

## Fiscal Year 2013 City Pair Program Fact Sheet

### General

The General Services Administration (GSA) developed the City Pair Program (CPP) to provide discounted air passenger transportation services to Federal Government travelers. At its inception in 1980, this service covered only 11 markets, but since then has expanded to over 5,000 City Pairs. With a two tier fare structure in selected markets, the average weighted discount is 73.16% off of the market fare. This program is projected to provide the Federal Government cost avoidance and potential savings of \$5.96 billion in fiscal year 2013. In addition to the tremendous price savings, the CPP has many features that allow Government travelers all the flexibility possible, which is critical in planning official travel.

### Features of the Service

- Non-stop service was awarded in 86% of the markets where non-stop service was offered
- Fares are priced on one-way routes, permitting agency travelers to plan multiple destinations
- Fares are unrestricted, meaning:
  - No advance purchase required
  - No minimum or maximum length of stay required
  - Tickets are fully refundable
  - No airline charge for cancellations or changes
  - Last seat availability
  - No blackout periods

### Dual Fare Markets

Dual airfares will continue to be available in fiscal year 2013 in 1,776 CPP markets. With dual airfares, there are two fares: a highly discounted unrestricted fare (YCA), and a capacity controlled fare (\_CA) with an even deeper discount. \_CA fares have a limited number of seats, but no other restrictions. \_CA availability varies carrier-by-carrier and market-by-market. The Federal Travel Regulation (FTR) was amended September 22, 2006 to add language encouraging agencies to optimize savings from the CPP by comparing the cost savings achieved by use of \_CA fares to the YCA fares, when \_CA fares are available and meet mission needs.

### Procurement Process

Each fall, GSA meets with our customers, and our contractors, to identify any changes to the CPP that will be implemented in the coming procurement cycle. Airport pairs to be solicited are also established at this time based on anticipated demand using travel information from customers, usage data from the GSA SmartPay® travel card contractors (banks) and, for additional validation of the numbers, the Airline Reporting Corporation (ARC).

A solicitation is issued in the early spring, with offers due shortly thereafter. A major change to the City Pair Program for fiscal year 2013 is the addition of a 48-hour auto-cancellation clause. After meeting with industry and understanding the impact on their inventory levels, a 48-hour

auto-cancellation clause was added to the FY2013 City Pair Program solicitation. Travelers that have an un-ticketed City Pair Program reservation (i.e., YCA, \_CA and \_CB fares) 48 hours prior to departure time and date may automatically be cancelled in the system. Reservations made 48 hours or less prior to departure time may be exempt and may require immediate ticketing. There are no fees or penalties associated with auto-cancellation of a reservation or rebooking a reservation that was subjected to auto-cancellation.

Price and service data are both submitted electronically by the offerors. An internal GSA system scores the offers assigning points based on the evaluation factors described below. Each member of the CPP contracting staff then reviews the results and determines which markets, if any, can achieve additional savings through price negotiations. Particularly problematic markets (e.g., markets with a poor schedule of high priced non-stop service vs. an excellent connect service schedule at a much lower price, or markets that have been a continual source of complaints in the past) are also identified during this step in the process.

A Special Board comprised of agency travel experts from a variety of Federal agencies is then convened. The Special Board is presented with the problematic markets and is asked to recommend an awardee based on the evaluation factors described below.

Recommendations of the CPP contracting staff and the Special Board are given to the GSA Contracting Officer for a final decision.

#### Award Determinations/Evaluation

City Pair markets are grouped into two categories, Group 1 and Group 2, mainly for evaluation purposes. Group 1 markets have greater volume and frequency of travel. For Group 1 markets, award of a City Pair market is made on a best value determination using the following criteria:

- Factor 1 - Meet Minimum Requirements (makes sure the carriers have sufficient flights to provide adequate service)
  - For each market, we establish a required minimum number of flights based on the number of Federal travelers we think will use the route. Carriers must meet or exceed the minimum flight requirement.
  - Connect time/Distance
    - Only one connection is allowed
    - 100 minute maximum connect time (domestic), 180 minute maximum connect time (international)
    - An exception is made for specific international and Hawaii/Alaska markets where two connecting points with a maximum total connecting time of up to 300 minutes are permitted
    - A mathematical formula is used to ensure reasonable routing (this eliminates flights from Atlanta to Miami via Chicago, for example)
- Factor 2 - Quality of Service (measures how good the service is)
  - Timeband/Service Distribution (nonstop flights at convenient times are best)
    - Time of service indicates the distribution of inbound and outbound flights during a 24-hour day. A 24-hour day is split into 5 timebands for evaluation purposes. More technical points are given for flights that are scheduled in critical timebands, such as 6:30 a.m. – 9:30 a.m. and 3:00

p.m. – 7:00 p.m. These timebands are considered critical because they provide the capability for travel to be conducted in a single day depending on the market. Type of service indicates whether or not a flight is nonstop or connect.

- Average Elapsed Flight Time (shorter flights and connect times are best)
- Number/Type of Flights (extra nonstop flights preferable)
- Jet vs. Propeller Aircraft (jet aircraft preferable)

Group 2 markets are those that have less frequency and volume of travel. For Group 2 markets, award is made to the technically acceptable offeror with the lowest fare to the Government.

### Market Conditions

Competition within a City Pair is perhaps the single most important factor affecting offered pricing. Carriers are keenly aware of the service provided by all players in a market and price their offers accordingly. Also, carriers do not always offer service to the Government under the CPP in every market that they provide service commercially. A monopoly on service means higher prices for all travelers, commercial and Government. Currently, consolidation is occurring among carriers within the industry and possibilities of further mergers may occur. The effects of mergers can increase competition by allowing the carrier to cut costs, which could result in better fares or decrease competition by increasing the size of a monopoly market. While this may be the case, GSA still awards the best value for the Government.

### Proper Use of the City Pair Program

To keep the CPP strong and viable, proper use of the program is crucial. Agencies, travelers, travel officials, and travel agent service providers should be fully aware of proper CPP usage, and of the consequences of CPP misuse.

- Employees must use the CPP contract carrier unless a valid exception applies.
- The CPP is used for official travel only.
- CPP contract noncompliance would expose the Government to the risk of contractor claims. Under §301-10.109 of the Federal Travel Regulation (FTR), costs arising from successful contractor claims could be passed along to the employee.
- The GSA SmartPay® travel charge card serves as a control mechanism to ensure appropriate use of the CPP. Personal credit cards, checks and cash are not authorized forms of payment for the CPP and will be rejected. The exception is members and employees of the U.S. House of Representatives and Senate who may pay for services using a GTR (accepted by carriers for international travel only), a travel card or centrally-billed account established under a GSA contract, cash, money order or personal credit card (the acceptance of non-GSA contractor issued travel cards, cash or money orders for payment is at the option of the contract carrier).
- Employees should be advised that the availability of frequent traveler benefits, such as frequent flier miles, is not a valid reason for choosing to use a non-contract carrier.
- Contractors are not eligible for CPP fares.
- Employees must ensure their City Pair Program reservation is ticketed 48 hours prior to departure to avoid a possible auto-cancellation of the reservation. Reservations made 48 hours or less prior to departure time may be exempt and may require immediate ticketing.

## Exceptions

Commercial airfares can be highly volatile, so an exception to the mandatory use requirement allows Government travelers to take advantage of any low commercial fares offered by non-contract carriers, if the fares are also offered to the general public. Non-contract fares that are offered only to Government travelers (sometimes called "DG" fares) are not included in this exception. Also, if the contract carrier for the particular market offers the lower fare, you still must use them, but at the lower fare. Travelers that use this exception would have to abide by the many restrictions that typically go along with lower commercial fares. Restrictions on discounted commercial fares usually include; non-refundability, change or cancellation fees, minimum or maximum stay requirements or extended calendar blackout periods.

Additional exceptions to the mandatory use requirement are contained in the Federal Travel Regulation (FTR § 301-10.107) and are summarized as follows:

- No CPP seats/flights are available in time to accomplish purpose of travel
- All CPP flights are outside core work hours
- Cost effective rail travel is available
- No non-smoking CPP flights are available

## Assessment of fuel surcharges on City Pair contract fares

In FY07, after extensive discussions with industry and customer agencies together with statistical input from industry, a business case study was developed to address the ongoing and escalating issue of fuel surcharges. Due to the continuing impact of the high cost of fuel on an industry already in financial difficulty, it was determined that it would be in the best interest of the Government to follow commercial practice more closely and allow fuel surcharges on City Pair contract fares under the following conditions.

- Fuel surcharges may only be assessed on City Pair contract fares in those markets where carriers assess a fuel surcharge on commercial fares.
- Fuel surcharges on commercial fares must be in place for 14 consecutive days before being assessed on City Pair contract fares.
- Fuel surcharges may only be assessed on City Pair contract fares in the same inventory (bucket) as the commercial fares with surcharges.
- Fuel surcharges on City Pair contract fares must be removed at the same time as surcharges are removed on commercial fares in the applicable markets.
- As fuel costs continue to fluctuate and spike, fuel surcharges during the contract period, under the above conditions, will continue to be permitted in FY13.