by Government agencies and their contractors with commercial rental firms. Similar cars are rented by the Government under contracts entered into by the General Services Administration to supplement the cars in its motor pools.

Our review showed that rental rates under the General Services Administration contracts are substantially lower than the rental rates obtained under informal arrangements. It appears that more favorable rates are obtained under the General Services Administration contracts primarily because such contracts are usually awarded through formal advertising and provide for a larger volume of potential rental business. We estimate that a savings of as much as $350,000 annually could be realized if cars being rented under informal arrangements were rented, by the using agencies and contractors, directly from the commercial firms at General Services Administration contract rates.

The Deputy Administrator of General Services, in commenting on our draft report, stated that the General Services Administration concurred with our proposals to—

1. Reexamine, in consultation with major using agencies, its present role in the rental of commercial cars for Government use, with a view to making a better response to agency needs.
2. Increase the relative share of such rentals made under its contracts.

The Deputy Administrator advised us also that, although the General Services Administration had some reservation with respect to our proposal that rentals be made directly from commercial firms, this matter would be included in a full-scale in-depth study that would be made of ways and means to achieve greater economy and efficiency in supplying rental cars to Government agencies.

He advised us also that the General Services Administration is in agreement with our proposal that it expand its present contracting for car rentals to cover all areas where such action would result in savings or benefits to the Government.

[Index No. 6—B-157445, April 24, 1967]

Procurement of Critically Needed Missile Fuel Under Adverse Conditions From a Sole-Source Supplier, Department of the Air Force

We made a review of contracts for the procurement of critically needed missile fuel under adverse conditions from a sole-source supplier—Olin Mathieson Chemical Corp.

The Air Force acquired a $15.6 million production plant that is completely surrounded by Olin property on which the Government has certain easement rights for access roads, utilities, and disposal facilities. Although this location of the fuel production plant resulted in economies in initial construction costs, it also strengthened the contractor's position as the sole-source supplier.

Because certain supporting facilities for the plant were integrated with those of the contractor, the Air Force recognized that it would be impractical for any contractor other than Olin to operate the plant. Moreover, should it become appropriate for the Government