

vehicle rental rates that should discourage the use of motor vehicles for unusually low mileage requirements and, at the same time, recover the actual cost of owning and operating vehicles on the basis of usage by each agency.

Prior to our review the National Aeronautics and Space Administration renewed certain long-term lease contracts with a commercial leasing firm. Our review showed that, if the General Services Administration and the National Aeronautics and Space Administration had coordinated their efforts in determining the best means of providing motor vehicle support, substantial economies could have been achieved by obtaining transportation support from the General Services Administration.

Before the expiration of these leases and without a proper determination as to whether the leases could be terminated without penalty to the Government, the General Services Administration established a motor pool at Cape Kennedy, Florida, and purchased additional vehicles to provide transportation support to the National Aeronautics and Space Administration. As a result, the number of Government owned and leased vehicles on hand in the Cape Kennedy area substantially exceeded the number needed.

Our detailed review of vehicle utilization records covering a 9-month period during fiscal year 1965 showed that the number of vehicles assigned to the National Aeronautics and Space Administration by the Cape Kennedy motor pool continued to substantially exceed the number of vehicles required to efficiently and economically satisfy automotive needs.

Our review showed also that the General Services Administration motor vehicle rental rates, which were in effect throughout the country, did not recover the full cost of owning and operating vehicles assigned to meet low-mileage requirements. We believe that, if the General Services Administration would establish a rental rate structure designed to recover vehicle costs on the basis of usage by each agency, vehicle utilization would be improved on a nationwide basis. Such action should also provide the necessary degree of correlation between the rates charged and the cost to the Government to enable and encourage the consideration of such costs by vehicle users in their decisions as to how their transportation needs should be met.

We brought our findings and proposals for corrective action to the attention of the General Services Administration and the National Aeronautics and Space Administration. In their written comments on these matters, neither agency agreed fully with our findings, but both agencies informed us of substantial degrees of corrective action that had been taken.

To improve utilization of vehicles and recover vehicle costs on the basis of usage by each agency, we are recommending to the Administrator of General Services that motor vehicle rental rates be revised to provide for a flat rate to cover the fixed costs that are incurred by the passage of time plus a mileage rate to cover the variable costs that are related to the miles driven.