on our prior audit work on contract towers), the monitors are not radar systems. The monitors are used by controllers as visual aids only to identify aircraft and monitor their position, and are not used to separate aircraft in instrument flight operations. In fact, many of the visual flight rules towers already in FAA's contract tower program are similarly equipped with these monitors.

We do not agree with the decision to exclude the 56 towers and are recommending that FAA expand the scope of the study to consider the costs and benefits of contracting out all visual flight rules towers.

Background

FAA has been contracting for air traffic control services at low activity air traffic control towers since 1982. In 1994, FAA expanded the program and began converting FAA-operated low activity visual flight rules towers (towers that are not equipped for instrument flight operations) from FAA to contract operations.

We found that FAA's contract tower program has been successful in providing air traffic services to low activity airports at lower costs than the agency could otherwise provide². FAA's current contract tower program saves the agency about \$250,000 per tower annually.

In light of the program's success, Congress last year directed FAA to conduct a study to determine if additional savings could be achieved by expanding the contract tower program to other FAA-operated air traffic control towers "without radar capability." FAA tasked a work group to identify potential cost savings and other benefits including the positive impact on controller staffing at busier FAA air traffic facilities. FAA expects the work group to complete the review by the end of May 1999.

Observations

By narrowly defining "radar capability," the work group has only reviewed 14 of the 70 towers that should be considered for conversion to contract operations. Currently, FAA operates 70 former level II and III visual flight rules towers. Fifty-six of these towers are equipped with a monitoring device known as DBRITE (Digital Bright Radar Indicator Tower Equipment). DBRITE is a display monitor used by controllers at visual flight rules towers to identify aircraft and monitor their position.

² Federal Contract Tower Program, Report Number AV-1998-147, issued May 18, 1998.

According to contract engineers (and based on our audit work of contract towers), DBRITE is not a radar system. The system is used as a visual aid only and is not used by controllers to separate aircraft in instrument flight operations. In fact, many of the visual flight rules towers already in FAA's contract tower program are also equipped with DBRITE monitors. However, the 56 former level II and III towers equipped with DBRITE have been excluded from the study.

The work group's narrow definition of towers "without radar capability" is not, in our opinion, consistent with the intent of the congressional request. From our discussions with the requesting committee staff, it is our understanding that Congress wanted FAA to consider the costs and benefits of contracting out all towers that operate exclusively under visual flight rules.

By excluding 56 of the 70 former level II and III towers from consideration, FAA misses an opportunity to evaluate ways to significantly reduce its operations costs. FAA's current contract tower program saves the agency about \$250,000 annually in operations costs per tower. If similar savings could be achieved at the 70 former level II and III towers, FAA could potentially reduce its operations costs by at least \$18 million annually³. These potential savings represent an important opportunity for FAA to reduce its rising operations costs. As we reported in March 1999⁴, FAA's operations account represents 57 percent of the agency's fiscal year 1999 budget and is expected to grow to nearly \$7.6 billion, or about 62 percent of FAA's budget by 2004.

Recommendation

Given the rise in operations costs and budget constraints that face the agency, FAA should take advantage of this opportunity to consider options for reducing its operations costs. Accordingly, we recommend that the scope of the work group study be expanded in order to consider the costs and benefits of contracting out all 70 visual flight rules towers.

Actions Required

We would appreciate receiving a response to our recommendation within 15 days of the date of this memorandum. Before the study is finalized, we also would appreciate an opportunity to examine the methodology used by the work group.

³ Based on annual savings of \$250,000 per tower after one-time costs of relocating controllers from contracted out towers.

⁴ Federal Aviation Administration: Financing and Cost Control, Report Number AV-1999-066, issued March 9, 1999.

Should you require further information, please contact me at (202) 366-1992 or Alexis M. Stefani, Deputy Assistant Inspector General for Aviation, at (202) 366-0500.

#

cc: Chairman, Senate Subcommittee on Transportation
Chairman, House Subcommittee on Transportation
The Deputy Secretary
The Assistant Secretary for Budget and Programs