

Modernization of Air Flight Services on Track to Achieve Significant Improvements and Cost Savings

In February 2005, the Federal Aviation Administration (FAA) awarded a performance-based, fixed-price incentive fee contract for the services provided to general aviation pilots. The contractor modernized how flight services are provided to pilots. Services include pre-and in-flight weather briefings, flight planning assistance, aeronautical notices, and emergency assistance. The contract was awarded as the result of a public-private competition, the largest ever conducted under OMB Circular A-76.

This quarter, the contractor completed its transition activities, which included implementation of a new state-of-the-art automation system and facility consolidation. The contractor will continue to make upgrades to its automation system throughout the rest of the base period of the contract (through September 2010). These automation changes are expected to result in more current information for briefing pilots and to decrease the average talk-time of briefings.

Contractor performance is measured against a series of performance metrics, each with a defined acceptable performance level. The fixed-price incentive fee features of this contract are designed to reward performance that meets or exceeds acceptable performance levels through an award pool and the ability to share in underrun of costs. The contract also provides for assignment of credits to the government when the contractor does not meet acceptable performance levels of services.

Activities are continually monitored using a variety of contract management controls – including executive reviews, contract change management reviews, periodic contracting officer’s technical representative meetings, and technical and operational interchange meetings. The FAA put in place an effective oversight structure of the contract that has allowed the government to achieve almost all of its initially projected savings and cost avoidances – in excess of \$2 billion –over the 13-year life of the AFSS Program.

Agencies Using Disciplined Business Process Reengineering to Improve their Commercial Operations

Under the commercial services management initiative, many agencies are pursuing internal business process reengineering to close identified performance gaps in their commercial support services. Although these efforts do not involve public-private competition, they take advantage of many of the same common-sense management practices – including workload management measurement, cost analysis, and human capital planning – to achieve better results for the taxpayer. Disciplined business process reengineering efforts have been used and/or are currently being used to:

- Strengthen the inland marine transportation system managed by the Corps of Engineers.

- Increase efficiencies in the production and distribution of aeronautical and nautical maps at the FAA.
- Achieve greater cost-effectiveness in the provision of laundry, food services, and various other ancillary functions -- such as plant operations -- at Veterans Affairs.
- Improve performance and the cost-effectiveness of information technology support services at Treasury, the Environmental Protection Agency, Agriculture, and State.
- Improve the effectiveness and efficiency of legal support services at Justice and Immigration and Customs Enforcement.
- Strengthen transportation maintenance at Customs and Border Protection.
- Strengthen program administrative activities at Health and Human Services.
- Improve the effectiveness of administrative support services at the Office of Management and Budget.