

Using Auction-Based Slot Allocation for Traffic Demand Management at Hartsfield Atlanta International Airport: A Case Study

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++ Appear in *Journal of the Transportation Research Board*, No. 1888, pp. 50-58, January 2005.

Abstract:

This paper presents our ongoing research on an auction model - a hybrid demand management approach for congested airports. It is intended to optimize the utilization of airport time slots by maximizing passenger throughput within safe capacity, decreasing congestion and delay. The two sub-models mathematically formulate conflicting optimization problems of efficiency-driven airport regulators and cost-driven airlines. By taking many key factors such as flight OD-pair, commercial aircraft size, historical on-time performance, airlines' prior investment and monetary bid into a ranking function with respective weights, we put forward a framework that opens for many design alternatives. Two design alternatives are analyzed in a case study of Hartsfield Atlanta International Airport (ATL) to compare different allocation schemas and the resulting airport performance. The latter was made possible by a queuing model simulation. We propose that by varying these weights, the effects of administrative coordination and market force upon outcomes of the auction process could be monitored to achieve airport-specific desirable results. We also suggest that the conventional auction format that uses monetary bidding alone could lead to potential distortions of the marketplace and fail to meet air transportation officials' concerns in terms of efficient utilization of national resources, and policy makers' concerns in terms of market structure and competitiveness. Future work will enlist the inputs from both airlines and airports.

1. INTRODUCTION

1.1 Background

Demand management refers to any set of administrative or economic measures - or combinations thereof - aimed at balancing demand in aircraft operations against airport capacities. The International Air Transport Association (IATA) provides demand management guidelines for 3 different categories of airports (*1*) wherein slot allocation procedures rely on airlines' voluntary cooperation through IATA coordination at biannual conferences. The reader is referred to (*2*)(*3*) for an excellent survey on airport demand management systems around the world.

In the United States, three High Density Rule (HDR) airports, New-York/Kennedy, LaGuardia, and Washington/Ronald Reagan (HDR restrictions at Newark and Chicago/ O'Hare airports were lifted in the early 1970s and on March 2002, respectively) limit the number of slots for IFR takeoffs/landings, by hour or half hour, during certain hours of the day, and use a "use-it-or-lose-it" provision (or grandfather rights): current holders of slots allocated to domestic operations under the HDR may sell or lease them, and have to return a slot back to a pool of unused slots for re-allocation if it's used by the current holder for less than 80% of the time. AIR-21, enacted by the US Congress in April 2000, exempted certain flights from the HDR limits and provided for these airports to change their slot control agreements in 2007.

As for other airports in the US, they operate today with no limits on access other than those imposed by air traffic management requirements or by technical constraints such as availability of passenger terminal gates. Overall, air traffic controllers follow a first-come first-served acceptance rule. The current system is therefore a random access system, highly asynchronous with non-uniform schedules reflecting airlines' pressure to accommodate travel time preferences of passengers and flight banking at hub airports.

1.2 Problem Identification

The asynchronous non-uniform scheduling induces many problems such as high delay, potential loss of separation (*4*), inefficient fleet mix and lack of competition. ATL has a reported VMC optimum rate for arrivals (or departures) of 25 operations per quarter hour (*5*) although the actual rate is typically slightly less, yet the airport is over-scheduled during peak periods, resulting in corresponding peaks in average runway queuing delay estimated by our simulation queuing model, as shown in Fig. 1. Not only does high demand/capacity ratio increase exponentially queuing delay and consequent operational cost to the airlines, Fig. 2 (*6*) also indicates that over-scheduling results in an increasing number of hazards during the landing phase. On the other hand, valleys in the scheduled traffic imply the underutilization of scarce airport time slots whose use should be synchronously monitored to efficiently balance traffic demand and capacity.

This unbalance is also accompanied with an inefficient use of time slots by small aircraft. This is shown in Fig. 3, which plots the cumulative seat share against the cumulative flight share in decreasing order of the number of seats. Large aircraft having more than 210 seats (747, 777, L10) make up only a very small fraction in ATL's fleet mix, in terms of seat share (4%) as well as flight share (1.7%). 75.1% of the flights have from 97 up to 210 seats (767, 757, M80, 72S, D9S...), and represent 87.7% of the total seats. Finally, 21.7% of the flights have less than 70 seats (AT7, CRJ, EM2) and only provide the remaining 8.3 % of the total seats, and the cargo flights occupy 1.5% of the slots.

A heterogeneous fleet mix composed mainly of small and large aircraft implies a loss in operation capacity due to greater in-trail separation requirements and slower approach speeds of small aircraft, hence a loss in passenger throughput (*7*). The wake vortex separation constrains runway departure/arrival capacity. Table 1 presents the required distance separations under IMC conditions, along with time-based translations, which also correlate well with those under VMC. In terms of time-based separations, a small aircraft would be much better off leading a heavy, whereas it needs the highest separation when following a heavy aircraft.

Airlines are given considerable leeway in scheduling. In addition, growing consolidation within the airline business through forming alliances has raised the issue of increasing market dominance and the possible abuse of that dominance when alliances operate as monopolists or duopolists in particular international markets. The risks of abuse will be greatest when and where an alliance dominates a major airport hub (*8*). High industrial concentration levels are observed at hub airports due to dominating airlines' organizing flight banks. These airports have Hirschman-Herfindahl indexes (HHI) - a common metric in economics used to measure the industrial concentration level, and hence the competition within a market place - greater than 1800, a level that indicates a lack of competition. ATL's HHI based on OAG schedule in summer 2000 is 3406 and indeed, Delta is the dominating airline with the largest share both in terms of number of seats (77.5%) and flights (73.5%). This virtual monopoly at hub airports, along with the US standard practice of charging uniform landing fees, encourage the airlines to

undervalue their assets, removing the incentive for them to efficiently use airport time slots by consolidating traffic onto larger aircraft.

1.3 Current Approaches

Economists have long argued that the airport delay problem is exacerbated by failure to properly price runway use. Indeed, it is clear that demand management systems using only administrative procedures that are almost entirely detached from economic considerations may lead to potential distortions of the marketplace. Hybrid systems using both administrative and economic procedures have emerged, beginning with congestion pricing methods (9)(10). These methods applied non-uniform landing fees as a measure to decrease peak periods and also as an incentive for the airlines to use larger aircraft. This approach requires a high level of monitoring and may not discover the true value of a time slot.

Market-based approaches using auctions date back to 1979 (11). Grether et al. proposed to use the competitive sealed-bid auctions for primary market, complemented by the oral double auction for the secondary market. However, establishing separate markets would lead to aggregation risks (airlines could win some slots but fail to acquire synergistic slots at other times) and unnecessary complexity. This was addressed in the combinatorial auction model of Rassenti et al (12). Whereas these approaches mainly focused on the economic dimension at the expense of the administrative aspect, there are many practical concerns inherent to the system that must be considered. (13)(14) provided a detailed analysis of the feasibility and potential design guidelines for future auction models. (15)(16) suggested that any viable solution should be based on hybrids of economic and administrative measures. Besides the auction approach's promise of optimizing allocation, the very stochastic nature of the system poses the question of feasibility on the day of operation. With today's enabling technologies such as Refined Flow Management through Gate-to-Gate 4D Flight Planning and its Required-Time-of-Arrival (RTA) function, auctioning airport slots has appeared more feasible as the aircraft could arrive within their slots with time-of-arrival errors of 21 seconds with a standard deviation of 12.7 seconds (17).

1.4 Contribution

This paper is concerned with airport demand management at the strategic level using an auction approach. This paper and our previous paper (18) differ from previous contributions in several ways. First, it provides the two main stakeholders – airlines and airport regulators - with mathematical models that factor in other decision-making variables in addition to the financial gain, as usually seen in conventional auction formats. A balance between economic and administrative measures is adjusted using the weighting factors of those variables. Second, we use a queuing simulation model that enables us to compare the original schedule's impact on airport performance vs. that by an auction-created schedule. This methodology allows us to investigate a) the extent to which administrative regulation should be applied; b) the feasibility of an auction based on airlines' sensitivity to making schedule changes; and c) the effect of auction parameters upon airport fleet mix changes – and hence, airport passenger throughput – as a result of airlines' optimization. However, as an ongoing research effort, we have left out, for the time being, many important issues such as combinatorial bidding constraints and slot pricing, which are the focus of our future work. Future work will also enlist the inputs from both airlines and airports. The tactical slot allocation on the day of operation is a different, yet related, issue and will be dealt with separately. This paper therefore presents our attempt of putting forward a framework for strategic auction-based airport demand management that opens to many alternative models, with preliminary analysis of its impact. Our case study is ATL airport with input data taken from the Official Airlines Guide (OAG) schedule of summer 2000.

Section 2 introduces our auction model, which is composed of two main sub-models: airport optimization model and airline optimization model. The case study in section 3 reports scenarios using simple instances of the auction model, along with analysis of various metrics to compare those instances. Finally, our summary and direction for future work are provided.

2. SLOT AUCTION MODEL

2.1 Design Issues

Any auction model should optimize the utilization of airport time slots by maximizing passenger throughput within safe capacity, decreasing congestion and delay at minimum price. Given the complex nature of the air transportation system, there are many technical, economic, and socio-political concerns to be considered.

Technically, the takeoff slot and landing slot of a flight are not independent. Connecting flights that have several interdependent legs further complicates this matter. Airlines are therefore subject to aggregation risks in

failing to obtain synergistic value of contingent slots. For auction to be a feasible solution, combinatorial bidding should be provided for the airlines to specify those schedule constraints.

Economically, any auction design would inevitably face airlines' resentment to lose their freedom in scheduling and to have their long-established schedules be unduly affected by force and unpredictable reallocations of slots, unless these can justify the benefits while minimizing changes and providing a transition path. How to make the airlines reveal their own evaluations of slots in incomplete information bidding context is also an open question from the perspective of auction theory.

Socially, FAA's regulations require any demand management options to consider important public policy objectives, such as airline competition and small community access to important air travel markets. On the other hand, there is the airlines' need to leverage their prior infrastructure investment at hub airports. It may be possible for a dominant carrier to restrict competition by purchasing a large number of slots. Therefore, an auction system should not be introduced without safeguards against market power.

Politically, slot allocation is also subject to government agreements. At the four HDR airports, only two (New York/Kennedy and Chicago/O'Hare) have international traffic. At these airports, priority is given to international flights over domestic and operators of domestic flights can ultimately be required to surrender slots needed for international flights.

And finally, auction models should be flexible enough to adapt to different traffic configurations and operational preferences at different airports. We believe that auction models should be airport-specific, and the implementation should be phased in, in terms of airports to be involved as well as the number of slots to be auctioned, airlines and market segments. Beside a primary market at strategic level, a secondary market mechanism for slot trading at tactical level is also called for (14).

2.2 Auction Model

The auction process, being a combination of Simultaneous Multiple-Round auction and Package Bidding models (19), is an iterative and interactive process that involves airlines – bidders - and airport regulators - auctioneers. The Department of Transportation (or the Federal Aviation Administration as its agent) would auction off slots (takeoff and/or landing) clustered by 15-min bins. We assume that airlines make efficient use of the slots they bid for. This is intended to set up a sequential schedule at the strategic level, though usage rules at a tactical level are to be provided.

From the optimization point of view, each stakeholder has an objective function to achieve. Airlines aim to maximize profits whereas the airport network is concerned with optimizing the use of their scarce assets while ensuring safety. Airlines need to maintain a stable schedule and leverage their prior investments at hub airports, but equity and competitiveness issues require airports to provide fair market access opportunity to every airline. Five criteria are taken into account: 1) passenger throughput, 2) flight OD pair, 3) prior airline infrastructure investment, 4) statistical on-time performance and 5) monetary bids. Their weights and how they are combined are airport-specific, and this is made public. Our model proposes a linear combination of those as a way to rank the bids. Through each round, airlines of non-standing bids submit values of those five factors, with the new monetary offers being the standing bid plus one specified increment to avoid jump bidding. This mechanism corresponds to the clock auction format (20). The auctioneer applies the ranking function and announces the standing bids. The auction process proceeds in this manner through multiple rounds until the closing round or a specified deadline whichever comes first.

2.2.1 Airport Optimization Model

Airport regulators, as auctioneers, are mainly concerned with three questions: What slots to allocate, to whom, and how much to charge. Besides the upper bound set by airport safe capacity, the first question is also constrained by public policies of fair competition and market access.

A package bid indexed i submitted by an airline would include the takeoff/landing slots of interest, and is associated with a five-component normalized vector P_i , and let W be the weighting vector of the determining factors, the airport regulators could calculate the score of each bid as follows:

Ranking function:

$$\tau(P_i) = W^T \cdot P_i$$

The purpose of the ranking function using determining factors to evaluate airlines' bids is twofold. First, it sets up a generic framework for a range of possible auction formats. The conventional auction, in which only money matters, is derived from the model by having the monetary factor's weight to be 1 and others' 0. Second, it allows

assessing how much administrative regulation has to intervene and tradeoff with market forces. Further analyses are needed to exclude the irrelevant factors and include other relevant ones.

Let:

A	=	the arrival slot bidding matrix with 15-min bins i in rows and package bids j in columns, in which $A_{ij} = 1$ if the arrival 15-min bin i is included in package P_j .
D	=	the departure slot bidding matrix with 15-min bins i in rows and package bids j in columns, in which $D_{ij} = 1$ if the departure 15-min bin i is included in package P_j .
X^T	=	the binary row vector with $X_j^T = 1$ if P_j is the standing bid at a round or 0 otherwise
$A \bullet X$	=	vector of allocated arrival slots after one round
$D \bullet X$	=	vector of allocated departure slots after one round

Then the airport optimization model is formulated as:

$$\left\{ \begin{array}{l} \text{Objective function:} \\ \text{Max } \sum_j \tau(P_j) \cdot X_j \\ \text{Subject to:} \\ ((A \cdot X)_i, (D \cdot X)_i) \text{ lies within the pareto frontier } \quad \forall \text{ 15-min bin } i=1..96 \quad (*) \\ \text{Airlines' combinatorial constraints} \end{array} \right.$$

The capacity constraint (*) is illustrated in Fig. 4(a) wherein LGA's departure and arrival operations are interdependent. Since the slots are auctioned by 15-min bins, the chart should be scaled down by four to give LGA's operational rates by quarter hour:

$$\begin{cases} (A \cdot X)_i \leq 10 \\ (A \cdot X)_i + 4(D \cdot X)_i \leq 50 \end{cases}$$

Arrivals and departures at ATL are independent, as shown in Fig. 4(b), so ATL has capacity constraints:

$$\begin{cases} (A \cdot X)_i \leq 25 \\ (D \cdot X)_i \leq 25 \end{cases}$$

This provides an upper bound of the actual number of slots, which depends on the fleet mix and its sequencing. For separation purpose, the order Small-Large-B757-Heavy proves to be optimum, so the standing bids of each 15-min bin in each round, in decreasing ranks, would be scheduled to airport's available runways in this order until the bin is filled up.

Airlines' inclusion constraints (all or nothing) are translated by package bids. Hence combinatorial constraints come in forms of exclusion constraints (either this slot or another but not both) and can be easily formulated using integer-programming techniques. It is to be determined how to balance airlines' flexibility to specify combinatorial constraints and the tractability of the model.

How to determine a reasonable initial bid vector and how much to charge the winner airlines remain open questions. The true values of airport time slots are unknown and can be reasonably assumed to be common values. In this context of incomplete information English bidding, auction theory states that risk-averse bidders would tend to undervalue to avoid the winner's curse (21). On the other hand, the fundamental principle of congestion pricing theory indicates that, in order to achieve an economically efficient utilization of a congested facility, one must impose a congestion toll on each user equal to the external cost associated with that user's access to the facility (22)(23). Knowing that marginal delay cost generated by an additional customer is composed of an internal cost and an external cost, the initial bid vector would be the internal cost and the equilibrium prices that the winning airlines have to pay would lie between the internal and the external costs.

2.2.2 Airline Optimization Model

Not only will the application of airport time slot auctions affect airlines' cost models by imposing extra fee, but it also creates changes in airlines' schedules. Scheduling is one of the most important tasks of a well-functioning, cost effective airline, and whose understanding would help simulate how airlines place bids in an auction scenario.

The two major scheduling categories are scheduling by revenue requirements and scheduling by operational needs and constraints of the airlines. These two categories, sometimes with opposite objectives, have to be reconciled. Scheduling requires an efficient coordination of the fleet, crew and ground personnel. Most airlines then make significant changes to their flight schedule at least twice a year, to reflect marketing objectives and to

adjust for the different travel patterns between winter and summer months (24). Minor changes are made to the schedule on a monthly basis to reflect such things as holiday travel patterns, competitors' scheduling and pricing changes, and changes to key resources such as number of aircraft, number of crew, airport modifications, etc. To avoid high cost from excessive changeover of operations, each schedule represents an incremental change from one or more previous schedules. Over the years, the airlines have established equilibrium schedules that balance operational and economic constraints. Making changes to one flight is likely to proliferate throughout the network to other flights.

Since access to airlines' proprietary systems, namely traffic demand forecasting, schedule simulation, and cost models on which they base their scheduling decisions, is not available, it can be reasonably assumed that airlines would try to stay as close to their current equilibrium schedules as possible. The model presented here includes time elasticity to give the airlines flexibility in adjusting their packages. Suppose an airline that wants one arrival slot in 15-min bin $b=i$ with a maximum deviation of one bin can specify the constraint $b^{lb} \leq b \leq b^{ub}$ where $b^{lb} = i-1$ and $b^{ub} = i+1$. For a 2-slot package with corresponding bins b_1 and b_2 with $b_1 < b_2$, in addition to validity ranges of b_1 and b_2 , there could also be the constraint on the time lag $b_2 - b_1$ as the airline wants to minimize the turnaround time. Generally, airlines can specify possible n-slot packages for a set of related flights P_j (one-stop or connecting) by:

$$\left\{ \begin{array}{l} b_i^{lb} \leq b_i \leq b_i^{ub} \\ \Delta b_{i,i+1}^{lb} \leq b_{i+1} - b_i \leq \Delta b_{i,i+1}^{ub} \end{array} \right. \quad \forall \text{ bided 15-min bin } b_i \text{ of a set of related flights } P_j, i=1..n \\ i=1..n-1$$

Let:

If $P_j^1 \preceq_u P_j^2 \preceq_u \dots \preceq_u P_j^k$ denote the combinatorial packages sorted in increasing preference order of a bidder that satisfy the above constraints, it's easy to define the bidder's utility function $u(P_j^k): \{P\} \rightarrow [0,1]$. Further,

$$x_j^k = \begin{cases} 1 & \text{if airline submits package } P_j^k \\ 0 & \text{otherwise} \end{cases}$$

B airline-specific total bidding budget

Π airport-assigned bidding price vector of the auctioned bins

Then the following model formulates mathematically airline optimization model:

$$\left\{ \begin{array}{l} \text{Objective function:} \\ \text{Max } \sum_j \sum_k u(P_j^k) \cdot x_j^k \\ \text{Subject to:} \\ \sum_j x_j^k \leq 1 \quad \forall j \\ \sum_j \sum_k \Pi \cdot p_j^k \cdot x_j^k \leq B \end{array} \right. \quad (**)$$

Solving (**) provides the airlines with many equivalent package bids that they consequently submit to the auctioneer with exclusive constraints.

3. HARTSFIELD ATLANTA INTERNATIONAL AIRPORT: A CASE STUDY

3.1 Assumptions and Scenarios

We simulated an auction of landing slots at ATL using input data as the OAG schedule of summer 2000 and ATL's runway configuration (That departure slots could have been auctioned in combination of landing slots is an area for further research). After filtering the OAG schedule for duplicated flights due to code sharing and different effective periods, scheduled arrivals at ATL amounted to 1160 operations per day. Frequency distribution through the day along with characteristics of the fleet mix can be observed in Fig. 1 and Fig. 3. In Fig. 4 (b), ATL has 2 parallel runways for arrival that arriving aircraft use simultaneously. The facility-reported VMC optimum rate is 25 arrivals per quarter hour, with i.e. 50 landing slots per hour for each arrival runway. To compare the effect of auction-produced schedules vs. that of the OAG schedule on airport performance, we built a queuing simulation model of an 11-airport network. In this model, all the flights are assumed to depart and arrive at their respective scheduled times, flight times follow statistical distributions from BTS database. Aircraft are separated for runway utilization using

values in Table 1, which are scaled up and down depending on airport optimum operational rates in (5). Estimated runway queuing delays are aggregated for each 15-min bins.

The auction process auctioned off landing slots by 15-min bins. It is simplistically assumed that the airlines bid for each bin independently, i.e. single-slot package, and that they bid reasonably and homogeneously by setting an upper bid threshold proportional to the aircraft size. The initial bid value was normalized to be 1. After each round, the standing bidders are identified and the non-allocated bidders increase their bids by an increment equal half of the initial bid in the next round, up to their respective upper thresholds. We assumed that the standing bidders would do nothing but wait for other bidders' reactions.

The auction was single items and no combinatorial constraints were specified for simplicity's sake. For all airlines, we assumed the same value of maximum deviation, which is 2 15-min bins from original schedule bins, although this is subject to a subsequent sensitivity analysis. Airlines alternatively bided for the most adjacent bins if they failed to acquire the current ones, i.e. their opportunity costs increase when deviating from current schedules.

Two scenarios were carried out. The baseline scenario ran the OAG schedule; the auction scenario first evaluated airlines' bids by their monetary bids, and then largest flights of the standing bids are scheduled to each runway using "Small-Large-B757-Heavy" order to give local optimum sequencing. There was no provision for aircraft type change.

3.2 Results and Interpretations

With the maximum deviation being 2 15-min bins, Fig. 5 shows the levels of scheduled arrivals of the baseline and the simple auction scenario in the upper panel; the lower panel shows the respective estimated average runway queuing delay plots. Note that the auction constrained the arrival demand at the airport-reported optimum rate by de-peaking congested periods and filling in the neighboring valleys. The resulting average queuing delay was reduced sharply from 6 min/aircraft down to 1.4 min/aircraft for the period 6:00-24:00, or a decrease of 76.7%. This amounts to a 133-hour or 21.7% decrease in total runway queuing delays for arrival operations. The other benefit is the gain in safety, since the airport is no longer overscheduled, and ATC does not have to accommodate more aircraft than the allowed operational rates. It is noteworthy that with this assumption of maximum deviation, no flights had to be rerouted to other airports, since optimum sequencing procedure was used to increase operation throughput. The histogram of airlines' deviation in Fig. 6 shows bell-shaped distributions accounted for the assumption that airlines would try to maintain their original schedules. The means of these curves are slightly below zero due to the optimum sequencing when it was applied to non-congested bins: flights are shifted to the beginning of the bins.

If 2-bin maximum deviation assumption for airlines' elasticity could still turn out to be overoptimistic, 2 other runs were executed with zero and one-bin of maximum deviation for the auction scenario. Since the true values of this metric are not readily available, conducting sensitivity analysis on this metric gave insight into the possible implications of different assumptions on this parameter. Fig. 7 summarizes the effects of changing this parameter's hypothetical values on the number of rounds, the number of flights and seats to be rerouted, and the average auction revenue per flight as a factor of the initial bid. It can be seen that the more flexible the airlines are in changing their schedules, the more rounds the auction process takes, and the fewer flights have to be rerouted to other airports. As expected, when money is the only determination factor, small aircraft with less revenue are the first to be eliminated from the auction process, as it can be shown by averaging the number of flights by the number of seats to be rerouted, which gives an average of 66 seats/aircraft to stay within the originally scheduled bin and 50 seats/aircraft to be shifted one bin. As a result, potential distortions of the marketplace could impact negatively access to small communities or fair competition. On the other hand, 23 rerouted flights in one-bin max deviation scenario is comparable to 23 cancelled arrivals per day in average at ATL during summer 2000. The corresponding average auction revenue per flight is as twice as the initial bid for all the bins. This might suggest that the airport could charge at least twice as much as the current landing, though this issue requires more rigorous pricing study.

4. SUMMARY AND FUTURE WORK

An efficient performance of the US's complex aviation environment operated by many stakeholders with conflicting interests is called for (2)(10). The virtue of market-based control mechanisms has proved efficient in allocating scarce resources in telecommunication bandwidth management, computer science and energy distribution. Hybrid solutions to allocating time slots at congested airports that have provisions for both market forces and administrative coordination are shown to be feasible.

This paper presents an ongoing research on our auction model that is intended to optimize the utilization of airport time slots by maximizing passenger throughput within safe capacity, decreasing congestion and delay. By taking many key factors such as flight OD-pair, commercial aircraft size, historical on-time performance, airlines' prior investment and monetary bid into a ranking function with respective weights, we put forward a framework that

allows for many design alternatives. By varying these weights and the combination of administrative coordination and market forces, the outcome of the auction process is observed to achieve airport-specific desirable results.

We have simulated two models for ATL's arrival slots allocation. The simple auction amounts to the conventional auction format that uses money as the sole allocation criterion. The results show that the auction model spreads the arrival demand during peak periods down to airport-reported safe operational rates while filling in under-utilized periods. This model is accompanied by an optimum sequencing procedure to increase operation throughput. As a result, the model predicts a considerable decrease in arrival queuing delay. The more flexible the airlines are in changing their schedules, the less flights are to be rerouted, and hence, less disruptions and cost implications.

Future research is structured around three main issues. First, working with airlines and airports. We are acquiring more actual input data and improving our model assumptions in terms of airlines' bidding strategy and gaming behavior. Second, we are extending the model with cross-airport combinatorial bidding and equilibrium slot prices determination. And third, we are conducting airport-specific analysis for various congested airports (hub as ORD, non-hub as LGA and LAX) to exclude any irrelevant factors as well as include other relevant ones; and to determine the percentage of slots to be auctioned off for different market segments depending on airport-specific operational requirements. Ultimately, recommendations about airports that are eligible for the auction process and process parameters will be provided, along with a transition plan for a phased implementation.

ACKNOWLEDGEMENT

This work has been supported in part by NSF under Grant IIS-0325074, by NASA Ames Research Center under Grants NAG-2-1565 and NAG-2-1643, by NASA Langley Research Center and NIA under task order NNL04AA07T, by FAA under Grant 00-G-016, and by George Mason University Research Foundation.

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TABLE 1 Wake Vortex Separation Standards (nmiles/seconds) (7)

Trailing aircraft Leading aircraft	Small	Large	B757	Heavy
Small	2.5/80	2.5/68	2.5/66	2.5/64
Large	4/164	2.5/73	2.5/66	2.5/64
B757	5/201	4/115	4/102	4/101
Heavy	6/239	5/148	5/136	4/104

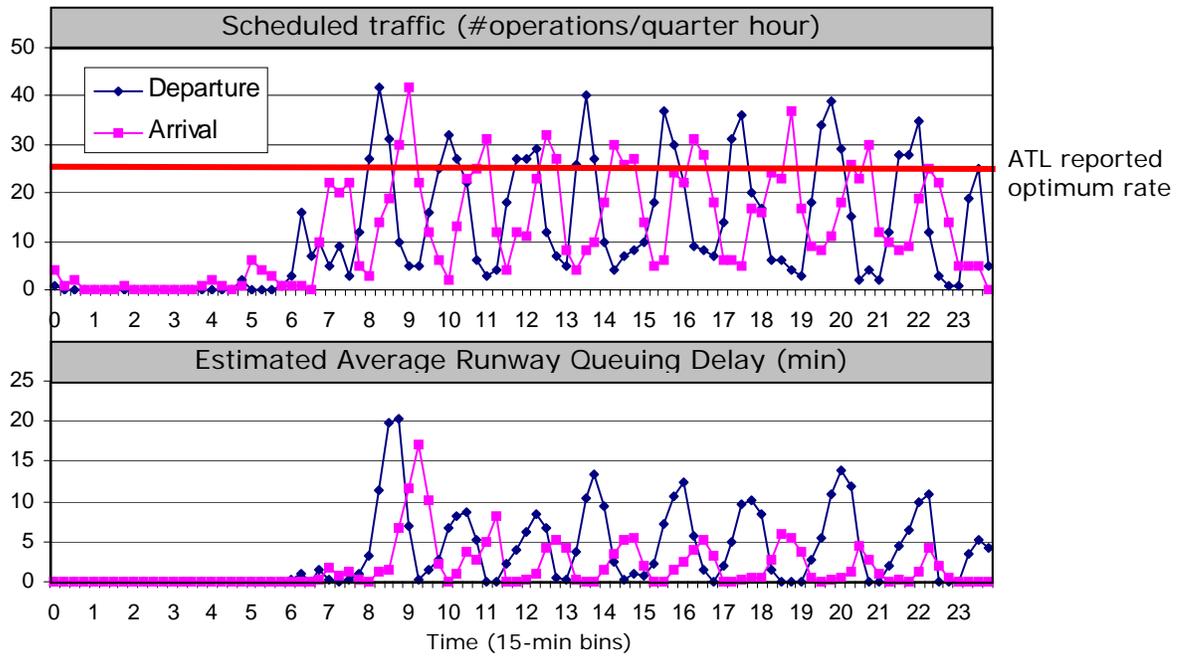


FIGURE 1 Daily Scheduled Traffic and Calculated Average Runway Queuing Delay at ATL
Actual delays are consistent but longer and are only partially caused by arrival queuing delays
(Schedule Source: OAG Summer 2000)

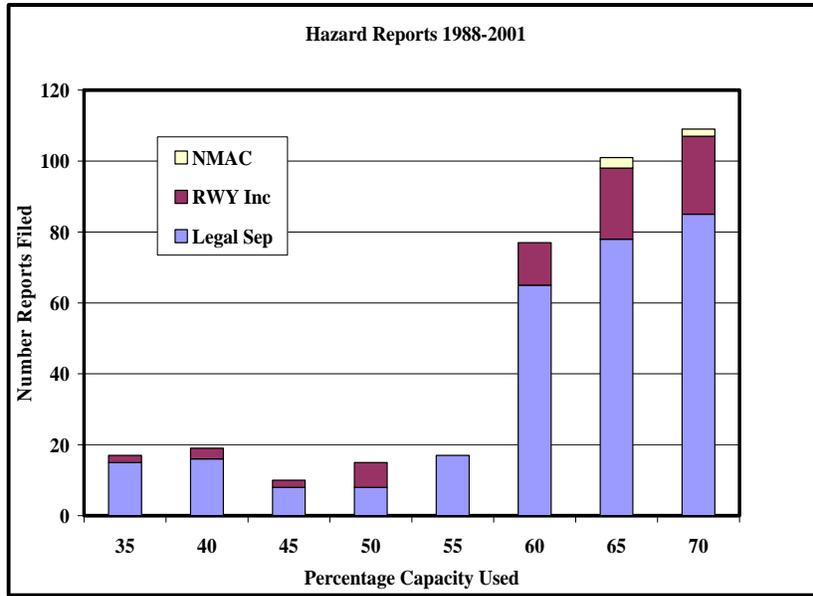


FIGURE 2 Number of Near Midair Collisions (NMAC), Runway Incursions and Loss of Legal Separation Reports filed at ATL, BWI, DCA and LGA airports over the last 13 years correlates with the capacity fraction the airports were operating at the time the incidents occurred (6)

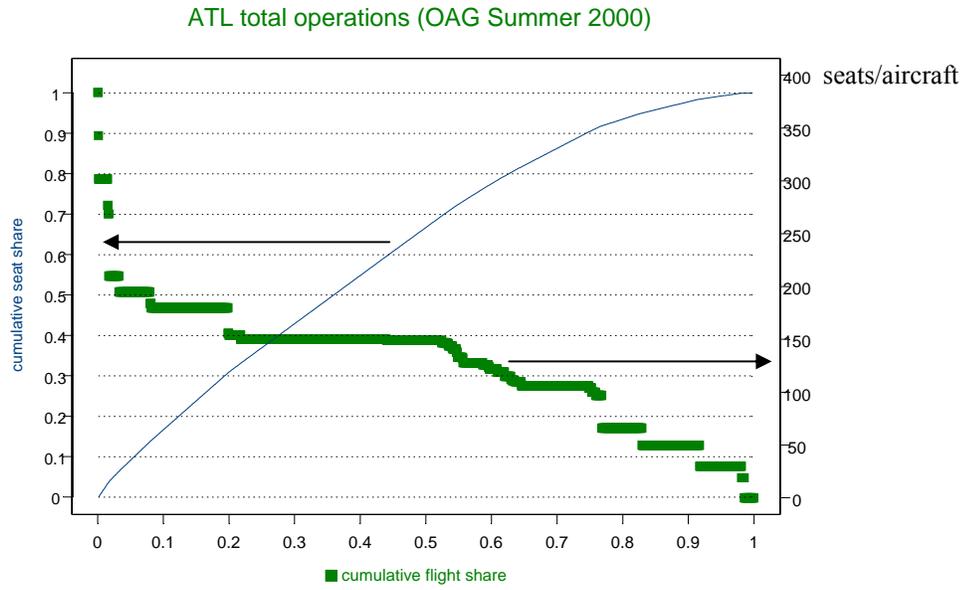
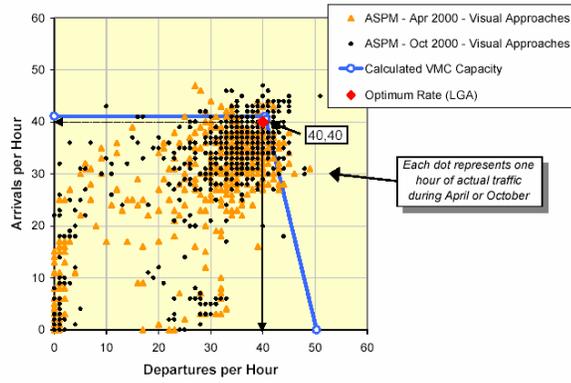
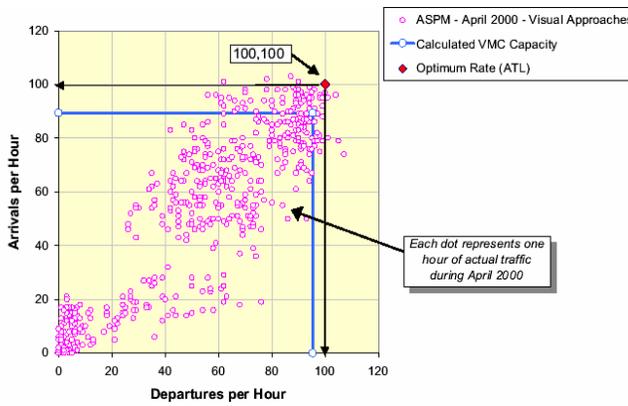


FIGURE 3 Cumulative Seat Share vs. Cumulative Flight Share and Aircraft Size



(a) Operation Capacity of LGA airport's dependent arrival and departure runways



(b) Operation Capacity of ATL airport's independent arrival and departure runways

FIGURE 4 Pareto frontiers of airport capacity during VMC (3)

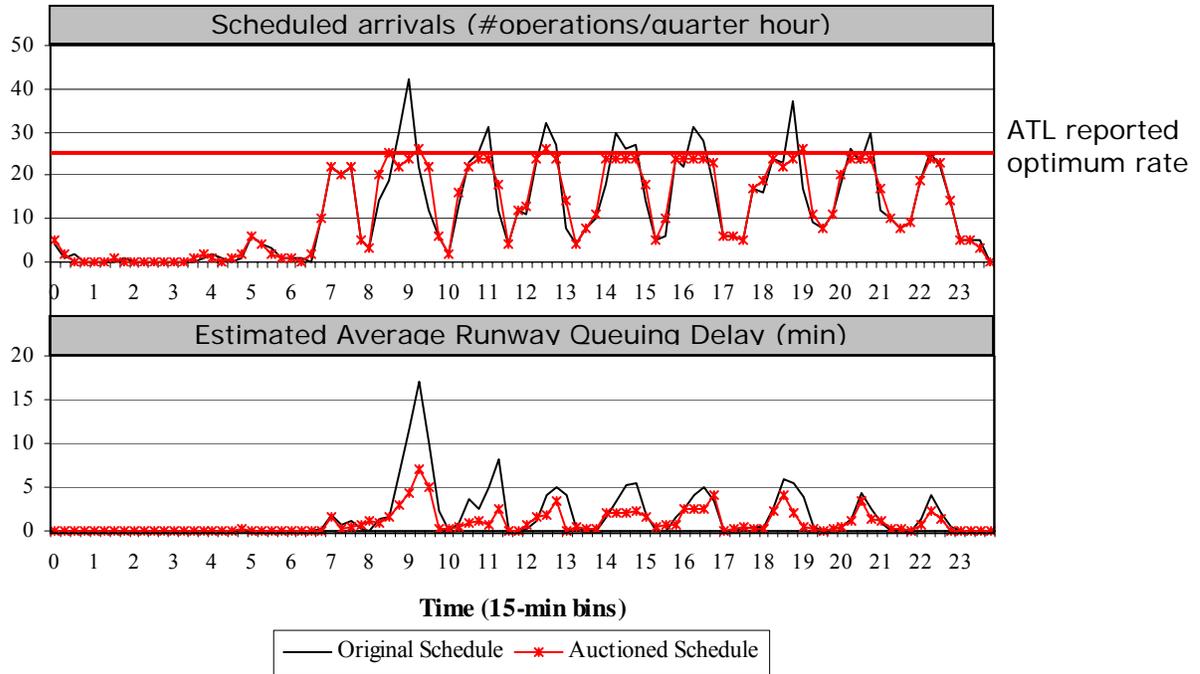
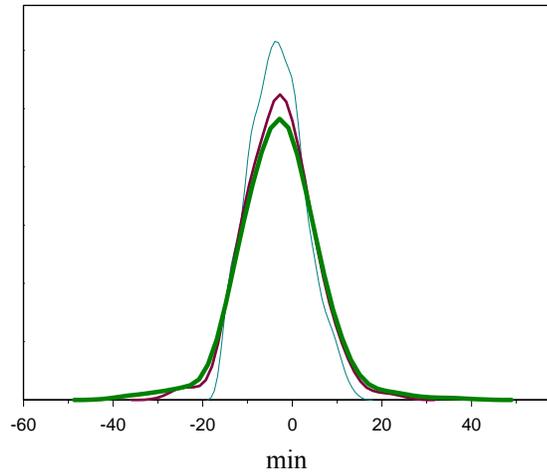


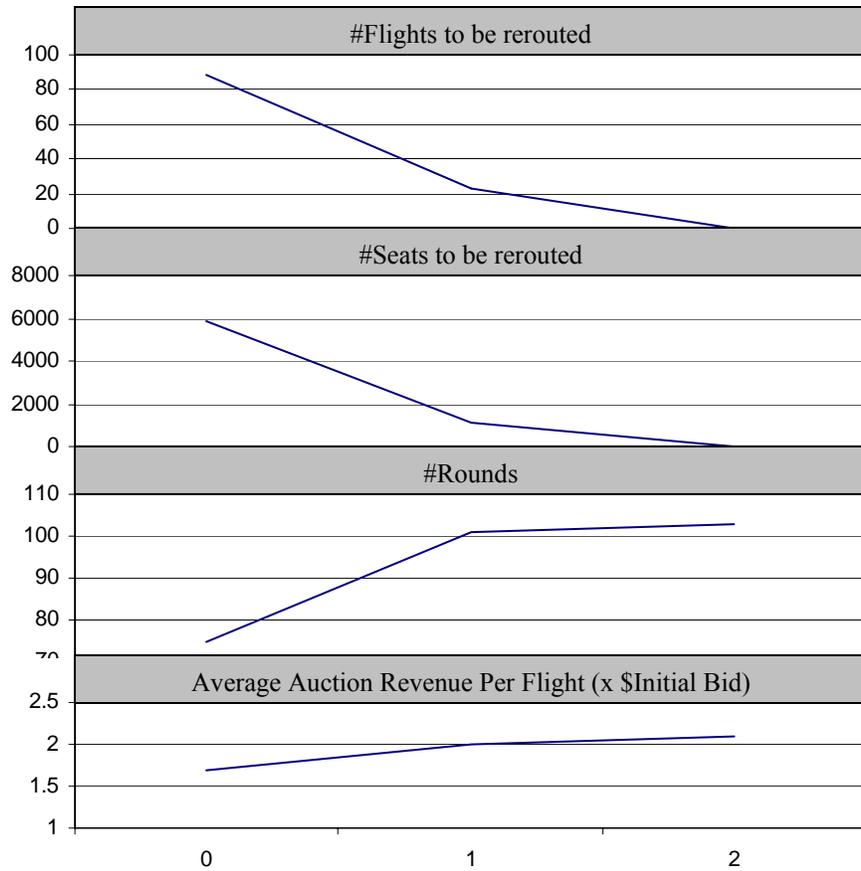
FIGURE 5 Scheduled Arrivals and Resulted Estimated Delays for Baseline, Auction with Optimum Sequencing at VMC (2 15-min bins maximum schedule deviation allowed, no flights are rerouted)



— No 15-min bin deviation allowed — 1 15-min bin max allowed — 2 15-min bins max allowed

FIGURE 6 Density Plots of Flight Deviations from Original Arrival Times.

The assumption that airlines try to maintain original schedules gives the normal forms. 2-bin curve has heavier tails than 1-bin curve, and 1-bin curve has heavier tails than no-bin curve.



Maximum schedule deviation allowed (15-min bin)

FIGURE 7 The simulation varied the allowed schedule deviation parametrically. When using money as the sole criterion, averaging the number of flights by the number of seats shows that small aircraft are the first ones to be rerouted.