

GAO

Fact Sheet for the Chairman,
Legislation and National Security
Subcommittee, Committee on
Government Operations, House of
Representatives

August 1990

GSA AIRLINE CONTRACTS

Contract Awarded to Eastern Air Lines to Transport Government Travelers





United States
General Accounting Office
Washington, D.C. 20548

General Government Division

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August 17, 1990

The Honorable John Conyers, Jr.
Chairman, Legislation and National
Security Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This fact sheet responds to your questions about the General Services Administration's (GSA) program that awards contracts to airlines for federal employees' travel between designated cities. You were concerned that Eastern Air Lines received a contract for travel services between specific pairs of cities even though it is reorganizing its operations under federal bankruptcy laws. Your questions covered three general areas including (1) GSA's contractor qualification and selection factors for awarding the airline travel contracts, (2) Eastern's 1990 contract award and contract performance, and (3) whether a contractor may sell its routes to another party.

Answers to your specific questions are summarized below; appendix I contains detailed responses. A schedule of Eastern's contract travel routes and the 1990 and 1989 contract prices is in appendix II.

Background

GSA's Federal Supply Service (FSS) manages the program that provides airline services for federal employees. The program consists of an annual procurement with contract awards for travel between designated cities. Federal employees buy their travel tickets and are transported by contractors that receive awards. The program is commonly referred to as the city-pair program because the services provided are transportation between designated cities. The contracts that are awarded to provide this service are called city-pair contracts.

The current city-pair contracts cover the period from February 1, 1990, to January 31, 1991. For the current period, FSS awarded 21 contracts, valued at \$986 million, to 20 airlines and AMTRAK for travel on 3,000 city-pair routes. Eastern Air Lines was awarded a contract, valued at \$52 million, for 220 city-pair routes.

Results in Brief

FSS is required to follow the basic criteria in the Federal Acquisition Regulation to evaluate a bidder's qualifications for a contract award. Contracting officers are required to consider several factors, including a prospective contractor's financial resources, ability to do the contract work, performance record on prior contracts, and integrity and business ethics.

FSS's procedures for awarding city-pair contracts require a comparison of the service and price offered by bidders on routes between selected cities. Evaluation factors used in the selection process included bidders' conformance to FSS's flight time standards; frequency of service and distribution of flights in the morning, afternoon, and evening; fare price; and service to multiple airports in individual cities. For the 1990 contracts, bidders were notified that no awards would be made for service that was scheduled to start after January 2, 1990.

Although a prospective contractor may be reorganizing under federal bankruptcy laws, we have determined in our bid protest decisions that such reorganization does not automatically disqualify the contractor from receiving a contract. The question that must be answered by the contracting officer is whether the prospective contractor can fulfill the contract requirements while it is operating under the bankruptcy laws.

Regarding the contract award to Eastern Air Lines, the FSS contracting officer said he was aware of Eastern's bankruptcy status, had considered Eastern's ability to operate under bankruptcy laws on its prior contract, and had determined that Eastern was qualified for the current contract. As of April 1990, Eastern was servicing 219 of the 220 city-pair routes included in its 1990 contract. Eastern had discontinued service on one route, a change which was allowed under the terms of the contract. Tickets were available for flights on 49 of the 51 routes we tested. On the remaining two routes, all coach class seats had been filled. Since the contract provides for the seating of federal employees in coach class seating, no seats were available at the government fare.

Federal law prohibits the transfer of a government contract from one contractor to a second contractor. However, the government may agree to the transfer if the second contractor's interest in the contract was caused by the transfer of (1) all the original contractor's assets or (2) the entire portion of the original contractor's assets involved in doing the contract. If the government does not agree to the transfer of a contract, the original contractor remains contractually obligated to the government. The government may terminate the contract for default if the

original contractor does not do the contract work. An example of how a sale of assets may be resolved occurred when Eastern sold the assets of its Air Shuttle to Trump Shuttle, Inc., in 1989. Trump, Eastern, and the government signed an agreement in which Trump agreed to service Eastern's contract routes for the remainder of the contract.

Approach

Our work was done at FSS's headquarters in Arlington, Virginia, from April to June 1990. We reviewed contract and solicitation documents, analyzed the source selection process used in the award of Eastern's city-pair contract, verified that Eastern was servicing its contract city-pair routes, and interviewed contracting office personnel. Appendix III discusses our objectives, scope, and methodology in greater detail.

We discussed the information presented in this fact sheet with FSS officials, who agreed with the information we developed.

As arranged with the Subcommittee, copies of this fact sheet are being sent to the Administrator, GSA; Eastern Air Lines; and other interested parties.

The major contributors to this fact sheet are listed in appendix IV. If you have any questions, please call me on 275-8676.

Sincerely yours,



L. Nye Stevens
Director, Government Business
Operations Issues

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Abbreviations

DOD	Department of Defense
DOT	Department of Transportation
FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulation
FSS	Federal Supply Service
GSA	General Services Administration

Answers to Questions

Question 1

What are the basic criteria GSA uses to determine an air transportation bidder's qualifications?

Answer

The Federal Property and Administrative Services Act (41 U.S.C. 253b) and the Armed Services Procurement Act (10 U.S.C. 2305), which were amended by the Competition in Contracting Act, require the award of contracts to "responsible" bidders and sources. Responsible means that the prospective contractor has the ability and the will to do the contract work and is eligible to receive a contract award.

According to the Federal Acquisition Regulation (FAR), "No purchase or award shall be made unless the contracting officer makes an affirmative determination of responsibility." To be determined responsible, a prospective contractor must meet general responsibility standards by

- having adequate financial resources or the ability to obtain them to perform the contract;
- having the ability to meet the required performance schedule;
- having a satisfactory performance record;
- having a satisfactory record of integrity and business ethics;
- having the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- having the necessary equipment and facilities or the ability to obtain them; and
- being otherwise qualified and eligible to receive an award under applicable laws and regulations. (See FAR Part 9.104.)

In addition to the general standards outlined in the FAR, FSS also specified several special standards for bidders for city-pair contracts to meet. These included a notification that the contractors must comply with all relevant rules and regulations of the Department of Transportation (DOT) as well as provisions of the Federal Aviation Act of 1958. Also, air carriers who were not approved by the Department of Defense (DOD) were required to fulfill the following requirements:

- have appropriate Federal Aviation Administration (FAA) certification;
- have adequate insurance;
- have at least 12 months' experience, immediately preceding request for approval, in the movement of passengers;
- be approved by the Military Traffic Management Command's Air Carrier Qualification Review Board; and
- successfully complete a Military Aircraft Command capability survey.

The requirement for DOD approval is included in 10 U.S.C. 2640 which authorizes DOD to suspend air carriers under contract with DOD for the charter air transportation of members of the armed forces.

With regard to Eastern Air Lines, the FSS contracting officer said that he followed the required criteria when making his responsibility determination. Specifically, in regard to Eastern's reorganization under federal bankruptcy laws he (1) checked with GSA's legal department about awarding a contract to a company operating under the bankruptcy laws, (2) evaluated the financial risk to the government and concluded that it was minimal, and (3) considered the fact that Eastern had been operating under the same financial conditions on its 1989 contract.

Question 2

What factors are used to select the winning airlines for city-pair service?

Answer

FSS notified bidders that bids would be evaluated on the following factors, which are listed in descending order of importance:

- conformance to minimally acceptable flight time standards. FSS designates the minimum level of service for each city-pair route. Depending on the route, the minimum service may be listed as (1) non-stop service between points; (2) direct service involving no more than one stop between the cities; and (3) connecting service between cities with no more than one connecting flight segment, providing the connect time does not exceed 1-1/2 hours for domestic or 2-1/2 hours for international city-pairs;
- frequency of service and distribution of daily flights in the morning, afternoon, and evening between the hours of 7:00 a.m. and 10:00 p.m. On the basis of passengers per month information it receives from federal agencies, FSS determines the minimum number of flights per day that the winning contractor must provide and designates the minimum for each city-pair;
- fare price; and
- service in cities with multiple airports when the multiple airports are not listed as separate routes.

FSS also notified bidders that it (1) may verify the flight schedules of bidders, (2) had the right to eliminate bidders for particular routes where it appeared that a bidder's planned service on those routes was

not bona fide, (3) might award a city-pair contract to an airline that significantly exceeded the minimum requirements even though the airline was not the low fare bidder, and (4) might make more than one award for a city-pair if no single airline could provide the minimum level of service.

All proposed flight schedules had to begin service by January 2, 1990, to be considered for award. The contract period started on February 1, 1990.

In its selection of Eastern Air Lines for 220 routes, FSS verified Eastern's flights using Scorpio—United Airlines' electronic reservation system—and selected Eastern on the basis of price or quality of service on its contract routes.

Question 3

Did Eastern Air Lines actively service the routes it bid on at the time it bid? To what extent did the contracting officer have to take Eastern's actual (as opposed to prospective) flights into account?

Answer

Neither Eastern nor any other bidder was required to service the routes it submitted bids on at the time bids were submitted to FSS. However, all proposed flights had to be in operation by January 2, 1990.

FSS requested bids on July 25, 1989, and all bids were due by September 7, 1989. FSS notified bidders that "No awards will be made for service scheduled to commence later than January 2, 1990." Therefore, to be considered for award, service on proposed routes had to be in operation by January 2, 1990.

Question 4

Are there precedents for selecting a contractor that is bankrupt?

Answer

The fact that a contractor is reorganizing under federal bankruptcy laws does not require a finding of nonresponsibility. The appropriate question is whether the contractor has the financial capability or can obtain the financial capability to do the contract work in spite of operating under the bankruptcy laws. For examples of past cases stating this precedent, see Comptroller General Decisions B-228396.4, 88-2 CPD 89,

7/27/88; B-228552, 88-1 CPD 56, 1/20/88; and B-225469, 87-1 CPD 97, 1/29/87.

FSS awarded 1990 contracts to two airlines that were operating under the bankruptcy laws—Eastern Air Lines and Braniff, Inc. However, Braniff, Inc., has since ceased operations.

Question 5

What carriers were displaced by Eastern's selection?

Answer

Nine other airlines had 1989 contracts for Eastern's current city-pairs. (Eastern also had a prior contract.) Table I shows how many city-pairs the prior airlines serviced.

Table I.1: Airlines With 1989 City-Pair Contracts

Airline	Number of city-pairs
Eastern	111
Delta	33
USAir	27
American	15
Northwest	8
Braniff	2
Continental	2
United	1
Pan Am World Airways	1
Trans World	1
Eastern and Pan Am shared	1
Subtotal	202
New city-pair routes on current contract	18
Total	220

Question 6

What is the current status of Eastern's city-pair contracts?

Answer

We compared all of Eastern's 220 city pair routes with the April 1990 edition of the Federal Travel Directory to determine if Eastern was servicing its routes. We found that Eastern was servicing 219 of the city-pair routes. Eastern discontinued service for the remaining Florence,

South Carolina, to Miami city-pair route. Under the contract provisions, airlines are allowed to discontinue service to city-pairs.

In addition, we checked 51 city-pair routes to determine if we could get next-day reservations on an Eastern flight, at the government fare. On 49 of the 51 city-pair routes, Eastern offered seats on flights at the government fare. However, on two of the flights, all coach class seats were filled. Since the contract provides for government fares only in coach class seats, no tickets were available at the government fare.

Question 7

If Eastern sells its routes, do the GSA contracts convey?

Answer

Title 41 U.S.C. 15 of the United States Code states that

"No contract or order, or any interest therein, shall be transferred by the party to whom such contract or order is given to any other party, and any such transfer shall cause the annulment of the contract or order transferred, so far as the United States are concerned. All rights of action, however, for any breach of such contract by the contracting parties, are reserved to the United States."

FAR Part 42.1204 says that the

"Government may, in its interest, recognize a third party as the successor in interest to a Government contract when the third party's interest in the contract arises out of the transfer of (1) all the contractor's assets or (2) the entire portion of the assets involved in performing the contract. . . . When it is in the Government's interest not to concur in the transfer of a contract from one company to another company, the original contractor remains under contractual obligation to the Government, and the contract may be terminated for reasons of default, should the original contractor not perform."

When the government recognizes a successor contractor, a new agreement called a novation agreement is signed to indicate the successor's assumption of all the obligations under the contract.

In 1989, Trump Shuttle, Inc., acquired all of the assets of Eastern's high frequency airline service that operated between New York's LaGuardia Airport and each of Boston's Logan and Washington, D.C.'s National Airports under the names "Eastern Air Shuttle" and "Air-Shuttle." Trump

Appendix I
Answers to Questions

Shuttle, Inc.; Eastern Air Lines, Inc.; and the government signed a novation agreement for Trump Shuttle, Inc., to assume Eastern's contract responsibilities for the "Shuttle" routes.

Information on Eastern's 1990 City-Pair Contract

Table II.1 shows the city-pairs on Eastern's 1990 contract and price changes between the 1989 contracts and Eastern's 1990 contract. A list of coded abbreviation meanings immediately follows the table.

Table II.1: Schedule of Eastern Air Lines' 1990 City-Pair Contract

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
122	ABE/MSY	CO	\$195	\$178	8.72	
148	AGS/ATL	DL	66	63	4.55	
2910	AGS/CHI	XX		149		
2912	AGS/SDF	XX		138		
253	AGS/TYS	US	94	97		3.19
258	AGS/WAS	US	127	128		0.79
3	ALB/ATL	EA	157	148	5.73	
144	ATL/AVL	EA	89	87	2.25	
181	ATL/BDL	EA	166	158	4.82	
207	ATL/BNA	EA	81	78	3.70	
152	ATL/BOS	EA	181	178	1.66	
153	ATL/BUF	EA	159	158	0.63	
242	ATL/BWI	EA	119	119	0.00	0.00
161	ATL/CAE	EA	65	68		4.62
157	ATL/CHA	DL	90	76	15.56	
160	ATL/CLE	EA	149	148	0.67	
162	ATL/CMH	EA	146	148		1.37
166	ATL/DAB	EA	108	98	9.26	
172	ATL/FLL	EA	125	118	5.60	
173	ATL/FMY	EA	132	128	3.03	
176	ATL/GNV	EA	143	138	3.50	
179	ATL/GPT	EA	130	129	0.77	
177	ATL/GSO	EA	96	98		2.08
184	ATL/IND	EA	119	118	0.84	
186	ATL/JAX	EA	88	98		11.36
216	ATL/MCO	EA	75	79		5.33
204	ATL/MGM	DL	69	66	4.35	
200	ATL/MIA	EA	124	118	4.84	
187	ATL/MKC	BN	158	138	12.66	
197	ATL/MLB	EA	120	118	1.67	
206	ATL/MYR	EA	130	98	24.62	
210	ATL/NYC	EA	143	139	2.80	
212	ATL/ORF	EA	82	89		8.54

(continued)

**Appendix II
Information on Eastern's 1990 City-
Pair Contract**

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
241	ATL/PBI	EA	138	128	7.25	
217	ATL/PFN	EA	89	87	2.25	
219	ATL/PHL	US	147	138	6.12	
220	ATL/PHX	EA	219	199	9.13	
221	ATL/PIT	US	147	138	6.12	
218	ATL/PNS	EA	79	88		11.39
225	ATL/RIC	EA	175	168	4.00	
195	ATL/SDF	DL	102	98	3.92	
238	ATL/TLH	DL	91	98		7.69
239	ATL/TPA	EA	89	98		10.11
188	ATL/TYS	DL	70	68	2.86	
175	ATL/VPS	EA	90	89	1.11	
243	ATL/WAS	DL	129	129	0.00	0.00
1426	BDL/JAX	US	114	128		12.28
1449	BDL/SAV	EA	103	108		4.85
328	BHM/CAE	EA	105	98	6.67	
330	BHM/DAB	EA	116	108	6.90	
345	BHM/EWR	EA	160	158	1.25	
334	BHM/GNV	EA	156	148	5.13	
338	BHM/JAX	US	184	168	8.70	
342	BHM/MIA	FA	131	128	2.29	
344	BHM/NYC	US	122	128		4.92
346	BHM/ORF	EA	134	128	4.48	
348	BHM/PHL	EA	168	158	5.95	
352	BHM/SAV	EA	122	118	3.28	
357	BHM/WAS	DL	132	129	2.27	
549	BNA/CHS	EA	131	128	2.29	
1099	BNA/DAB	EA	138	128	7.25	
1352	BNA/FLL	EA	137	128	6.57	
2142	BNA/NYC	AA	120	118	1.67	
2147	BNA/ORL	AA	174	168	3.45	
2159	BNA/PBI	AA	220	208	5.45	
2148	BNA/PNS	NW	100	108		8.00
2155	BNA/SAV	EA	129	128	0.78	
2157	BNA/TLH	EA	127	118	7.09	
385	BOS/CAE	US	87	88		1.15
429	BOS/PNS	EA	249	238	4.42	
447	BOS/SAV	US	101	108		6.93
413	BOS/SDF	DL	150	148	1.33	

(continued)

**Appendix II
Information on Eastern's 1990 City-
Pair Contract**

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
454	BOS/TLH	US	199	178	10.55	
397	BOS/VPS	EA	209	198	5.26	
488	BUF/CAE	EA	119	118	0.84	
511	BUF/PBI	US	126	138		9.52
1127	BWI/DAB	EA	120	128		6.67
2116	BWI/MOB	AA	167	158	5.39	
2436	BWI/PNS	EA	184	178	3.26	
2680	BWI/SAV	EA	122	118	3.28	
623	CAE/CHI	UA	119	118	0.84	
840	CAE/HSV	EA	123	118	4.07	
841	CAE/IND	US	138	138	0.00	0.00
842	CAE/JAX	EA	112	108	3.57	
858	CAE/MCO	US	130	128	1.54	
848	CAE/MKE	EA	199	198	0.50	
851	CAE/MSY	EA	162	158	2.47	
853	CAE/NYC	US	91	108		18.68
847	CAE/SDF	DL	113	108	4.42	
612	CHA/WAS	US	126	128		1.59
628	CHI/DAB	EA	154	148	3.90	
2939	CHI/MLB	XX		159		
2945	CHI/PFN	XX		169		
694	CHI/SAV	US	98	98	0.00	0.00
532	CHS/DAB	EA	115	118		2.61
536	CHS/FLL	EA	115	119		3.48
550	CHS/MSY	EA	155	148	4.52	
552	CHS/NYC	EA	143	138	3.50	
558	CHS/PNS	EA	130	128	1.54	
566	CHS/TPA	EA	153	148	3.27	
543	CHS/TYS	DL	160	148	7.50	
760	CLE/JAX	AA	145	138	4.83	
770	CLE/PNS	DL	248	248	0.00	0.00
601	CLT/SFO	US	312	208	33.33	
880	CMH/JAX	US	177	178		0.56
890	CMH/PNS	DL	214	218		1.87
898	CMH/SAV	EA	144	138	4.17	
1084	DAB/HSV	EA	130	128	1.54	
1085	DAB/IND	EA	157	148	5.73	
1096	DAB/MKE	EA	181	178	1.66	
1098	DAB/MOB	DL	166	158	4.82	

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**Appendix II
Information on Eastern's 1990 City-
Pair Contract**

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
1100	DAB/MSY	EA	140	138	1.43	
1102	DAB/NYC	EA	115	118		2.61
1104	DAB/ORF	EA	104	108		3.85
1112	DAB/PDX	EA	270	268	0.74	
1109	DAB/PHL	EA	103	108		4.85
1111	DAB/PIT	EA	124	128		3.23
1113	DAB/RDU	AA	117	118		0.85
1120	DAB/SAV	EA	89	98		10.11
1093	DAB/SDF	DL	170	158	7.06	
1121	DAB/SEA	EA	270	268	0.74	
1118	DAB/SFO	EA	252	248	1.59	
1119	DAB/SJU	XX		199		
1123	DAB/STL	DL	193	178	7.77	
1088	DAB/TYS	DL	197	188	4.57	
1128	DAB/WAS	EA	113	118		4.42
1270	DHN/PHX	DL	265	258	2.64	
1271	DHN/WAS	EA	189	188	0.53	
1230	DTT/MLB	AA	216	204	5.56	
1245	DTT/PNS	NW	149	148	0.67	
1354	FLL/NYC	EA	143	138	3.50	
1259	DTT/SAV	US	160	146	8.75	
1262	DTT/TLH	EA	163	158	3.07	
2268	EWR/PNS	EA	183	178	2.73	
2287	EWR/SAV	EA	122	118	3.28	
1351	FLL/MOB	EA	187	178	4.81	
1365	FLL/RDU	AA	168	154	8.33	
1371	FLL/SAV	DL	193	180	6.74	
1373	FLL/STL	TW	197	184	6.60	
1330	FLO/MIA	XX		178		
1379	FMY/LAX	EA	334	328	1.80	
1406	GPT/HSV	NW	160	146	8.75	
1398	GSP/MSY	EA	143	138	3.50	
1400	GSP/NYC	EA	133	138		3.76
1526	HSV/EWR	EA	156	148	5.13	
1529	HSV/MCO	DL	172	157	8.72	
1536	HSV/PBI	DL	173	159	8.09	
1546	IND/JAX	EA	164	158	3.66	
1551	IND/MIA	BN	158	148	6.33	
1574	IND/PBI	DL	197	184	6.60	

(continued)

**Appendix II
Information on Eastern's 1990 City-
Pair Contract**

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
1559	IND/PNS	NW	142	138	2.82	
1569	IND/SAV	US	178	164	7.87	
1572	IND/TLH	EA	176	168	4.55	
1608	JAX/MSY	EA	171	168	1.75	
1610	JAX/NYC	EA	107	108		0.93
1623	JAX/PVD	US	117	128		9.40
1641	JAX/WAS	EA	96	98		2.08
1855	LAX/MCO	DL	208	195	6.25	
1918	LAX/TLH	XX		218		
2132	MGM/NYC	EA	195	182	6.67	
2019	MIA/BNA	AA	128	138		7.81
2018	MIA/MOB	EA	187	178	4.81	
2032	MIA/RDU	AA	101	108		6.93
2040	MIA/SAV	DL	142	148		4.23
2039	MIA/SJU	EA	122	119	2.46	
2046	MIA/STT	EA	154	149	3.25	
1702	MIA/TYS	EA	154	148	3.90	
2050	MIA/WAS	DL	149	139	6.71	
2064	MKE/PBI	AA	157	148	5.73	
1983	MLB/PHL	CO	149	148	0.67	
2105	MOB/EWR	EA	189	188	0.53	
2104	MOB/NYC	EA	102	108		5.88
2115	MOB/PBI	EA	154	148	3.90	
2108	MOB/PHL	EA	162	158	2.47	
2117	MOB/WAS	DL	151	149	1.32	
2175	MSY/RDU	US	158	144	8.86	
2177	MSY/RIC	US	181	167	7.73	
2184	MSY/SAV	EA	185	178	3.78	
1704	MSY/TYS	NW	180	166	7.78	
2206	NYC/PHX	EA	144	148		2.78
2202	NYC/PNS	NW	180	166	7.78	
2238	NYC/SAV	DL	125	138		10.40
2317	ORF/ORL	EA	112	118		5.36
3065	ORF/PFN	XX		148		
3070	ORF/SAV	XX		148		
1951	ORF/SDF	US	168	154	8.33	
2335	ORF/TPA	US	111	108	2.70	
2486	PBI/PHX	DL	219	207	5.48	
2541	PBI/RDU	AA	128	138		7.81

(continued)

**Appendix II
Information on Eastern's 1990 City-
Pair Contract**

Route number	City-pair	Prior airline	Prior airline's 1989 price	Eastern's 1990 price	Percentage 1990 price is lower than 1989 price	Percentage 1990 price is higher than 1989 price
2679	PBI/SAV	DL	199	186	6.53	
2732	PBI/WAS	US	121	118	2.48	
2419	PFN/WAS	EA	191	188	1.57	
2420	PFN/WAS	EA	184	188	0.53	
2424	PHL/PNS	XX		138		
1382	PHX/VPS	NW	260	256	1.54	
2426	PIT/PNS	CA		138		
2498	PIT/SAV	AA	151	140	9.68	
2497	PIT/SJU	EA	272	248		11.71
2427	PNS/PVD	DL	290	283	3.41	
1952	PNS/SDF	DL	196	183	6.63	
1710	RDU/TYS	AZ	131	138		0.73
2571	RIC/STL	DL	130	146	8.75	
2676	SAV/STL	EA	175	168	5.62	
2678	SAV/TPA	EA	111	108		6.93
1715	SAV/TYS	DL	159	145	8.81	
2681	SAV/WAS	EA	111	118		5.36
3035	SDF/MSY	XX		149		
1953	SDF/PHL	US	140	174	6.95	
3037	SDF/RIC	XX		159		
1961	SDF/TPA	AA	161	150	8.54	
2644	SFO/TPA	XX		178		
2670	SJU/WAS	EA	140	228		53.02
2987	VPS/MCO	XX		168		
2985	VPS/MIA	XX		208		
2988	VPS/STL	XX		148		
2989	VPS/TPA	XX		178		
1387	VPS/WAS	NW	160	177	6.84	
2794	MIA/PTY	EA	207	215	9.28	
		EA	205	215	6.11	
2817	NYC/YUL	EA	109	88		11.39
2889	SJO/WAS	EA	250	245	5.41	

Key

Airlines

- AA American
- BN Braniff
- CO Continental
- DL Delta
- EA Eastern
- NW Northwest
- PA Pan American Worldways
- TW Trans World

Appendix II
Information on Eastern's 1990 City-
Pair Contract

UA United
US USAir
XX Indicates new route on current contract.

Cities

ABE Allentown, Pa.
AGS Augusta, Ga.
ALB Albany, N.Y.
AVL Asheville, N.C.
BDL Hartford, Conn.
BHM Birmingham, Ala.
BNA Nashville, Tenn.
BOS Boston, Mass.
BUF Buffalo, N.Y.
BWI Washington, D.C.
CAE Columbia, S.C.
CHA Chattanooga, Tenn.
CHI Chicago, Ill.
CHS Charleston, S.C.
CLE Cleveland, Ohio
CLT Charlotte, N.C.
CMH Columbus, Ohio
DAB Daytona Beach, Florida
DHN Dothan, Ala.
DTT Detroit, Mich.
EWR Newark, N.J.
FLL Fort Lauderdale, Fla.
FLO Florence, S.C.
FMY Fort Myers, Fla.
GNV Gainesville, Fla.
GPT Gulfport, Miss.
GSO Greensboro, N.C.
HSV Huntsville-Decatur, Ala.
IND Indianapolis, Ind.
JAX Jacksonville, Fla.
LAX Los Angeles, Calif.
MCO Orlando, Fla.
MGM Montgomery, Ala.
MIA Miami, Fla.
MKC Kansas City, Mo.
MKE Milwaukee, Wis.
MLB Melbourne, Fla.
MOB Mobile, Ala.
MSY New Orleans, La.
MYR Myrtle Beach, S.C.
NYC New York, N.Y.
ORF Norfolk, Va.
ORL Orlando, Fla.
PBI West Palm Beach, Fla.
PDX Portland, Ore.
PFN Panama City, Fla.
PHL Philadelphia, Pa.
PHX Phoenix, Ariz.
PIT Pittsburgh, Pa.
PNS Pensacola, Fla.
PTY Panama City, Panama
PVD Providence, R.I.
RIC Richmond, Va.
RDU Raleigh-Durham, N.C.
SAV Savannah, Ga.
SDF Louisville, Ky.

Appendix II
Information on Eastern's 1990 City-
Pair Contract

SEA	Seattle-Tacoma, Wash.
SFO	San Francisco, Calif.
SJO	San Jose, Costa Rica
SJU	San Juan, P.R.
STL	St. Louis, Mo.
STT	St. Thomas, V.I.
TLH	Tallahassee, Fla.
TPA	Tampa, Fla.
TYS	Knoxville, Tenn.
VPS	Ft. Walton Beach, Fla.
WAS	Washington, D.C.
YUL	Montreal, Canada

Objectives, Scope, and Methodology

Our objective was to answer the following questions asked by the Chairman, Legislation and National Security Subcommittee, House Committee on Government Operations.

1. What are the basic criteria GSA uses to determine an air transportation bidder's qualifications?
2. What factors are used to select the winning airline for city-pair service?
3. Did Eastern Air Lines actively service the routes it bid on at the time it bid? To what extent did the contracting officer have to take Eastern's actual (as opposed to prospective) flights into account?
4. Are there precedents for selecting a bankrupt contractor?
5. What carriers were displaced by Eastern's selection?
6. What is the current status of Eastern's city-pair contracts?
7. If Eastern sells its routes, do the GSA contracts convey?

To answer questions 1 and 4, we reviewed the FAR, GAO bid protest decisions, the solicitation document for the city-pair contracts, and interviewed the FSS contracting officer who awarded the Eastern contract.

To answer questions 2, 3, and 5, we reviewed the document FSS used to solicit offers for the city-pair contracts and the source selection documents FSS used to select the 220 city-pair routes included in Eastern's contract.

To answer question 6, we determined if Eastern was servicing its city-pair routes by verifying that its city-pair routes were included in the April 1990 edition of the Federal Travel Directory. Additionally, we selected 52 city-pair routes to determine if we could get reservations on Eastern flights at the government fare. The 52 routes were selected by picking 1 city-pair route from each city that was listed first in a city-pair route. For example, there were four city-pair routes from Augusta, Georgia; these connected, respectively, with Chicago; Louisville, Kentucky; Knoxville, Tennessee; and Washington, D.C.

In this case, we selected the Augusta/Chicago city-pair because it was the first city-pair route listed from Augusta.

After we selected the 52 routes, we found that service on 1 route had been discontinued. Because the route was discontinued, we excluded it from the routes that we tested for availability of reservations. To determine if we could get reservations at the government fare on the 51 routes, we telephoned Eastern and asked for seats on flights at the government fare for the day following our telephone call. We made our phone calls on April 11 and 12, 1990.

To answer question 7, we reviewed federal procurement laws, the FAR, the contract file for Eastern's prior contract, and interviewed the contracting officer who awarded Eastern's contract.

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