OVERSIGHT OF FEDERAL VEHICLES

HEARING

BEFORE THE

SUBCOMMITTEE ON
TRANSPORTATION AND PUBLIC ASSETS

OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES

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OVERSIGHT OF FEDERAL VEHICLES

Friday, February 26, 2016

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION AND PUBLIC ASSETS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:07 a.m., in Room 2154, Rayburn House Office Building, Hon. John L. Mica [chairman of the subcommittee] presiding.

Present: Representatives Mica, Duncan, Amash, Massie, Grothman, Duckworth, DeSaulnier, and Cummings.

Mr. MICA. Good morning. I'd like to welcome everyone to the Committee on Oversight and Government Reform and our Subcommittee on Transportation and Public Assets hearing this morning.

First, let me say that we will have our ranking member join us in just a few minutes here. This is a get-away day, and everybody is consumed on the floor or in a series of hearings this morning. But we do have a member to proceed, and Ms. Duckworth will be joining us shortly.

The topic of today's oversight hearing deals with oversight of our Federal vehicles, of our own fleet and also leased fleet.

And the order of business is going to be as follows: I'll start with my opening it statement. I'll yield to others members for opening statements. Then we'll turn to our witnesses. We have four witnesses this morning, and we'll introduce them, get them sworn in and proceed, and then we'll go to questions. So that will be our order of business.

And, with that being said, without objection, the chair is authorized to declare a recess at any time. And I'll start with my opening statement this morning.

One of the great things about our committee is that we look at waste, fraud, and abuse in the Federal Government, and we have an opportunity to save the taxpayer money to make programs more efficient, to look at where we can do a better job with public assets, and we focus on a whole host of areas. And just a few of those areas that we've looked at in the past: public assets, such as vacant or empty buildings. We are on the verge of saving hundreds of millions, billions of dollars. Conferences that were abusively expensive, spending funds that were unnecessary, I know we've saved over $1 billion just in that area. Our committee has looked at duplications in IT equipment, data, et cetera, consolidation. We spend 50, 60 billion dollars there and found half of that money wasted.

So, today, we're focusing on another area, these are some, you might term them, meat-and-potato hearings, but I think it's one of the most important responsibilities at Congress: look at what we're doing and how we can save money or do it better for the taxpayers.

Kind of interesting getting into Federal vehicle fleet and how it's managed and operated. It sounds look a small operation, but, in fact, the Federal Government's spent over $4.4 billion a year, and that is probably the biggest vehicle fleet in the world of 650,000 vehicles. Some of those are our own; some of those are leased. The Federal Government's fleet mileage exceeds 5 billion miles per year, and we consume and spend $400 million just on fuel in that fleet. So it's a pretty sizable operation, and almost every agency has either owned by the government or leased their vehicles. Roughly a third of the Federal fleet is leased, while the remainder is owned.

You've seen some reports that indicate that between 2010 and 2014, more than 2.5 million, 2.4 to 2.5 million, in fraud recoveries occurred from Federal credit, fuel credit card abuse. I have a picture of this Federal fuel credit card. I think that's being changed out as we meet today, but we issue those cards, and in that short period of time, we've detected about $2.5 million in fraud and recovered some of that.

Fuel card waste and vehicle underutilization are part of the problem we've seen with the fleet, and we've got to pay attention to, again, all losses that the Federal Government occurs with this fleet.

GAO recently found that two-thirds of the agency's leased vehicles did not meet annual mileage criteria. That means they weren't traveling or being used to a satisfactory level that is established by the government and under Federal property regulations that we set for like the minimum utilization that would justify leasing. In fact, we found—and we didn't conduct all the reports, but we have two reports we'll focus on today. First, we've got a GAO report, which is issued in January of this year, federally leased vehicles, agencies should strengthen assessment processes to reduce underutilized vehicles. So this is some of the investigation that was done by GAO. And then we have a document prepared by the inspector general of Amtrak, and this is titled "Asset Management and Its Observations on Vehicle Fleet Management." And I'll quote from both of those. This is, again, their findings and part of what we're going to look at in this hearing.

The GAO found that half the Federal vehicles that they examined in May of 2015 travelled less than 600 miles that month. While the management of Federal vehicles is highly decentralized across the individual agency, the fleets that GAO looked at and several inspector generals have identified, they all found problems with agency's performance of the management responsibility for these fleets.

Agencies that GAO most recently reviewed have not—and we've looked at those—those agencies have not consistently followed best practices such as one of the most important things is conducting a cost-benefit analysis for the basis of determining whether to buy or whether to lease. I think we have a slide showing leased vehicles.

In a sampling of just a handful of these agencies—again, I refer to the report; they looked at four agencies—GAO found that one in 10, or 1,500, of the leased vehicles really weren't justified in having any inventory, but the agency paid $5 million for these vehicles in a single year.

Now, this is just a sampling of four agencies, and you see them up there: National Park Service, Veterans Health, Air Force, Bureau of Indian Affairs.

Now, in the sampling they took, if you apply that to the entire number of federally leased vehicles across the government, we have wasted in the neighborhood of $80 million annually through bad leased fleet management. So we've leased vehicles that we don't need. When we lease them, we don't drive them or utilize them to their maximum. So there's a lot of money being wasted, and GAO found that in their report.

The owned fleet is another story, and the Government Accountability Office is currently conducting an audit for the committee on this topic. I'm sure we'll be following up on that with another hearing or at least an inquiry.

Today, I'm pleased to announce that GSA will have a new management agreement with Amtrak to save taxpayer dollars on many of Amtrak's leased vehicles. This is significant news, because, unfortunately—and, again, this is not just something I'm saying, but if you look at the report that we have from Amtrak conducted by their inspector general, and we'll have him here to talk about it—but this report details some troubling history of Amtrak's management in leasing and operations of its fleet. In some instances, Amtrak was spending nearly $4,500 more than what it could have been paying through GSA when they leased vehicles. We found, again, that Amtrak's—well, not we, but the inspector general found that Amtrak's fleet is also subject to severe underutilization and weak fuel card oversight. We have some pictures—also some slides that we can show. Many vehicles just sat idle not only for months but sometimes not driven for a year. In May of last year, there were 153 Amtrak vehicles that consumed less than 15 gallons of fuel for the month that was examined, 26 of which were Amtrak police vehicles; two were SWAT vans. I think one of the SWAT vans—if you look at it up there—it doesn't appear moved or was driven for a year. We know some of these assets are infrequently needed to deploy, but, again, we have a significant fleet. We have significant expenditures and losses.

It appears that Amtrak has also—and this is from the automotive fleet report, from their engineering department, February 2, 2016, in that month, it showed vehicles showing no fuel purchase for the month, 138 vehicles. There's no fuel at all purchased for them, which means a lot of those vehicles were underutilized.

It remains clear that proper fleet management practices at all agencies, big and small, can save significant amounts of money.

Today, we'll hear both from GAO, and we'll also hear from the inspector and from Amtrak representatives and others on how improvements in Federal management of vehicles can move forward. Amtrak has taken some steps to correct some of their deficits that have been uncovered, and we'll hear about that too.

We'll also hear how GSA and Amtrak have executed their management responsibilities and what they have done or will do to address some of the problems that have been uncovered by both GAO and the inspector general.

I look forward to hearing the testimony from all of our witnesses.

I'm pleased to now yield to the ranking member, Ms. Duckworth. Welcome.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

And thank you, ladies and gentlemen, for being here.

Mr. Chairman, I must apologize for my late arrival. I have simultaneous hearings this morning. The other one is on the Army's 2017 budget proposal. So, having just concluded that, I'm glad I made it here in time for the start of this and to hear the chairman's excellent opening remarks.

Today's hearing is a chance to continue our subcommittee's oversight of Federal fleet management to ensure that taxpayer dollars are being used properly and efficiently. This is significant—in fiscal year 2014, the Federal fleet totaled just over 633,000 vehicles, nearly one-third of which were used by the United States Postal Service. Agencies spent more than $4 billion to buy and operate these vehicles, including more than $1 billion used to lease more than 186,000 vehicles from the GSA. This is a significant expenditure that is vulnerable to waste, fraud, and abuse. While the vast majority of civil servants serve our country honorably and are always mindful of the need to use taxpayer dollars responsibly, the unfortunate reality is that with more than half a million vehicles being used across the Federal Government, it is almost certain that bad apples would seek to take advantage of the system. The size of the Federal fleet has declined in recent years, and the administration has taken important steps to improve fleet management.

In 2015, the President issued an executive order that set aggressive goals for reducing the Federal fleet emissions over the next decade and required each agency with more than 20 vehicles to focus on eliminating unnecessary or nonessential vehicles from the agency's fleet inventory. However, much work remains to be done according to the GAO. Current fleet management policies may fragment responsibility and, in the process, weaken accountability and oversight.

For example, although GSAsupplies agencies with a vast majority of leased vehicles and maintains the database that houses leased fleet information, GSA is not responsible for monitoring agencies' vehicle-use policies. GSA has developed and issued standards for optimizing fleet utilization, but agencies do not have to follow these recommendations or comply with their own internal guidelines. As GAO noted in its most recent review of five large agency fleets when justifying adding a vehicle to the agency's fleet, agencies appeared to be either disregarding GSA's recommended standards or not following their own. Specifically, GAO found four of the five agencies in our review could not readily provide justifications for vehicles that had not met utilization criteria defined in agency policy. This finding appears to be at odds with the administration's efforts to get agencies to regularly review the sizes of their fleets and eliminate any vehicle that is not meeting an essential agency need.

I look forward to examining today what specific steps we can take to enhance the President's efforts to ensure the Federal fleet is as cost-effective and fuel-efficient as possible. In particular, since GSA has gone to the trouble of developing best practices standards for assessing fleet-use needs, one wonders whether Congress should mandate the adoption of a single, uniform standard at least as a default option.

Before closing, I also want to note that today's hearing is an excellent opportunity to address fleet management problems within Amtrak highlighted by Amtrak's IG. According to the IG, deficiencies in cost-control systems and ineffective oversight has allowed waste, fraud, and abuse to infect Amtrak's fleet program. One of the most alarming incidents of fuel card fraud identified by the IG was when an individual, who was not an employee of Amtrak, obtained an Amtrak fuel card and proceeded to spend more than $57,000 on it. Every dollar Amtrak wastes through poor management of its vehicle fleet is a dollar that cannot go to meet urgent maintenance needs of the system or to support long overdue infrastructure improvements.

Moving forward, I am pleased that Amtrak has announced an aggressive effort to review its vehicle management practices and the size and composition of its fleet. I urge Amtrak to complete these reviews quickly and, more importantly, take decisive steps to ensure that employees understand fraud will not be tolerated.

I thank the chairman, and I yield back.

Mr. MICA. I thank the gentlelady.

Other members?

Mr. Duncan.

Mr. DUNCAN. Well, just very briefly.

And, Mr. Chairman, I want to thank you for calling this hearing, the abuse of these vehicles and these fuel cards, this is something that could be very easily abused, and I think we would see much more abuse if it were not for you calling a hearing such as this. And it has been something that I'm interested in, because I remember, several years ago, I had a constituent in Tennessee who complained to me because the Forest Service was being very excessive in the number of vehicles that they had, and then this constituent told me that they were selling off these vehicles when they weren't very old at all and didn't have many miles on them at all.

I can tell you, I generally have two cars. One of my cars right now has 149,000 miles on it; it is still doing just great. And I had two other vehicles before I bought a used car last year: one that had 194,000 miles on it and another one that had about 200,000 miles. So we can get much more use out of these vehicles, and I think that we need to ask how many miles these cars are being used or driven before they are sold off.

And, also, I've heard that they have been selling to people who are connected to Federal employees, and they learn about these auctions when nobody else does. And so I think it would be interesting to see, what is the average number of miles driven before these cars are sold, and what steps are being taken, if any, to prevent these cars from just going to insiders, so to speak?

So thank you very much for calling this hearing.

Mr. MICA. Thank you, Mr. Duncan.

Any other members?

If not, we will leave the record open, with agreement from the ranking member, for a period of 10 days. Without objection, so ordered.

We'll now turn to our witnesses and welcome them this morning. We have four witnesses, and let me introduce them.

And what we'll do is we'll introduce you. We'll have you sworn in. We swear in all of our witnesses, because we're an investigative and oversight committee, and let you go through your statements.

Several of you have been here before. We try to have you limit your statements to 5 minutes, summarize, and then you can ask through the chair or a member to include additional material with your testimony or for the record.

So we'll go through all of the witness testimony, and then we'll go through questions. So that's going to be the order.

So we have with us today: Ms. Lori Rectanus, and she is the director of physical infrastructure issues with GAO, Government Accountability Office, and I referred to their report. Mr. Bill Toth, he is the director of Fleet Management with the General Services Administration. Welcome. We have Mr. Tom Howard, inspector general—I referred to his report—of Amtrak. And then we have the chief executive officer and president, Joe Boardman, from Amtrak back with us.

So welcome to all of you. If you will stand, please, and we'll swear you in.

Raise your right hand.

Do you solemnly swear or affirm that the testimony you are about to give before this subcommittee of Congress is the whole truth and nothing but the truth?

Let the record reflect that all of the witnesses answered in the affirmative, and we'll start right out.

Welcome, again, the director of physical infrastructure issues at GAO, Ms. Lori Rectanus.

Welcome, and you are recognized.

WITNESS STATEMENTS

STATEMENT OF LORI RECTANUS

Ms. RECTANUS. Thank you, Mr. Chair.

Good morning. Chairman Mica, Ranking Member Duckworth, and members of the subcommittee, I'm pleased to be here today to discuss the Federal fleet, a $4.4 billion activity that covers over 630,000 nontactical vehicles. My statement today highlights key fleet characteristics and provides information on how selected agencies are carrying out their fleet responsibilities.

As a bit of context, the idea that there's a single Federal fleet is misleading. In reality, there are dozens, if not hundreds, of fleets that range in size from just a few vehicles to more than 200,000. Almost 80 percent of those vehicles are managed by seven agencies, but just about every agency has some vehicle, and about 70 percent of all Federal vehicles are owned, while about 30 percent are leased.

Agencies have sole responsibility for managing their fleets. This means that they determine the number and types of vehicles they need, whether they want to lease or purchase those vehicles, whether a vehicle is sufficiently utilized, and whether a vehicle should be removed from the fleet. This decentralized approach gives agencies the flexibility to structure their fleets to reflect their diverse missions. However, the financial well-being of this approach depends on agencies managing their fleets in the most cost-effective manner possible.

While GSA provides advice and guidance to agencies, it does not have formal oversight responsibility over agency actions. Each agency is responsible for collecting and reporting data on its vehicle fleet. Those agencies that lease vehicles from GSA can utilize the services provided by GSA for this, and we recently found those data were generally reliable. However, information on owned vehicles is less available, and its reliability is less clear. This is because each agency collects and maintains its own data and reports limited information. We have also found that agencies' fleet management information systems did not always have the elements recommended by GSA. Most often missing were direct and indirect costs, which are essential for conducting life-cycle analysis, which is needed to determine true vehicle costs and whether to buy, lease, or eliminate vehicles.

Agencies should also identify their optimal fleet size and ensure that vehicles are fully utilized. In the past, we found selected agencies often lacked supporting documentation to explain how they identify their optimal sized targets, or they did not follow GSA's guidance on conducting this analysis. Regarding utilization, agencies are allowed to define their own utilization criteria so they may adopt the GSA suggested mileage criteria, or they may use other criteria, such as the number of vehicle trips per month. We recently found that 66 percent of the selected leased vehicles from five agencies we reviewed did not travel the number of miles recommended by GSA, and 29 percent did not even meet the agencies' own utilization criteria.

When vehicles do not meet the identified utilization criteria, agencies can subsequently justify vehicles using any additional criteria. We found that four of the five selected agencies could not readily provide the justifications for about 1,500 leased vehicles that did not meet the original criteria.

Finally, agencies should also eliminate unnecessary vehicles. In our recent review, we found that three of the five agencies studied retained 500 leased vehicles that did not meet the agencies' own utilization criteria and had no other justification. Altogether, we identified almost 2,500 vehicles from our sample of about 16,000 that either did not meet utilization criteria, did not have documentation, or were retained even when agencies determined that they were not justified. These vehicles cost the agencies about $9 million in fiscal year 2014. It would be an interesting exercise to see what this number might be for the 600,000 vehicles currently in use.

In conclusion, while agencies need the appropriate number and type of vehicles to meet their missions, they also need to be good stewards of Federal resources. Agencies must have adequate data and appropriate procedures that provide assurance that they are using the provided flexibility to meet their missions in the most cost-effective way possible.

Chairman Mica, Ranking Member Duckworth, and members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions.

[Prepared statement of Ms. Rectanus follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Transportation and Public Assets, Committee on Oversight and Government Reform, House of Representatives

For Release on Delivery
Expected at 9:00 a.m. ET
Friday, February 26, 2016

FEDERAL VEHICLES

Composition and Management of Agency Fleets

Statement of Lori Rectanus, Director, Physical Infrastructure

Chairman Mica, Ranking Member Duckworth, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on the management of the federal fleet. In fiscal year 2014, federal agencies spent over $4.4 billion to acquire, operate, and maintain about 634,000 non-tactical vehicles to help carry out their missions.[1] In recent years, Congress, the Office of Management and Budget (OMB) and the President have raised concerns about the size and cost of federal fleets. For example, implementing instructions for a 2015 Executive Order directed agencies to survey the utilization of their vehicles at least once every 5 years in order to identify vehicles that could be eliminated from agency fleets. My statement today discusses (1) selected characteristics of the federal vehicle fleet in fiscal year 2014—the most recent data available—and (2) some key agency responsibilities for fleet management and how selected agencies have fulfilled those responsibilities. This testimony is based primarily on our January 2016 report, which examined processes at selected federal agencies related to the utilization of leased vehicles. In addition, this statement includes information from our prior work on the composition of the federal fleet and agencies' efforts to manage their vehicle fleets.[2] For these reports, we identified the characteristics of the federal fleet by reviewing data reported by the General Services Administration (GSA) and other federal agencies. We identified the responsibilities of federal agencies and how selected agencies fulfill those responsibilities by reviewing federal statutes, regulations, and policy initiatives and analyzing various vehicle management processes at these agencies. Additional information on our objectives, scope, and methodology is available in these reports. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

[1]General Services Administration, *Fiscal Year 2014 Federal Fleet Report* (March 2015). These data are the most currently available.

[2]GAO, *Federally Leased Vehicles: Agencies Should Strengthen Assessment Processes to Reduce Underutilized Vehicles*, GAO-16-136, (Washington, D.C.: Jan. 14, 2016); *Federal Vehicle Fleets: GSA Has Opportunities to Further Encourage Cost Savings for Leased Vehicles*, GAO-14-443 (Washington, D.C.: May 7, 2014); and *Federal Vehicle Fleets: Adopting Leading Practices Could Improve Management*, GAO-13-659 (Washington, D.C.: July 31, 2013).

objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Characteristics and Composition of the Federal Fleet

Federal agencies have diverse missions—ranging from managing natural resources to hauling explosive materials to providing services to veterans. As a result, the vehicles agencies use to carry out these missions also vary and include passenger cars and trucks and special purpose vehicles (e.g., ambulances and buses.) As a result, the "federal fleet" refers to dozens of fleets that range in size from just a few vehicles to more than 200,000. In fiscal year 2014, seven agencies owned or leased approximately 78 percent of non-tactical federal vehicles. Approximately one-third of these vehicles belonged to the U.S. Postal Service, and approximately 45 percent were owned or leased by six other agencies—the U.S. Air Force, U.S. Army, Department of Homeland Security (DHS), the Department of Justice, the U.S. Navy, and the Department of Agriculture. Including postal vehicles, approximately 70 percent of federal vehicles were owned by the agencies, and about 30 percent were leased.

As we reported in January 2016, fleet management is generally decentralized, as agencies are responsible for managing their vehicles in a manner that allows them to fulfill their missions and meet various federal requirements. For example, agencies determine the number and type of vehicles they need and whether they want to lease or purchase them. In both cases, they work through the General Services Administration (GSA). Through its leasing program, GSA provides vehicles and services to over 75 federal agencies. Through the leasing arrangement, GSA provides various services, including: vehicle maintenance and accident management; support from fleet service representatives; provision of fleet cards to purchase fuel; access to and analysis of data on agencies' leased fleets, such as data on mileage, inventory, and fuel consumption; and identification and management of fraud, waste and abuse associated with leased vehicles.[3] GSA also provides vehicle-purchasing services for agencies, but is not involved in an agency's administration of its owned fleet.

[3]According to GSA officials, an agency that lacks specific statutory authority to purchase or hire passenger motor vehicles—as required by section 1343(b) of title 31 of the United States Code, or has not been delegated leasing authority—is required to participate in GSA's leasing program. Less than 1 percent of vehicles were commercially leased in 2014.

In general, the number of federal vehicles decreased slightly over the past several years from approximately 650,000 vehicles in fiscal year 2012 to approximately 634,000 in fiscal year 2014, while costs have slightly increased. The trends for the leased and owned fleets differ somewhat. The number of leased vehicles has decreased slightly since 2012, and costs have also decreased. For example, in fiscal year 2012, federal agencies leased 190,689 vehicles at a cost of approximately $1.12 billion. In fiscal year 2014, federal agencies leased slightly fewer vehicles—186,214—and the costs dropped to $1.03 billion. We reported in January 2016 that GSA officials attributed this cost reduction in part to agencies' decisions to lease smaller, less expensive vehicles. Regarding owned vehicles, the number has decreased slightly, though costs have increased. For example, in fiscal year 2012, federal agencies owned 453,361 vehicles at a cost of approximately $3.2 billion. In fiscal year 2014, federal agencies owned 444,011 vehicles and reported costs of approximately $3.4 billion.

Federal Agencies Are Responsible for Fulfilling Fleet Requirements and Regulations, With Assistance from GSA

Federal fleet management is characterized by agency flexibility in how each agency manages its fleet. As we reported in January 2016, a variety of statutes, regulations, executive orders, and policy initiatives govern and direct federal agencies' fleet management efforts. For example, agencies are required to (1) collect and analyze data on their vehicle fleets, (2) determine the appropriate size of their vehicle fleets, and (3) eliminate non-essential vehicles from their fleets, among other responsibilities. Fleet management is decentralized, since agencies have a great deal of flexibility in how they manage their fleets. We reported in January 2016 that GSA plays an advisory role in helping agencies manage their fleets. Specifically, GSA's Office of Government-wide Policy (OGP) issues guidance on these topics, but agencies are not legally required to follow this guidance, and according to GSA officials, GSA has no oversight responsibility over agency fleet management. In January 2016, we found instances where the agencies we reviewed did not consistently implement required or recommended practices. When agencies follow sound practices and collect reliable data, they can make sound decisions about their fleets and provide better assurance that the fleets are meeting missions in the most cost-effective manner possible.

Collecting Vehicle Data

Each agency is responsible for collecting and reporting data on its vehicle fleet. Those agencies that lease vehicles from GSA can utilize the services provided by GSA's Fleet Leasing Program (GSA Fleet) to collect data on these vehicles. GSA Fleet obtains data on leased vehicles to assist with billing as well as to help agencies manage their leased-vehicle fleets. GSA stores hundreds of data elements on each leased vehicle, including manufacturer-provided information such as make, model, and fuel efficiency; agency-reported data such as monthly mileage; and data obtained through fleet cards (charge cards) such as quantity and type of fuel purchased. Agencies can import this information into their own internal fleet-management systems. We reported in January 2016 that the GSA Fleet's leased-vehicle data we reviewed were generally reliable.

Less information, in general, is available about vehicles in owned fleets. Each agency collects data on its own fleet, can store the data within its own data system, and reports limited information annually.

To facilitate accurate reporting and to help agencies manage their fleets, GSA's Bulletin B-15 and the implementation instructions for a March 2015 Executive Order direct agencies to acquire and maintain a fleet management information system (known as an FMIS) to store vehicle-related data. GSA's guidance informs agencies what data, specifically, an FMIS should capture, such as data on a vehicle's acquisition, utilization, repairs and servicing, accident reporting and disposal. Agencies are not required to adhere to this guidance, and we found in 2013 that for 10 selected agencies, while most of their FMISs captured the majority of the types of fleet data recommended by GSA, none had all of the recommended data.[4] Several of the agencies lacked good direct cost data (such as fuel and repair costs) needed to help them track life-cycle costs and make decisions such as when to replace vehicles. With regard to indirect costs (such as personnel and office space), most of the agencies we reviewed reported to us that their FMISs do not capture all indirect fleet costs or that the indirect costs cannot be readily discerned from other non-fleet costs. We recommended that GSA provide agencies with guidance on how to calculate indirect costs to improve reporting accuracy. GSA agreed and subsequently provided guidance to agencies. Complete and accurate data, particularly data on costs and utilization, can facilitate analyses of agencies' fleets and decisions about whether to buy, lease, or eliminate vehicles.

In order for agencies to gather vehicle utilization and other data on their fleets, they can use telematics. "Telematic" devices installed in fleet vehicles can provide managers of those fleets with a variety of information—including aspects of driver behavior, how well vehicles are

[4]GAO-13-659.

running, their past and present locations, and miles travelled—that managers can use to manage their fleets. In 2014, we reported on many of the financial benefits telematics can provide, such as enhancing vehicle utilization, reducing fuel use, combatting misuse of vehicles, and better managing vehicle maintenance.[5] For example, we reported that since fiscal year 2011, telematics data had helped officials at the Department of Energy's Idaho National Laboratory eliminate 65 leased vehicles for an estimated annual savings of approximately $390,000. However, in that report, we also discussed critical factors that needed to be considered in order to make good decisions about telematics. Key among those factors were (1) the cost of the technology selected, (2) fleet characteristics, and (3) information technology systems to evaluate the data. Experts we interviewed at the time noted that the potential return on investment from the adoption of any telematic technology will vary based on these factors and that telematics will not achieve cost savings for every fleet.

In March 2015, an Executive Order instructed agencies to install telematics in newly acquired light and medium duty vehicles where appropriate. It is too early to tell how this requirement will be implemented or what challenges and opportunities it may bring.

Determining Optimal Vehicle Fleet's Size

A 2011 presidential memorandum directed agencies to conduct a survey to identify which of their existing vehicles they needed to carry out their missions and to project their optimal fleet size and set goals for achieving this size. This utilization survey is called the Vehicle Allocation Methodology (VAM). The memorandum also directed GSA to evaluate agencies' progress in meeting their optimal fleet size goals. We reported in January 2016 that while GSA issued guidance in 2011 on how to conduct a VAM, agencies did not necessarily follow this guidance when conducting their VAMs, as there was no requirement for them to do so.[6] According to GSA officials, several agencies used existing processes at that time to review their vehicle fleets; however, we have not evaluated the costs and benefits of using these previously existing processes. In 2013, we found many VAMs lacked supporting documentation to explain how agencies produced their optimal fleet-size targets.[7] We

[5]GAO-14-443.

[6]GAO-16-136.

[7]GAO-13-659.

recommended that GSA request agencies to provide information on their methodology to assist GSA in providing agencies with feedback, which GSA did in fiscal year 2014. Implementing instructions for a 2015 Executive Order directed that the VAM should take place at least once every 5 years, or more frequently if the agency's mission or resource requirements change. In January 2016, we reported that GSA officials continue to provide agencies with feedback on each agency's VAM. GSA officials also noted that GSA has no oversight of agency practices.

As noted in our January 2016 report, while GSA provides feedback on agency VAMs, agencies can define their vehicles' utilization and can justify vehicles' retention using any criteria that they find appropriate. GSA's Federal Property Management Regulations (FPMR) provide instructions on what agencies must do to ensure vehicles are "utilized". The FPMR recommend—but do not require—that the annual mileage minimum for passenger vehicles be 12,000 miles, and 10,000 miles for light trucks. However, agencies are allowed to define their own utilization criteria, which may include adopting the miles-traveled guidelines from the FPMR, using mileage minimums above or below the FPMR, or employing other metrics such as the number of vehicle trips per month.

The FPMR's flexibility reflects that agencies use vehicles in many ways, such as ferrying clients, conveying repair equipment, transporting employees, and even hauling explosives, among other tasks. This flexibility also ensures that agencies with very different missions—such as the National Park Service and the U.S. Air Force—can acquire and keep the vehicles that officials believe best meet each agency's mission requirements. This flexibility allows agencies to acquire vehicles that may not drive very many miles—such as emergency responders' vehicles—but are necessary for the agency to complete its mission. In January 2016, we reported on selected agencies' utilization criteria for their leased vehicles and found that 66 percent of the selected vehicles from the five agencies we reviewed did not meet the FPMR mileage recommendations, a percentage that we found to be similar across the federal government.[8] These agencies also used other criteria, such as alternative mileage for all-wheel drive vehicles or days used per month, as utilization criteria. In

[8]For the five agencies we reviewed, "selected vehicles" included sedans, station wagons, and light trucks within the continental United States and excluded law-enforcement and emergency responder vehicles. The five agencies in our review included the Air Force, Bureau of Indian Affairs, National Aeronautics and Space Administration, National Park Service, and Veterans Health Administration.

some cases, their vehicles did not meet their own utilization criteria. Of the five agencies we reviewed, 29 percent of the selected vehicles did not meet the agency's utilization criteria.[9]

Under the FPMR, agencies are allowed to individually justify those vehicles that do not meet stated utilization criteria. In our review, we reported that four of five selected agencies could not readily provide justifications for leased vehicles that did not meet agencies' utilization criteria. Without readily available documentation, the agencies could not determine whether they had justified these vehicles and whether any of these vehicles should be eliminated from agency fleets. Cumulatively, these agencies spent approximately $5.8 million in fiscal year 2014 on these vehicles. We recommended that these agencies ensure that each leased vehicle meets the agency's utilization criteria or has readily available justification documentation. We further recommended that GSA examine the FPMR to determine if these regulations should be amended to require that justifications are clearly documented and readily available.

Removing Unnecessary Vehicles

The FPMR do not require agencies to take corrective action for unjustified vehicles, which are vehicles that neither met the agency's utilization criteria nor pass the justification process. Corrective actions for underutilized vehicles can include placing them in a shared pool, transferring them to a new mission, or removing the vehicle from the agency's fleet. While GSA staff may provide advice to agency staff regarding utilization, each agency is responsible for taking corrective actions to address underutilized vehicles.

In January 2016, we reported that three of the five agencies in our review retained leased vehicles that did not meet the agency's own utilization criteria or have another form of justification.[10] While we found that all five selected agencies had established approaches to address unjustified vehicles, two agencies cumulatively retained over 500 such vehicles and paid GSA $1.7 million for these vehicles in fiscal year 2014.[11] We recommended that these agencies take corrective action to address each

[9] In addition, two agencies could not determine if 384 vehicles—for which they cumulatively paid GSA $1.2 million in fiscal year 2014—had met their utilization criteria.

[10] GAO-16-136.

[11] A third agency retained one vehicle.

leased vehicle that had not met the agency's utilization criteria or passed a justification review.

Inspectors General (IG) have found similar issues at other agencies. For example, in 2015 the Department of Homeland Security's IG reported that the Federal Protective Service had not properly justified administrative vehicles, and had retained vehicles larger than those necessary to meet the mission without justification. The IG's report estimated that these vehicles represented more than $1 million in potentially unnecessary expenditures. In 2013, the Department of Energy's (DOE) IG found one DOE component retained 234 vehicles—21 percent of the component's fleet—that did not meet utilization criteria and users had not submitted justification for their retention.

In conclusion, while agencies need the appropriate number and type of vehicles to meet their missions, it is also critical that agencies are good stewards of federal resources. As a result, it is critical that agencies have procedures and data that provide assurance they are using their fleets to meet missions in the most cost-effective way possible. Our work suggests that some selected agencies could take more action to improve their justification processes and address unnecessary vehicles. Agencies have agreed with our recommendations and have planned efforts to address our recommendations.

Chairman Mica, Ranking Member Duckworth, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this statement, please contact Lori Rectanus on (202) 512-2834 or rectanusl@gao.gov. In addition, contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals who made key contributions to this testimony include John W. Shumann, Assistant Director, and Alison Snyder, Senior Analyst.

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Mr. MICA. Thank you.

And we'll hear now from Bill Toth, and he's the director of the Office of Fleet Management of GSA.

Welcome, and you're recognized, sir.

STATEMENT OF BILL TOTH

Mr. TOTH. Thank you. Good morning, Chairman Mica, Ranking Member Duckworth, and members of the subcommittee. I appreciate the opportunity to speak with you today regarding General Services Administration's role in the Federal fleet. My name is Bill Toth, and I'm the director of GSA's Office of Fleet Management. I've been the director for over 8 years and with GSA for over 25 years.

The mission of GSA's Office of Fleet Management is to deliver safe, reliable, and low-cost vehicle solutions that allow Federal agencies to effectively and efficiently meet their missions. The Federal fleet can be broken down into three categories of roughly equal size. One-third is owned by GSA, and it's leased to eligible entities. A second third is owned and maintained by the U.S. Postal Service. And the final third is owned and maintained by non-Postal Service Federal agencies.

GSA's status as a mandatory source of vehicle purchasing guarantees that all Federal agencies benefit from the government's buying power inherent in having a single, strategically sourced point of purchase. In fact, in fiscal year 2015, GSA negotiated a discount on light-duty vehicles that average 19 percent below dealer invoice. Given GSA's FY 2015 procurement of 47,409 vehicles, this discount saved the American taxpayer an estimated $306 million. As a full service leasing option for Federal agencies, GSA drives down costs for Federal customers by providing end-to-end fleet management services at an all-inclusive rate. The leasing program has demonstrated savings year after year by leveraging the government's buying power and consolidating redundant fleet management functions duplicated in many different agencies. GSA's motor vehicle program provides customers with a comprehensive fleet solution that includes vehicle acquisition, maintenance and accident management of fleet service cars with a dedicated waste, fraud, and abuse detection team, and many other solutions, as outlined in my written testimony.

GSA fleet leasing supports over 15,000 unique customers, who collectively lease over 205,000 vehicles. To demonstrate our commitment to providing customers with the best possible value, GSA decreased its leasing rates for the past 2 fiscal years by 2 and 2.75 percent, respectively. In addition to the leveraged buying power and governmentwide administrative cost savings inherent in a centralized fleet management program, GSA prioritizes helping customers make smart decisions about the composition and size of their leased fleet. While GSA is proud of the progress it has helped customers make in optimizing their fleet size and composition, Federal agencies themselves are empowered to analyze their mission needs and, accordingly, make the final decision about how many vehicles they need to successfully fulfill the mission tasked to them by Congress.

Ultimately, authority for vehicle purchasing and operating decisions remain with each Federal agency. GSA partners with its customer agencies to help them stretch limited resources and maximize their mission impact. Each year, GSA replaces eligible vehicles within its leased fleet with new, safe, fuel-efficient vehicles. Over the past 6 fiscal years, vehicles added to the fleet had an average of 19 percent higher miles per gallon rating than the corresponding vehicles they replace. In addition, two of GSA's unique solutions available to all Federal customers include the Short Term Rental program for vehicle and equipment rentals and the Dispatch Reservation Module, which is an electronic car-sharing program for scheduling vehicles and providing utilization reports.

As a motor vehicle leasing provider, GSA assumes responsibility for providing solutions that save American taxpayer money. Our strategy for meeting these goals involve maintaining the vehicles in superior condition, thus decreasing the need for costly maintenance and repair and vehicle down time. GSA replaces vehicles on a schedule designed to maintain a safe, modern, dependable, and fuel-efficient fleet while taking advantage of manufacturer warranties to minimize maintenance costs. Used vehicles are actively remarketed to the general public to ensure the highest possible proceeds are captured upon the sale of each vehicle.

Through these and the other solutions outlined in my written testimony, GSA is able to reduce the need for administrative overhead across the government by centralizing operational and administrative fleet support functions. We also offer the opportunity to consolidate agency-owned vehicles and commercially leased vehicle requirements into the GSA fleet to reduce governmentwide cost and redundancies. I appreciate your support for GSA's concerted efforts to drive continuous improvements in the Federal fleet and your partnership in delivering best value to the American taxpayer.

Thank you for the opportunity to testify today, and I look forward to answering your questions.

[Prepared statement of Mr. Toth follows:]

STATEMENT OF
WILLIAM TOTH JR.
GENERAL SERVICES ADMINISTRATION
DIRECTOR, OFFICE OF FLEET MANAGEMENT
HOUSE OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON
TRANSPORTATION AND PUBLIC ASSETS
FEBRUARY 26, 2016

Good Afternoon Chairman Mica, Ranking Member Duckworth, and Members of the subcommittee. I appreciate the opportunity to come here today to discuss the United States General Services Administration's (GSA's) role in the Federal Fleet.

The mission of GSA's Office of Fleet Management is to deliver safe, reliable, and low cost vehicle solutions that allow Federal agencies to effectively and efficiently meet their missions. The Federal fleet is broken down into three categories of roughly equal size: one-third is owned by GSA and is leased to those entities designated as eligible, a second third is owned and maintained by the United States Postal Service, and the final third is owned and maintained by other Federal agencies. In accordance with the Federal Management Regulation, executive branch agencies are required to purchase non-tactical vehicles through GSA. Accordingly, those vehicles leased to Federal agencies by GSA and those non-tactical vehicles owned and maintained by executive branch agencies are procured from the same GSA contracts.

GSA's status as a mandatory source for vehicle purchasing guarantees that all Executive agencies leverage the Federal government's buying power and reduce government-wide administrative costs inherent in having a single strategically sourced point of purchase. In fact, in fiscal year (FY) 2015, GSA's negotiated discount on light-duty vehicles averaged 18.9% below dealer invoice. Given GSA's FY 2015 procurement of 47,409 vehicles, this discount saved the American taxpayer an estimated $306 million.

As a full service vehicle leasing option for Federal agencies, GSA drives down costs for Federal customers by providing end-to-end fleet management services at an all-inclusive rate. The leasing program follows GSA's motor vehicle purchasing program model that has demonstrated year-after-year cost saving results. This model drives down costs by leveraging buying power and consolidating redundant fleet management functions duplicated in many different agencies across government into one high-performing program. GSA's goal is to empower each Federal agency to focus finite financial and human capital on their missions instead of spending those scarce resources on fleet management functions. GSA's motor vehicle program provides customers with a comprehensive fleet solution that includes:

- Vehicle acquisition
- Maintenance management
- Accident management
- A fleet services card for fuel and maintenance with a dedicated waste, fraud, and abuse detection team

- A fleet management information system designed to capture detailed vehicle data for purposes of efficiency analysis and cost reduction
- Operational support and vehicle management
- Vehicle tag management
- Vehicle remarketing
- A comprehensive training program for drivers and fleet managers

GSA Fleet supports over 15,000 unique Federal agency customers collectively leasing over 205,000 vehicles. To demonstrate its commitment to providing Federal agencies with the best possible value, GSA decreased its leasing rates the past two fiscal years by 2% and 2.75%, respectively. Additionally, GSA implemented a temporary mid-year rate decrease in FY2015 with an effective annualized total rate decrease of 12%.These decreases were a result of the excellent sales proceeds generated on GSA Fleet vehicles by its dedicated remarketing program, favorable fuel prices and continued improvements in operational efficiencies.

In addition to the leveraged buying power and government-wide administrative cost savings inherent in a centralized fleet management program, GSA prioritizes helping customers make smart decisions about the composition and size of their leased fleet. Specifically, the program actively works with customers to encourage them to use the most economical vehicle to meet their mission needs, help them select an alternative fuel vehicle wherever feasible, and eliminate unnecessary vehicles from their fleets. While GSA is proud of the progress it has helped customers make in optimizing their fleet size and composition, Federal agencies themselves are empowered to analyze their mission needs and, accordingly, to make the final decision about how many vehicles they need to successfully fulfill the mission tasked to them by Congress. In particular, GSA is not an enforcement agency and cannot require customers to turn in vehicles deemed underutilized. Ultimately, authority for vehicle purchasing and operating decisions remain with each Federal agency.

GSA partners with its customer agencies to help them stretch limited resources and maximize their mission impact. Additionally, GSA assists agencies in meeting Executive Order 13693 in regard to meeting sustainability goals. Some tangible successes in meeting overarching goals include:

- Each year, in accordance with GSA's vehicle replacement standards, GSA Fleet replaces eligible vehicles in the GSA leased fleet with new, more fuel efficient vehicles. Over the past six fiscal years, vehicles added to the fleet had an average of 19 percent higher miles per gallon rating than the corresponding vehicles they replaced.
- GSA supported Federal customers in purchasing alternative fuel vehicles to further realize the fuel efficiency of the Federal fleet. Over 82 percent of the vehicles purchased through GSA in FY 2015 were classified as alternative fuel vehicles.
- GSA's Short Term Rental program is available to all Federal customers at no additional cost and allows customers to leverage GSA's best value rates to rent vehicles and construction equipment for short term requirements. The program eliminates the need

for agencies to purchase expensive vehicles and equipment that may be utilized for only seasonal or surge needs.

- The Dispatch and Reservation Module is an intra-agency car-sharing program offered by GSA that allows customers to combine GSA Fleet leased and agency-owned vehicles into motor pools, schedule vehicle reservations, and generate utilization reports all through an electronic system. This information technology car sharing solution allows agencies to track vehicle utilization and thereby identify potential reductions in fleet size to increase efficiency and productivity.

As a motor vehicle leasing provider, GSA also assumes responsibility for providing solutions that saves the American taxpayer money. GSA's strategy for meeting these goals involves:

- Maintaining vehicles in superior condition, which decreases the need for costly maintenance and repair and vehicle downtime.
- Replacing vehicles on schedules designed to maintain a safe, modern, dependable, and fuel efficient fleet while taking advantage of manufacturer warranties to minimize maintenance costs.
- Negotiating all maintenance and repairs over $100 to ensure competitive pricing.
- Actively remarketing used vehicles to the public to ensure the highest possible proceeds are captured upon the sale of each vehicle.
- Providing automated management information systems that allow customers to update, query, analyze, and report on all of their fleet vehicle data and to leverage that data to more effectively manage their fleet.
- Creating an environment for predictable budget planning and removing the need for large capital outlays for vehicle replacements.
- Assisting in compliance efforts for mandates that agencies are required to meet, especially those mandates related to personal safety and procurement of environmentally sustainable products.
- Reducing the need for administrative overhead across the government by centralizing operational and administrative fleet support functions.
- Where appropriate, consolidating customer agency-owned vehicles and commercially leased vehicle requirements into the GSA Fleet to reduce government-wide costs and redundancies.

GSA currently supports Amtrak for some of its vehicle needs. At the end of FY2015, a total of 1,869 vehicles were leased in the GSA Fleet program to Amtrak. Additionally, GSA's National Account Advisory Team representative met with the Amtrak Automotive Division staff in October 2015 to discuss transitioning approximately 100 commercially leased vehicles to GSA lease. Those conversations were very productive and today, GSA and Amtrak are finalizing the order of 107 new vehicles that will allow Amtrak to exit more costly commercial leases.

GSA's mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people. The GSA Office of Fleet Management is committed to this mission by delivering better value and savings, serving our partners, expanding opportunities for small businesses, making a more sustainable government, leading with innovation, and building a stronger GSA. In achieving these goals, GSA continually meets our promise in delivering the right vehicle at the right price with great customer service and the data required to effectively and efficiently manage a fleet. Our program strives to ensure that safe, reliable, cost-saving vehicle solutions are provided to assist Federal agencies in successfully meeting their missions.

I appreciate your support of GSA's concerted efforts to drive continuous improvements in the Federal fleet and your partnership in delivering best value to the American taxpayer.

Thank you for the opportunity to testify today and I look forward to answering your questions.

Mr. MICA. Thank you, sir.

And we'll now turn to Tom Howard, who is the inspector general of Amtrak.

Welcome, sir, and you're recognized.

STATEMENT OF TOM HOWARD

Mr. HOWARD. Good morning, Chairman Mica, Ranking Member Duckworth, and members of the subcommittee. Thank you for the opportunity to discuss our work on Amtrak's vehicle fleet.

Within the last year, three of our reports have addressed recurring issues with Amtrak's management and oversight of its fleet of vehicles. The issues include unexplained growth in the size of the fleet, potential underutilization of some vehicles, and unnecessarily costly leasing practices. We also found that ineffective oversight of fuel card use has led to fraud and abuse. The root cause of the specific issues with the fleet are weaknesses in Amtrak's management controls, an issue we have identified as the cause of operational and programmatic problems throughout the company. Amtrak management has been responsive to our observations and recommendations and is taking or plans corrective action.

In that regard, we believe that Amtrak has opportunities to improve controls and reduce expenses by enhancing the management and oversight of the vehicle fleet. I will briefly summarize some of our work on the areas where we think there are opportunities.

Since 2008, Amtrak's fleet grew by 28 percent, and it now maintains over 2,500 vehicles. While we are aware that Amtrak has added some vehicles in support of discretely funded projects, it is unclear why the fleet has grown as much as it has. In addition, the number of vehicles that employees can take home when off duty increased by 20 percent over the last 3 years. Those vehicles now account for 23 percent of Amtrak's fleet. As GAO noted, some Federal agencies have reduced the size of their fleets to save money, and we believe that this is an opportunity where Amtrak may be able to reduce expenses.

Even as the fleet is expanding, some vehicles appear to be underutilized. As you mentioned, Mr. Chairman, in one month last year, the company identified 153 vehicles that used less than 15 gallons of fuel, an indicator of potential underutilization. Evaluating the cause of the low fuel usage and redeploying or disposing of vehicles where possible, could reduce the need for additional vehicles and help decrease expenses for Amtrak.

Another opportunity for improvement is reducing Amtrak's overall leasing costs by taking better advantage of GSA leases. Amtrak currently obtains 73 percent of its vehicles from GSA; however, it also has some relatively high-cost commercial leased vehicles that may be available from GSA at lower cost. For example, on one project, we estimate that Amtrak could have saved as much as $212,000 a year by obtaining GSA vehicles instead of leasing 26 vehicles from commercial vendors.

Also, Amtrak doesn't require a lease purchase comparison before obtaining additional vehicles. As a result, it has entered into commercial leases that have cost more money than it would have if they had bought the vehicles outright. For example, the company could have saved more than $127,000 by purchasing eight utility trucks rather than leasing them from commercial vendors.

The third area for improvement is fuel card oversight. Our investigations have identified employees who were making fraudulent purchases with Amtrak- and GSA-issued fuel cards. In most cases, those employees have been prosecuted and convicted of criminal charges. We found that the employees were able to use the cards for personal expenses because of systemic weaknesses in internal controls. For example, supervisors were not tracking who was using the cards. They were not monitoring fuel and vehicle usage logs, and they were not retrieving cards when employees left the company. Our reports have addressed the issues I just summarized, and Amtrak management has included corrective actions in its plan for improving the management and oversight of the vehicle fleet. We are encouraged by management's responsiveness to our observations and recommendations as well as the development of its plan. We note, however, that Amtrak's work on the plan is in the very early stages and that effective implementation will require sustained management attention and a long-term commitment to changing the status quo.

This concludes my remarks, and I'm happy to answer any questions you might have.

[Prepared statement of Mr. Howard follows:]

AMTRAK OFFICE *of* INSPECTOR GENERAL
NATIONAL RAILROAD PASSENGER CORPORATION

Before the Subcommittee on Transportation and Public Assets,
Committee on Oversight & Government Reform
House of Representatives

Vehicle Fleet Management: Opportunities to Improve Utilization, Leasing Practices, and Fuel Card Oversight

Statement of Thomas Howard
Inspector General
National Railroad Passenger Corporation

February 26, 2016
9:00 a.m. EST

Not releasable until delivery, expected at 9:00 a.m. EST **Friday, February 26, 2016**

Report No. OIG-T-2016-006

Chairman Mica, Ranking Member Duckworth, and Members of the Subcommittee:

I am pleased to be here today to discuss our recent work on issues relating to Amtrak's vehicle fleet management.

In the past year, we issued three reports identifying recurring problems with the management and oversight of the vehicle fleet.[1] Although the focus of these reports was vehicle fleet management, the root cause of the specific issues we identified were weaknesses in Amtrak's management controls, issues we have repeatedly identified as the cause of operational and programmatic deficiencies throughout the company. The management control weaknesses affecting the vehicle management program are similar to those we have noted elsewhere in the company—ineffective internal control processes, inadequate policies and procedures, and fragmented oversight responsibilities.

My testimony today focuses on three areas where we believe that Amtrak has opportunities to improve its vehicle fleet management: fleet growth and utilization, costly leasing practices, and fuel card oversight.

- **Fleet growth and utilization.** The size of the vehicle fleet is increasing: from 2008 through June 2015, the company added 549 vehicles to its fleet, which now totals more than 2,500 vehicles. At the same time the fleet is expanding, we note that some vehicles appear underutilized. In May 2015, we identified 153 vehicles that consumed less than 15 gallons of fuel for the month, a strong indicator of underutilization. Redeploying underutilized vehicles to meet other departmental needs could help reduce the need to procure new vehicles.

- **Costly leasing practices.** We see opportunities for Amtrak to reduce costs by taking better advantage of the General Services Administration's (GSA) federal

[1] Amtrak OIG, *Asset Management: Observations on New Jersey High-Speed Rail Improvement Program (NJ HSRIP) Vehicle Management,* OIG-MAR-2016-005, February 19, 2016; Amtrak OIG, *Asset Management: Observations on Vehicle Fleet Management,* OIG-MAR-2016-001, October 16, 2015;; and Amtrak OIG, *Management Information Report: Violations of Amtrak Corporate Policies and Federal and State Criminal Laws by Amtrak Employees and Others,* OIG-I-2015-507 (Confidential), February 19, 2015. A public version of this report was also made available dated July 29, 2015.

fleet program—especially if it is able to use GSA vehicles to replace higher-priced, commercially leased vehicles. For example, GSA charges about $320 per month for the same make and model of eight trucks that Amtrak is leasing from a commercial vendor for the New Jersey High-Speed Rail Improvement Program (NJ HSRIP) at a cost of $1,200 per month.

More rigorous lease-purchase analyses at the start of projects could help Amtrak avoid entering into costly long-term vehicle lease agreements. On the NJ HSRIP, we noted that the company could have saved more than $127,000 by purchasing, rather than leasing, 8 utility trucks for 44 months.

- **Strengthening fuel card oversight.** We identified systemic weaknesses in the internal controls for fuel procurement cards that resulted in more than $95,000 in fraudulent fuel card transactions. The control weaknesses included departments not using sign in/sign out sheets for fuel cards, drivers not keeping vehicle use logs, and supervisors failing to retrieve fuel cards and vehicle keys from departing employees. We noted 23 instances in Spring 2015 of employees purchasing fuel that significantly exceeded the capacity of their vehicles' fuel tanks—red flags for fraud, waste, and abuse.

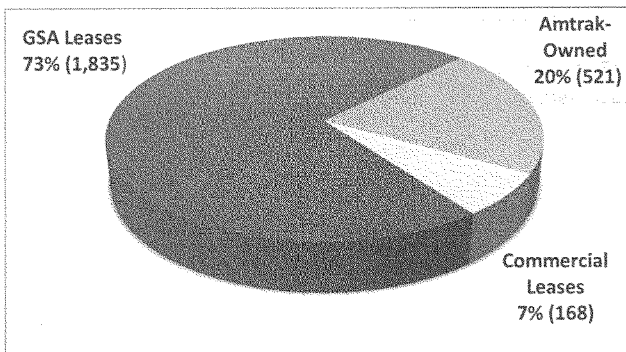
Amtrak has developed, and is in the process of implementing, a company-wide vehicle fleet action plan to improve the management of its fleet and address many of the issues we raised in our recent reports. At a high level, the plan includes a number of activities: establishing a Vehicle Fleet Governance Council, consolidating vehicle management responsibilities currently dispersed across several Amtrak divisions and operating units, improving budgeting and vehicle utilization practices, and updating policies and procedures. We are encouraged by the development of the plan and Amtrak's efforts to date; however, work on the activities in the plan is in the very early stages. Effective implementation will require management's sustained long-term attention and commitment to changing the status quo.

BACKGROUND

Amtrak manages a fleet of 2,524 vehicles to support operations such as construction, maintenance of way, security and policing, commissary operations, and general transportation. The vehicles range from standard sedans, sport utility vehicles, and pickup trucks to railroad-specific vehicles, such as vehicles fitted with "Hy-Rail" equipment that can operate over the road and on railroad tracks.

Amtrak owns about 20 percent of the vehicle fleet and leases about 80 percent. Approximately 73 percent of its vehicles are leased from GSA, and 7 percent are commercially leased from car rental agencies and specialty rail equipment providers. The sources of the fleet vehicles are shown in Figure 1.

Figure 1. Sources of Vehicle Fleet, July 2015 (number of vehicles)



Source: Amtrak OIG analysis of Amtrak's Maximo database, July 2015

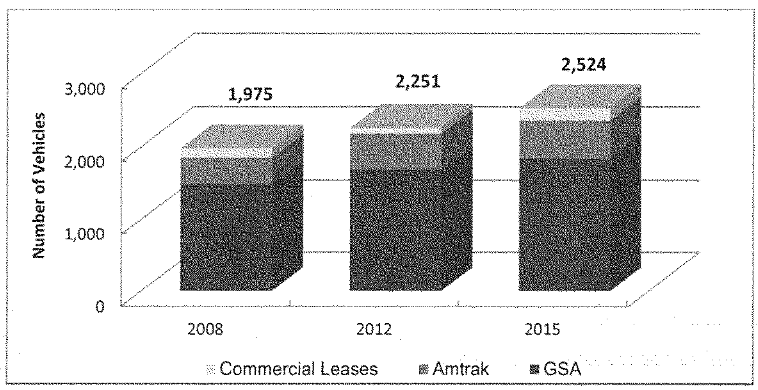
Responsibility for managing the vehicle fleet is shared across business units. The departments, such as Engineering and the Police department, determine their vehicle needs, manage day-to-day vehicle use, approve take-home vehicle requests, and oversee compliance. The Automotive division in Amtrak's procurement office works with the departments to fulfill vehicle needs by identifying available vehicles in the existing fleet, purchasing new vehicles, or leasing from GSA or commercial vendors. The Automotive division also monitors and reports on company-wide fleet issues, such as maintenance costs, fuel card charges, past-due vehicle inspections, commercial drivers licensing, and accidents.

OPPORTUNITIES EXIST TO REDUCE COSTS BY MANAGING FLEET SIZE AND VEHICLE UTILIZATION

Our recent work identified a growing vehicle fleet and low vehicle utilization resulting in costs that are higher than necessary. In addition, a lack of criteria to evaluate the need for take-home vehicles leaves Amtrak vulnerable to fraud, waste, and abuse. The Finance department first raised many of these issues in a 2013 internal controls review. We found little evidence of Amtrak's attempts to address the report's findings and note that these same issues persist today. The company now has an opportunity to address these issues as part of its ongoing efforts to improve company-wide vehicle management.

Size of Amtrak's vehicle fleet is increasing. From April 2008 through June 2015, the company added 549 vehicles to its fleet, an increase of 28 percent, as shown in Figure 2.

Figure 2. Changes in Amtrak's Vehicle Fleet Size, April 2008-June 2015



Source: Amtrak OIG analysis of July 2015 Maximo data; and 2013 Business Processes and Management Controls group report

Amtrak has added vehicles in support of discrete capital projects such as the NJ HSRIP, but it is unclear what factors are driving this expansion and whether the overall fleet growth is fully justified by operational needs. Even as Amtrak's fleet is increasing, the Government Accountability Office reports that other federal agencies have reduced their fleets to save money—such as the United States Air Force and the Department of the Interior.[2] Amtrak reports that its fleet operating costs total almost $23 million per year, which includes vehicle leases, maintenance, fuel, accidents, insurance, supplies, registrations, and licensing. Amtrak's overall fleet costs declined slightly in 2015, driven in large part by a reduction in GSA lease rates and lower fuel costs, according to the Automotive division director. For FY 2016, Amtrak projects fleet costs to average about $9,300 per vehicle.

Better utilization of existing vehicles could help reduce the need for new vehicles. Even as Amtrak's fleet has been growing, we noted that some vehicles are not being fully utilized. For example, in May 2015, the company purchased less than 15 gallons of fuel for each of 153 vehicles—about 22 percent of the 689 vehicles Amtrak owns and commercially leases. We would expect some vehicles to have limited usage—for example, the Police command bus—but the list of vehicles with low fuel usage also included 21 sport utility vehicles and 7 utility trucks. Procurement officials told us that more centralized control of the vehicle fleet would allow the company to redeploy underutilized vehicles to fill needs in other locations or departments.

Our recent review of vehicles assigned to the NJ HSRIP offered an example of how the company could reduce costs through better utilization of vehicles. Last spring, NJ HSRIP project managers identified a need for a specialty vehicle to support overhead electrical work and identified what they believed was an idle crane truck assigned to the Engineering department. They were told that the truck was not available; however, we verified through fuel purchase records that the vehicle in question had been fueled just twice in two years—an indication that the truck was being used only nominally. In January 2016, an Engineering department manager told us that the company has future plans to use the vehicle. Consequently, the NJ HSRIP leased a comparable vehicle at a cost of $9,500 per month through May 2017, for a total projected cost of $171,000. If the Amtrak vehicle had been made available to the project during its period of no/low utilization, the length of this lease could have potentially been shortened, or the lease may have been altogether unnecessary.

[2] Government Accountability Office, *Federally Leased Vehicles: Agencies Should Strengthen Assessment Processes to Reduce Underutilized Vehicles*, GAO-16-136, January 2016; and Government Accountability Office, *Federal Fleets: Overall Increase in Number of Vehicles Masks that Some Agencies Decreased Their Fleets*, GAO-12-780, August 2012.

Criteria for justifying take-home vehicles are not defined. Since 2012, the number of vehicles that employees take home when off duty has increased by about 20 percent, from 476 to 572 vehicles—about 23 percent of the total fleet. In contrast, other public entities have curbed the use of take-home vehicles. For example, from 2011 to 2015, the California state government eliminated 3,218 of its 7,545 take-home vehicle permits, a reduction of about 43 percent.

Given Amtrak's expansive operations, there would be instances when it is in the company's interest to allow some employees to take their vehicles home—for example, those who have emergency response duties. Ascertaining the rationale for take-home vehicles is difficult because Amtrak's criteria are not defined. For example, company policy requires employees to justify their need for a take-home vehicle every year, but there are no criteria for managers to evaluate these justifications—such as operational requirements, cost savings, or efficiency. Without clear and supportable rationale for allowing take-home vehicles, Amtrak becomes vulnerable to fraud, waste, and abuse.

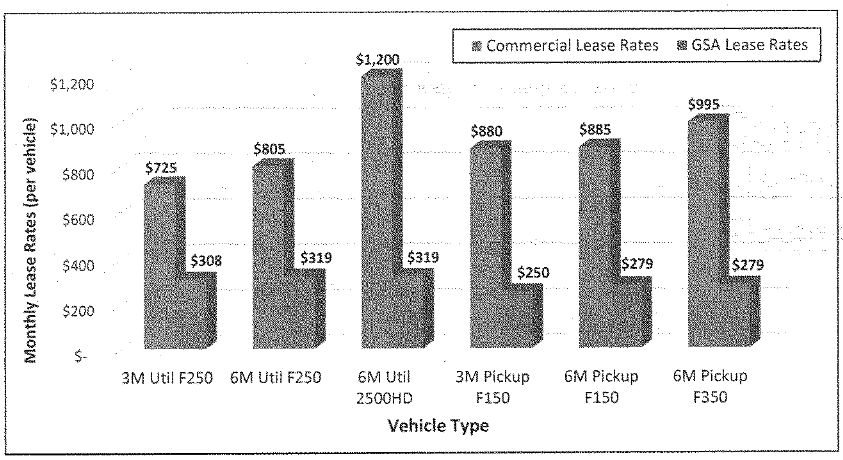
OPPORTUNITIES TO IMPROVE COSTLY LEASING PRACTICES

Amtrak has missed opportunities to save money by procuring common vehicles from GSA. Amtrak has also entered into costly commercial leases on vehicles that would have been more economical to purchase outright.

Taking full advantage of GSA's fleet program could result in significant savings. Although most of the fleet consists of GSA vehicles, Amtrak leases 168 vehicles from commercial vendors. Amtrak's 2013 internal controls review found that the company could have saved about $437,000 in net 2012 costs if it had leased vehicles from GSA instead of from commercial vendors.

More recently, our analysis of vehicle costs on the NJ HSRIP found that Amtrak could have saved as much as $212,000 per year by leasing common vehicles such as pickup trucks and utility trucks from GSA. The company is commercially leasing 38 of the 54 total vehicles assigned to the NJ HSRIP. Of these, 26 appear to be identical to vehicles offered through GSA's federal fleet program at significantly lower costs. For example, Amtrak is leasing 8 utility trucks from a commercial vendor at a per-vehicle monthly cost of $1,200. GSA has identical vehicles in its inventory at a monthly cost of $319, and in fact, Amtrak is leasing 530 of these same trucks from GSA for use elsewhere in the company. Figure 3 shows the significant differences in monthly lease costs between GSA and commercial vendors for common vehicles assigned to the NJ HSRIP.

Figure 3. Difference between Commercial and GSA Monthly Lease Rates for Common Vehicles Assigned to NJ HSRIP



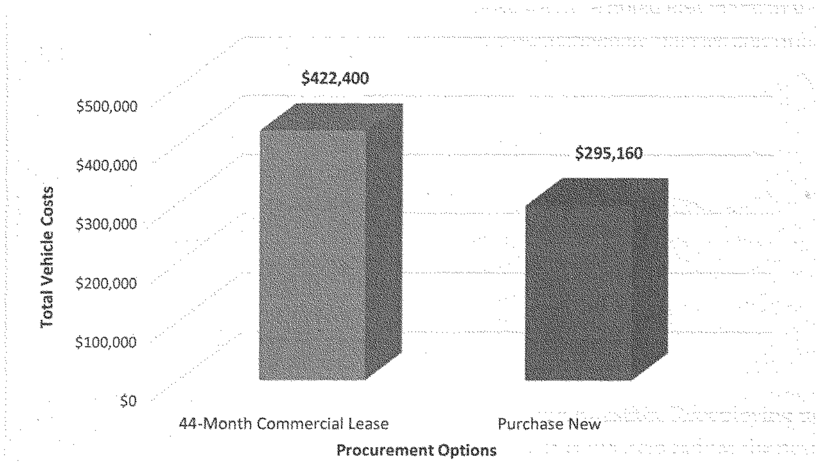
Source: OIG Analysis of December 2015 Maximo data and GSA's Fiscal Year 2015 vehicle lease rates

Although GSA offers more economical terms on many vehicles in Amtrak's fleet, GSA may not always be the best option to meet Amtrak's needs, according to company officials. Automotive division managers told us that GSA cannot always provide a requested type or quantity of vehicle, or it may not be able to do so within the requested timeframe.

Purchasing vehicles instead of leasing could have resulted in more than $127,000 in cost savings. Amtrak has no policy requiring that a cost-benefit analysis be performed as part of the process to decide whether to lease or purchase a new vehicle. Procurement officials told us that even when it is clearly more cost-effective to purchase a vehicle, tight departmental capital budgets often result in the decision to lease vehicles.

In our review of vehicles leased for the NJ HSRIP program,[3] we noted that Amtrak could have saved more than $127,000 by purchasing, rather than leasing, some vehicles. The NJ HSRIP leased eight Chevrolet 2500HD utility trucks beginning in November 2013 and later extended these leases through July 2017, for a total of 44 months. At $1,200 per month, the total cost over the life of each lease will be $52,800, or $422,400 for the eight vehicles. By comparison, purchasing the same vehicles new in November 2013 would have cost just under $37,000 each— $295,160 for all eight vehicles. Purchasing all eight vehicles would have saved the company an estimated $127,240. For the estimated projected costs associated with purchasing or leasing these vehicles, see Figure 4.

Figure 4. Comparison of Total Projected Costs for Eight Chevrolet 2500HD Utility Trucks, by Procurement Option



Source: OIG analysis of the company's December 2015 Maximo data and purchase data provided by the Automotive division

We have reported previously on the NJ HSRIP's growing cost overruns and reduced project scope; both outcomes will ultimately affect Amtrak's long-term financial position. The following three actions would free up project funds that could be put to

[3] The NJ HSRIP is not funded through the company's annual general capital grant. In 2011, Amtrak received a grant through special legislation for the purpose of improving a 23-mile section of track in support of higher maximum train speeds.

better use: (1) better utilizing existing vehicles, (2) procuring vehicles from GSA instead of commercial vendors, and (3) purchasing vehicles when it is more cost-effective than long-term leases.

OPPORTUNITIES EXIST TO STRENGTHEN FUEL CARD OVERSIGHT

In February 2015, we summarized the results of nine investigations into Amtrak's fuel card abuses, which found systemic weaknesses in the internal controls for their use. In total, we identified more than $95,000 in fraudulent fuel card transactions, which resulted in employee terminations, financial restitution, and criminal charges. The specific control weaknesses included departments not using sign in/sign out sheets for fuel cards, drivers not keeping vehicle use logs, and supervisors failing to retrieve fuel cards and vehicle keys from departing employees.

Employees were able to exploit these weak controls for personal gain. For example, we found that one Engineering department employee purchased nearly $10,000 in fuel between 2008 and 2012 while on medical leave following an accident and injury. Another employee used fuel cards to sell fuel to other people. In two of our investigations, additional misuses occurred because management did not take action to improve controls after being informed of misuse. In several cases, control weaknesses prevented successful prosecution because although it was evident that abuse had taken place, Amtrak's controls were so weak that investigators could not determine who had access to the vehicle cards when the fraud occurred.

In April and May 2015, we noted 23 instances in which Engineering employees purchased fuel amounts that significantly exceeded the capacity of their vehicle's fuel tank. In 5 of these instances, the fuel purchased exceeded the tank's capacity by more than 20 gallons. The Automotive division identifies these red flags and reports them to the responsible departments; however, the Automotive division does not have the authority to question employees or take action if policies have been violated. Departmental managers have responsibility for ensuring compliance.

As discussed in our recent reports as well as Amtrak's own internal review, the company's policies covering personal use of vehicles, vehicle and fuel card security, and vehicle requests are outdated and do not provide adequate controls. Amtrak's proposed action plan includes revising and updating policies. We agree that this is a positive step because well-defined policies and procedures are a fundamental cornerstone to building a strong internal controls framework.

CONCLUSIONS

Amtrak lacks effective management controls over certain areas of its vehicle fleet program, placing the company at an increased risk of fraud, waste, and abuse.

Amtrak can help improve its bottom line and ensure that resources are being used in an efficient and effective manner by verifying that the size, type, and deployment of the fleet are in the best business interests of the company; sourcing vehicles from the lowest-cost vendor; and improving management controls to reduce the risk of fraud, waste, and abuse.

For the short term, we have identified potential opportunities for Amtrak to reduce costs by changing the fleet mix on the NJ HSRIP. Because the project funds will not expire until June 2017, Amtrak may have some additional opportunities to change out some high-cost, commercially leased vehicles with GSA vehicles.

In the longer term, Amtrak has developed and begun to implement an action plan to address these issues, and we are encouraged by the company's efforts to date. However, work on the activities in the plan is in the very early stages, and effective implementation will require management's sustained attention and long-term commitment to changing the status quo.

Mr. Chairman, Ranking Member Duckworth, and other members of the subcommittee, this concludes my testimony, and I welcome your questions.

Tom Howard

Tom Howard was appointed as Amtrak's Inspector General on February 4, 2014 after serving as Deputy Inspector General since April 26, 2010. Mr. Howard has more than 40 years of experience in the federal accountability community, including 8 years as Deputy Inspector General at the National Aeronautics and Space Administration (NASA), where he assisted the Inspector General (IG) in leading the office's diverse audit and investigative programs. While at NASA, he also served as the Acting Inspector General for 7 months.

From 1998 to 2002, Mr. Howard served as Deputy Assistant Inspector General for Maritime and Surface Safety Issues at the Department of Transportation. As a senior executive, he provided leadership for the office's audit oversight of all Coast Guard and Maritime Administration activities, motor carrier and vehicle safety programs, and multibillion-dollar highway and transit infrastructure projects.

Prior to joining the IG community, Mr. Howard had a 24-year career with the Government Accountability Office (GAO); his last position was Assistant Director for National Security and International Affairs Audits. Throughout his career, he was involved in the oversight of numerous federal programs and a variety of issues, including program management, procurement, information technology, and international affairs.

Mr. MICA. Well, thank you.

And we'll hear from everyone after we've heard from Mr. Boardman.

Welcome, president, CEO of Amtrak, Mr. Boardman. Thank you.

STATEMENT OF JOSEPH H. BOARDMAN

Mr. BOARDMAN. Good morning, Mr. Chairman, and Ranking Member, and the rest of the committee. At any given moment, an Amtrak train is on the move somewhere in the United States. Lots of things can happen, and we maintain a vehicle fleet for our transportation organization so that our managers can respond quickly to incidents out on the road. We also run a police department of more than 400 people with national responsibilities, and our engineering department that undertakes construction and maintenance work not only on 400 miles of the Northeast Corridor but on more than 200 miles of railroad in Michigan. Our footprint can be quite substantial. For example, in northern Florida, we have several station facilities and the Auto Train facility in Sanford where we do maintenance work on contract for SunRail.

Amtrak does have 2,568 vehicles: 1,800 of them come from GSA; Amtrak owns 531; and we lease commercially 237. GSA is always our first choice. The annual cost to operate this fleet is roughly $25 million. In the fall of last year, at the request of management, me to Tom Howard, OIG reviewed our vehicle fleet management program and noted some issues with the internal control and monitoring processes for our vehicle fleet. These were ultimately memorialized in the IG report published in October, which identified a set of weaknesses in the way in which our vehicle fleet is managed as well as specific control weaknesses and vulnerabilities to fraud, waste, and abuse.

There was some underutilization of portions of the fleet. Not all required inspections were being completed, and leasing decisions needed improvement. Alternate garaging and fuel overfills were also identified as areas of concern.

I'd like to stress a couple of important points. We have worked closely with the IG as they developed their findings, and this partnership has helped us to work collaboratively to develop the very specific response plan, which has been reviewed in detail with your staff and which I will outline for the committee.

In a more global sense, this partnership is a key component of a much larger framework of control, audit, and risk-management functions that we work to implement at Amtrak over the past 4 years. This system of enterprise risk management has been a particular priority of mine, and it stems, in part, from a recommendation of our inspector general that Amtrak should have and develop an enterprise risk-management function.

Our management-control framework provides the company with a formal process for ensuring that we identify risks to both the business and the enterprise within the context of our strategic objectives and our business process objectives. The foundation of our framework is a system of risk assessments undertaken by the controls organization that we have created to implement the management-control framework. The framework itself provides a consistent methodology for identifying control-improvement opportunities, documenting them, and managing the organizational response to ensure that we have a consistent and effective response and implementation across the organization.

We've also sought to incorporate external review and audit processes into the framework, because I believe they bring a different perspective, and this helps us to identify and address potential risks.

The IG report's recommendations are captured and tracked through this same process. Our plan to address the management challenges with our vehicle fleet should be understood within the context of the management-control framework. It's not just that we've created a plan to address and identify an issue; there is now a mechanism for facilitating plan development, monitoring progress, and ensuring that the identified risks are addressed and properly carried out.

We've benchmarked BNSF railroad centralized vehicle fleet program and see many opportunities to improve our program. We've created an action plan to improve compliance oversight for drivers and vehicles, and we're in the process of updating our policies and procedures. We've implemented a pilot program, which supports our transportation department, and we're now in the process of implementing improved management programs for our police and engineering departments. We anticipate completion of a rollout for all three programs, all departments, by June. We're creating a governance council to oversee the vehicle management program and determine whether Amtrak should ultimately continue to administer the program or outsource some or all of the program to a third party through a competitive process.

I think it's important to emphasize that this plan is not something that we pursue in isolation. There's a system of controls in place and an organization that's empowered to monitor and oversee the implementation of new processes. We also have a system of independent checks, including external audits and our inspector general, to provide effective oversight. Creation of a system of this type is, I think, the most important single action we could take to address weaknesses of the type addressed in the IG report. And I'm confident we will be able to use it to ensure that issues are properly addressed.

Thank you very much.

[Prepared statement of Mr. Boardman follows:]

TESTIMONY OF

JOE BOARDMAN

PRESIDENT AND CEO

AMTRAK

60 MASSACHUSETTS AVENUE, NE

WASHINGTON, DC 20002

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND PUBLIC ASSETS

HEARING ON

“FEDERAL MANAGEMENT: OVERSIGHT OF LEASED VEHICLES”

FRIDAY, FEBRUARY 26, 2016

2:00 P.M.

2154 RAYBURN OFFICE BUILDING

Mr. Chairman, Ranking Member, good morning.

As you probably know, Amtrak is America's Railroad – a 21,100 mile system that operates more than 300 daily trains and maintains the nation's only high speed rail infrastructure. At any given moment, an Amtrak train is on the move somewhere in the United States, but on a network this big, lots of things can happen, and we maintain a vehicle fleet in our Transportation organization so that our managers can respond quickly to incidents "out on the road." We also run a police department of more than 400 folks, with national responsibilities, and in our Engineering Department we have an organization that undertakes construction and maintenance work not only on 400 miles of the Northeast Corridor, but on more than 200 miles of railroad in Michigan, and at several major terminals across the country, and in many spots, we also perform work for other rail providers. These 'footprints" can be quite substantial; for example, in Northern Florida, we have several station facilities and the *Auto Train* facility at Sanford, where we do maintenance work on contract for Sunrail. Amtrak's vehicle fleet includes 2,568 vehicles, 531 of them Amtrak-owned. The majority of our vehicles – more than 1,800 of them – are supplied by GSA leases, while about 7% of the fleet is commercially leased, although GSA is always our first choice. The annual cost to operate this fleet is roughly $25 million.

In the fall of last year, at the request of management, OIG reviewed our vehicle fleet management program and noted some issues with the internal control and monitoring processes for our vehicle fleet. These were ultimately memorialized in the OIG report published in October, which identified a set of weaknesses in the way in which our vehicle fleet is managed, as well as specific control weaknesses and vulnerabilities to fraud, waste and abuse. There was some underutilization of portions of the fleet, not all required inspections were being completed, and leasing decisions needed improvement. Alternate garaging and fuel overfills were also identified as areas of concern.

In discussing our response to these findings, I would like to start by stressing a couple of important points. We have worked closely with OIG as they developed their findings, and this partnership has helped us to work collaboratively to develop the very specific response plan which has been reviewed in detail with your staff, and which I will outline for the Committee. In a more global sense, this partnership is a key component of a much larger framework of control, audit, and risk management functions that we have worked to implement at Amtrak over the past four years. This system of enterprise risk management has been a particular priority of mine, and it stems in part from a recommendation of our inspector general that Amtrak should develop an enterprise risk management function.

Our "Management Control Framework" provides the company with a formal process for ensuring that we identify risks to both the business and the enterprise within the context of our strategic objectives and our business process objectives. A systematic and disciplined approach to risk management and control is a leading practice of many of the most highly regarded and successful American corporations, and we have tried to leverage the best practices that private industry has developed for enterprise risk management to build our framework. The foundation of our framework is a system of risk assessments, undertaken by the Controls organization that we have created to implement the Management Control Framework.

The Framework itself provides a consistent methodology for identifying control improvement opportunities, documenting them, and managing the organizational response to ensure that we have a consistent and effective response and implementation across our organization. We have also sought to incorporate external review and audit processes into the framework, because I believe they bring a different perspective, and this helps us to identify and address potential risks. OIG reports and recommendations are captured and tracked through this process. Our plan to address the management challenges with our vehicle fleet should be understood within the context of the Management Control Framework. It's not just that we have created a plan to address an identified issue – there is now a mechanism for facilitating plan development, monitoring progress, and ensuring that the identified risks are addressed and properly closed out.

We are moving toward a centralized program management structure to better accommodate the Management Control Framework process. Our centralized program will transfer most of the responsibility for compliance and enforcement to the line managers, where it rightfully belongs. We've benchmarked BNSF's centralized vehicle fleet program and see many opportunities to improve our program. In the near term, we are in the process of assessing the risks and opportunities for a pilot program to centralize management and establish appropriate controls. We have created an action plan to improve compliance oversight for drivers and vehicles, and we are in the process of updating our policies and procedures. We have moved through the first phase of the pilot program, the implementation of improvements to the vehicle fleet which supports our transportation department, and we are now in the process of implementing improved management programs for our Police and Engineering Departments. We anticipate completion of rollout to all three departments by June of this year, and are in the process of creating a Governance Council to oversee the vehicle management program, and determine whether Amtrak should ultimately continue to administer the program or to outsource some or all of the program to a third party through a competitive process.

Amtrak is a large organization with a budget of more than $4 billion. While we have taken strong strides to reduce the operating needs of our system. We are dedicated to doing whatever is necessary to ensure that our company is run efficiently. I think it's important to emphasize that this plan is not something that we will pursue in isolation. There is a system of controls in place, and an organization that is empowered to monitor and oversee the implementation of new processes. We also have a system of independent checks, including external audits and our inspector general, to provide effective oversight. Creation of a system of this type is, I think, the most important single action we could take to address weaknesses of the type addressed in the OIG report, and I am confident we will be able to use it to ensure that issues there are properly addressed, and that the overall efficiency of our company is sustained and continually improved.

Mr. MICA. Thank you, Mr. Boardman.

And thank all of our witnesses.

And now we'll turn to some questions.

First of all, I want to turn to GAO. Ms. Rectanus, your little study—you didn't study all of the agencies. As you said, we have a very diverse and scattered agency fleet operations and management, but you looked at five agencies, was it?

Ms. RECTANUS. Yes, sir. We looked—excuse me. We looked at four departments, and then, within Interior, we looked at National Park Service and——

Mr. MICA. I said four or five——

Ms. RECTANUS. So five, yes.

Mr. MICA. Okay. And you found that we could save approximately how much to—describe that again?

Ms. RECTANUS. Again, what we found in looking at the various steps along the way of what agencies should be doing to ensure they fully utilized their vehicles and justify, we found almost—about 2,500 vehicles that cost them about $9 million. How we calculated that is that's what they paid to GSA in fiscal year 2004 to maintain those vehicles.

Mr. MICA. Didn't the President put out an order some years ago saying that all of the agencies had to set forth a plan for management of their fleets?

Ms. RECTANUS. There's been a number of those mandates that have come out. Yes, in 2011, there was a Presidential memo that talked about optimizing the fleets and eliminating unnecessary vehicles.

Mr. MICA. I think the deadline was last year.

Ms. RECTANUS. December 2015, correct.

Mr. MICA. And I think you're also doing another report for us, a review for us?

Ms. RECTANUS. Yes. You have given us a request to look at a number of issues with owned vehicles, not just vehicles but construction vehicles, aircraft. You're keeping us busy.

Mr. MICA. Well, we extrapolated some of the savings, and I estimate, you know, you just take from your four samplings, it's somewhere between 80 and 100 million dollars is lost a year. It's fairly significant fleetwide.

We've got some instances of purchases that got us down. We've got about a third of the fleet, I guess, is the post office, 600,000 vehicles, whatever we have. And the GAO reported the Postal Service had purchased about 43 alternative fuel vehicles and indicated the post office might not be able to operate vehicles using alternatives as fuel, because the fuel, one, wouldn't be available, or it would be more costly. That was your finding there?

Ms. RECTANUS. Yes. That work was from several years ago, where we looked at some of the challenges the Postal Service was having with its outdated fleet. It doesn't have the money to replace the fleet, but, yes, we found——

Mr. MICA. When they bought replacements that had alternative fuel, some of the vehicles wouldn't have access to the fuel, or they turned out to be a much more costly exercise.

Ms. RECTANUS. Correct. They either had vehicles that were not within proximity of fuel availability, or just because they didn't want their carriers to have to go way out of the way to get alternative fuel in, they sought a waiver from DOE——

Mr. MICA. The IG of Amtrak produced a very good report. And could we put up that chart 6? It shows a comparison of GSA and commercial leased costs for common vehicles in Amtrak's fleet, and it showed that the type of vehicle, if you look at the red there, that's what they paid. So—and GSA cost, they could acquire the same type of vehicle, in most instances, for less than half and sometimes they paid—Amtrak paid 10 times as much. If you look at the fuel and waste truck comparison, the dump truck, SUVs, three times as much. Is this what you found, Mr. Howard?

Mr. HOWARD. Yes, that's correct.

Mr. MICA. And you said just on one sale, it was like a quarter of a million, some $200,000——

Mr. HOWARD. —212,000, yes, on commercial leases.

Mr. MICA. I'm sorry. That was a lease, and then we looked at purchase. Where is the chart here on the purchase? Here's eight vehicles, just eight vehicles—and this is also yours—that they purchased. They could have purchased new for 295,000. They did a 44-month commercial lease and paid 422,000? Is that correct?

Mr. HOWARD. That's correct.

Mr. MICA. So a substantial saving both in leasing at lower costs and then lease versus purchase, which brings us back to, we haven't had the cost-benefit analysis of looking at whether it's better to lease than purchase. That seems to be ignored kind of agencywide. You found that at Amtrak, Mr. Howard?

Mr. HOWARD. Yes, we did, sir.

Mr. MICA. And you found that, Ms. Rectanus, governmentwide?

Ms. RECTANUS. We have not actually looked individually by vehicle that lease versus purchase.

Mr. MICA. Well, maybe in your upcoming report we can——

Ms. RECTANUS. Yes, sir.

Mr. MICA. —we can get more information on that.

Then we had another issue, it's kind of interesting. I worked some on the railroad when I was going to college in the summer, and I know sometimes they have to buy more fuel than they put in the tank of the vehicle. But there were a number of instances, pretty extensive number of instances, in which the purchase of fuel exceeded the capacity of the vehicle tank.

Did you find that, Mr. Howard?

Mr. HOWARD. Yes. Yes, sir. We had several investigations of those issues. They were referred to our office by GSA's fraud unit. They monitor the fuel usage of vehicles on the GSA—that are leased with the GSA.

Mr. MICA. And speaking of fraud, I mentioned the fuel credit card, and I just got, a day or two ago, a notice from you of a case, one case, I guess this employee was ripping off the credit card, and he, I guess, has been fired. But you had mentioned that you have gone after these folks. This is just one instance in the last 2 days. How many people have we had to go after on this, or have we successfully prosecuted?

Mr. HOWARD. We have done nine cases that we've completed. We will still have a couple of cases that are under investigation.

Mr. MICA. Well, that's a, again, unfortunate but, again, something we have to pay attention to.

I know Amtrak has a lot of issues, and I've worked over the years with Mr. Boardman on food service, for one, and we reviewed accidents. They have a pretty tough safety record of accidents with their trains, but this was quite interesting, this operational data. And I believe this is from your report too, Mr. Howard. These are accidents with vehicles, and it showed accidents percentage of times the government—or a government employee was at fault versus the employees in all the agencies. And in accidents in which an Amtrak employee was involved, they were at fault 97 percent, 96.8 percent, versus, in other accidents across the government, 65 percent.

Is that pretty accurate—is this accurate? This is your production, sir?

Mr. HOWARD. No, sir, that's not mine. That's the——

Mr. MICA. I'm sorry, this is the GSA.

Mr. HOWARD. Oh.

Mr. MICA. Mr. GSA, Mr. Toth, this was a document we got from you, then?

Mr. TOTH. I don't believe we submitted that document. We do provide that information to all of our leasing customers, so Amtrak would have that.

Mr. MICA. But, again, this is information that we have from one of the investigative agencies showing, in fact, 97—that's Amtrak's leased fleet I'm told. But, again, 97 percent of the time, we have an Amtrak employee—sounds like we need to do a little bit better job of driver training at Amtrak.

Just a couple of quick questions for Mr. Boardman, and then I'll yield to the ranking member.

Where are we on the use of charge card for food service with Amtrak?

Mr. BOARDMAN. Charge card for food service?

Mr. MICA. Yes.

Mr. BOARDMAN. I'll have to get back to you on that. I do not——

Mr. MICA. Are we at 100 percent?

Mr. BOARDMAN. I do not know, sir. I will get you——

Mr. MICA. We are going to leave the record open——

Mr. BOARDMAN. —a written response to that.

Mr. MICA. I said even people who do lawn maintenance now, you can charge on—and we've not had that on Amtrak either for purchase of tickets onboard or for food, and we've lost a billion dollars in 12 years in food—Amtrak food service.

What was Congress' contribution to Amtrak in this current fiscal year? I think it's $1.9 billion?

Mr. BOARDMAN. It has been 1.390 for the last 3 years, sir.

Mr. MICA. But it's a significant underwriting, and if you have 31 million passengers, you divide that, that's a cost of about $40 million per ticket we're underwriting, and some of those we're not sure on the sale.

Mr. BOARDMAN. That does include the capital cost, sir.

Mr. MICA. Yes. But, again, it's a cost that the Federal Government is paying. I would love to operate any company and have the government subsidize my capital cost.

You were moving forward on purchasing passenger vehicles, and I thought that was in the $2-plus billion range to replace Acela, is it?

Mr. BOARDMAN. Passenger rail vehicle, sir?

Mr. MICA. Yes.

Mr. BOARDMAN. Yes.

Mr. MICA. Is that still underway?

Mr. BOARDMAN. Yes, sir.

Mr. MICA. Have you done a cost-benefit analysis to see if they can be leased?

Mr. BOARDMAN. Yes, they are a business plan. I don't think we've done a leasing cost, but almost all of our trains wind up being leased in the end through a financial institution of some sort.

Mr. MICA. Well, I think it would be interesting to see some of what's being considered in that regard. I know across the world, in some instances, State supported rail and then private rail are leasing their vehicles as opposed to purchasing them, and that's pretty significant purchase; $2 plus billion is the estimate, I believe.

Ms. BOARDMAN. You're talking, sir, excuse me, just about the high-speed rail trains?

Mr. MICA. Yes. Well, Acela trains.

Mr. BOARDMAN. Yes, sir.

Mr. MICA. Okay. Maybe you can get back to us on the record with that. So, with that—and I'll have additional questions we'll either ask or submit—I'd like to yield to our ranking member.

I see, also, we have the member—the ranking member of the full committee has joined us. But we will take go to Ms. Duckworth first.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

I am of the opinion that Amtrak is a public good, and it's worth the investment from the government. And, with that said, I understand that Amtrak has initiated a significant restructuring of its fleet management program focused on centralizing the decision-making and oversight process.

Mr. Boardman, can you describe the specific steps your company is taking to improve the management of its fleet, and what's your timeline for full implementation of the planned changes?

Mr. BOARDMAN. Our planned changes for the three areas that we're concentrating on right now would be June of this year, which is the operations, the engineering, and the police department, where we saw the need most at first.

We have worked hand in hand—maybe the initial kinds of issues that were really raised by the Office of the Inspector General really defined for me the need to get in a much deeper view of what was happening with our vehicle fleet. So one of the early things that we did was we went out and benchmarked against what we considered a well-managed vehicle fleet on a railroad, being Burlington Northern Santa Fe. And at the same time, we began to look at what the real problems were, and it was something that Amtrak suffers with, and the chairman has pointed this out as well as the IG for a while now, and that is internal controls.

And, in 2012, the IG provided for us an evaluation of our risk and risk management, enterprise risk management. And when they did that, we created a management-control framework. And that management-control framework included looking at business risks and also the objectives that we were trying to get done with projects.

And so coming together from all of that, one of the things that was important in looking at vehicle fleet management was having consistent regulations, consistent controls that would maintain. Amtrak existed, really, with all these independent sort of organizations, and they set their own criteria for what they were going to provide vehicles for. So what we're pulling together is a centralized look at how we do that with a governance program that identifies and evaluates what needs to be done for the future and that those independent decisions won't be made like that in the future, and that's what's being done.

Ms. DUCKWORTH. Are you doing that also in terms of fraud, waste, and abuse when it comes to the fuel card program as well?

Mr. BOARDMAN. We're looking at the fuel card program to try to find a way that we can find quicker that there was—there is waste fraud and abuse. We would like to have a better system to do that, so it's included in that particular part of it. We've had discussions with GSA about how we might be able to get that quicker. We're a very small part of what GSA really does, but we think—we look to GSA first, and for example, in the testimony that I heard, over two-thirds of our fleet comes from GSA, and it's two-thirds of other fleets that are actually owned. So we really do look for GSA to help us with that.

Ms. DUCKWORTH. Mr. Howard, do you believe that the steps that Amtrak is proposing would address your findings and ensure that Amtrak can effectively and efficiently both manage its fleet and prevent waste, fraud, and abuse, both in the fleet program and in the charge card program?

Mr. HOWARD. Yes. I think that there's steps in the right direction that they have taken. As I mentioned in my remarks, I think that there needs to be a sustained commitment to that and senior management attention on changing the status quo.

Ms. DUCKWORTH. So, Mr. Boardman, how are you going to ensure that sustainment through the effort occurs? Is there a periodic review? How are you holding people responsible? Or is there an actual timeline? How are you going to make sure that that sustainment, that commitment to a real culture shift is going to happen along with the programmatic changes that must happen also?

Mr. BOARDMAN. Well, the Governor's group, for one. But, more importantly, in the overall and—overall element of what we're trying to make happen is this management-control framework. We're tracking IG recommendations. We're tracking our business risks. We call them control-improvement opportunities. And we're looking for ways that we reduce the risk on the company for these kinds of incidents.

And as long as this company continues in that fashion, then we're going to see that sustained commitment for the future. And I believe—and the way that it's currently structured—and every month, I sit across from Mr. Howard at the board meetings, and we go through all the elements of what he's providing as recommendations.

For example, since 2014, I think we looked at, in 2014, we had 174 open recommendations from the IG, and that was just too many. So we began right away really looking at, how do we control this and the management-control process? And in that period of time until the end of this last year, we closed 158 of these recommendations while 49 were being added, so we wound up with 65 recommendations.

And those kinds of things really indicate to me that our system works so that we can keep control of it.

Ms. DUCKWORTH. Mr. Chairman, I am out of time, but I wanted to follow up with the GSA.

Mr. MICA. Go ahead.

Ms. DUCKWORTH. Okay. Thank you. Thank you for your indulgence.

Mr. Toth, speaking to what Mr. Boardman said that, you know, going to rely on GSA for help, you provide many tools and services to help with management of these vehicles, such as the Federal Automotive Statistical Tool. Does Amtrak participate in FAST or take advantage of fleet information-management services you offer?

Mr. TOTH. So the FAST tool was actually administered by the Department of Energy on behalf of GSA and our office of governmentwide policy. I believe, as a quasi-government entity, they are not required to.

And I actually would defer to them. I'm not sure whether you participate in the FAST process or not.

Mr. BOARDMAN. I do not know the proper answer to that. We may or may not, but I will respond to you.

Ms. DUCKWORTH. Great. Thank you.

Mr. Toth, it does not appear that Amtrak is included in the Federal Fleet Report. Is that accurate? And can you explain why this would be the case.

Mr. TOTH. It's my understanding they are not in the Federal Fleet Report. And, again, that data is compiled through the FAST process, so depending on what they're submitting into the FAST process. Therefore, it's not compiled into the Federal Fleet Report.

Ms. DUCKWORTH. Okay.

Mr. Boardman, what percentage of your corporation's vehicles meet the use criteria recommended by GSA—or either the ones developed by GSA or by Amtrak itself?

Mr. BOARDMAN. One of the issues that the IG identified was that each one of these independent organizations creates their own criteria for the selection of a vehicle and the use of the vehicle. And so we don't have that. That's something we're centralizing as a part of this process.

Ms. DUCKWORTH. Okay. Thank you.

I yield back, Mr. Chairman.

Mr. MICA. I thank the gentlelady.

Vice chair of the subcommittee, Mr. Grothman.

Mr. GROTHMAN. Sure. I just want to go over some numbers that were previously stated. You said there were 153 cars with—I think it was Mr. Howard—153 cars using less than 15 gallons of fuel.

Mr. HOWARD. Yes, that was in 1 month last year. The company had identified that. They track fuel usage, and they've set the standard of less than 15 a month to identify potential underutilization.

Mr. GROTHMAN. Okay. Just a general question for Mr. Toth: About how many miles or years on a car before you turn them over?

Mr. TOTH. So there's standard requirements for the entire Federal fleet in the fleet management regulations. All agencies are bound to abide by those. Then, on top of that, in our leasing program, we have more stringent requirements. And they vary by the class and the type of the vehicle, you know, from a sedan on up to, say, a coach bus, where a coach bus has to go 10 years and a million miles. I can provide those standards for you all in the record.

Mr. GROTHMAN. Just a basic about, you know, like a basic——

Mr. TOTH. The Federal standards for like a Sedan are 3 years, 36,000 miles. GSA extends both the years and the miles on its fleet. A truck runs like 7 years, 60,000 miles. These are minimum replacement criteria, not shall be replaced.

Mr. GROTHMAN. What's the norm?

Mr. TOTH. It varies by agency and by use, as well as vehicle condition.

Mr. GROTHMAN. You'd sell a car after 36,000 miles?

Mr. TOTH. The regulations allow it. That's the minimum before it's allowed to be sold.

Mr. GROTHMAN. But what's the norm? Do you know? Do you have any just ballpark idea?

Mr. TOTH. Again, it varies all over the place, depending on the condition and the usage of the vehicle.

Mr. GROTHMAN. Okay.

Question for Mr. Howard, and this goes back a little bit on the fuel cards. You uncovered criminal actions related to fuel cards following the 2013 review by the Amtrak Finance Department's Management Controls Group that identified weaknesses in internal controls. Is that right?

Mr. HOWARD. Correct.

Mr. GROTHMAN. Okay. Mr. Boardman, why didn't Amtrak take action at that time to address the weak controls?

Mr. BOARDMAN. Actually, we have been taking those actions. That's part of the process that we're doing.

Mr. GROTHMAN. Okay. Up here—and maybe it's just a small amount. The chart was up here before, but when they say that 97 percent of the accidents in these cars are the government driver's fault, or your guy's fault, is that——

Mr. BOARDMAN. I have never seen that chart. I don't know where it comes from. And if somebody can tell me where it comes from, we'll respond to it.

Mr. GROTHMAN. Okay. Kind of alarming. I guess GSA's fleet report.

Maybe, Mr. Toth, do you know more about that chart?

Mr. TOTH. I don't know who provided it to the committee or directly what report it comes from. For our leased vehicle program, we do maintain statistics and provide that to our customer agencies, so it could have come from that information. I did not provide it or prepare for it today.

Mr. GROTHMAN. I guess Amtrak itself provided it to the committee, I'm told here. Is that possible? Maybe you don't——

Mr. BOARDMAN. I don't think that's—at least from the people that are here, I don't believe that. But——

Mr. GROTHMAN. We should track it down, because if that's true, that's just almost beyond belief.

Mr. BOARDMAN. I agree. The only thing—again, I just don't understand it. That's all.

Mr. GROTHMAN. Okay. Kind of amazing.

Why don't you tell us a little more—Mr. Howard, we talked about the take-home policy on vehicles. Are there any problems about that? Could you maybe tell us a little bit more your opinion of that policy?

Mr. HOWARD. We think that the policy needs to be improved. It requires that the take-home vehicle be justified, but there's no specific criteria for supervisors to use when they're approving the take-home of the vehicle, so there's no cost-benefit analysis. So it kind of boils down to employees just basically making a case that it's good for them to have a vehicle. We would like to see some very structured criteria that could be applied and audited.

Mr. GROTHMAN. Are there any standards? I mean, if I take home a vehicle at night, are there any standards to make sure I'm not using it to, you know, everywhere under the sun, or are there tight standards to just make sure I'm going home?

Mr. HOWARD. No, sir.

Mr. GROTHMAN. So I could take it home on a Friday night and drive a million miles or whatever and use it to bomb around all weekend, just kind of a perk of the job?

Mr. HOWARD. Right. You'd be driving something probably with a big Amtrak logo on it though, so hopefully that's a bit of a deterrent. But, no, sir, there's not. And we have some cases that we're investigating, looking at those abuses.

Mr. GROTHMAN. Okay. Thanks.

My one final comment, Mr. Boardman, is it does look like we have problems here. And, obviously, your agency is always being scrutinized, you know, look at the subsidy and that sort of thing. And it's something I would be very—feel more contrite about. I mean, I know you understand that.

Mr. BOARDMAN. I understand that, sir, and that's part of the reason I asked the IG to help us with this.

Mr. GROTHMAN. Okay. Can I just say——

Mr. MICA. Go right ahead.

Mr. GROTHMAN. Staff is handing me a binder here, which says on the front, "GSA Department of Transportation Amtrak National Account Report, Third Quarter." And right under their contacts, Tom Moriarty, Stephen Olds. And right beside there, on page 8, it gives the percentage of government at fault in accidents and incidents. And that's where we get it from. If you don't have it, I suppose we can give you a copy of it.

Mr. BOARDMAN. I just got handed something here.

Mr. GROTHMAN. Yeah, you can see on page 8 there, it says: 96.8 percent of the time, accidents and incidents, the Amtrak—the person driving the Amtrak car is at fault, or at least that's what it implies on here.

Mr. BOARDMAN. So I have got to understand what that means. Does it mean the vehicles that are out on the right-of-way that are engineering vehicles, operations vehicles that are single car, damaged by something along the right-of-way of the railroad? I don't understand the report. So we'll find out what the report means and respond.

Mr. GROTHMAN. Maybe there's statistical anomaly. It does compare to government agencies in general at 65 percent. So it's alarming on the face, but why don't you get back to us.

Mr. MICA. I thank the gentleman.

Mr. BOARDMAN. Can I just ask a question? Would this be against the 644,000, our 65 percent, and this report would be against our 2,500?

Mr. TOTH. This report is an annual report we provide to Amtrak with all of the data on their vehicle usage, to include accidents and incidents. And it summarizes the number of accidents and incidents and those that are at Amtrak's fault and/or they are liable for.

Mr. MICA. And it's comparable to it?

Mr. TOTH. It's not necessarily vehicle accidents, but it could be improper usage where a fender was dented, you know, operating off-road or something like that and where they bring the vehicle back an in unsatisfactory condition.

Mr. GROTHMAN. But this would just include—and I'm sorry. I'm over here—but would it include normal, over-the-road vehicles? Or is this some anomaly here where they're including like those vehicles they have that operate on the railroad itself where it would have to be——

Mr. BOARDMAN. It would be anything that would be leased from GSA. So, since nearly 80 percent of our fleet is leased, we probably have all of those conditions exist. And that's why I'm looking at it and say: That's just never hit me before, nor has it hit the IG. So we will find out what it really is, Congressman, and get back.

Mr. GROTHMAN. Okay. Well, thanks.

Mr. MICA. I thank the gentleman.

Let me yield now to the ranking member of the full committee, Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman, for holding this hearing today and for your oversight and the ranking member's oversight over vehicle leases entered into by Federal agencies and by Amtrak.

I'm deeply concerned by the inspector general's findings about Amtrak's fleet and management practices and urge Amtrak to expedite the implementation of the efforts it has underway to centralize and strengthen the management of its vehicles.

However, I want to direct my time that I have available to an ongoing issue of great concern to me and to my district and to the entire Baltimore area congressional delegation, and that is the redevelopment of Baltimore's Penn Station. I want to acknowledge that some improvements have been made at the station, but they are generally improvements to the most basic amenities, like the bathrooms. And I note that it required significant persistence before these improvements were made.

Penn Station is a central gateway into Baltimore, and we need that station to be an economic engine. For nearly a decade, there have been many fits around the station without any actual starts. Much of the building is still empty, and in no way does it serve as the anchor point for Baltimore that it could and should be.

Obviously, today, we have both Mr. Boardman, the head of Amtrak, and Mr. Howard, the Amtrak inspector general here. You both received letters from the Baltimore delegation led by Senator Mikulski. So let's get to the central issue.

Mr. Boardman, why do you believe that enlisting a master development team is the most effective and efficient way to develop the Penn Station?

Mr. BOARDMAN. We think that there is an ability to do a tremendous amount of improvement because you have people that have a larger view of what could be done. And just, for example, last week, we received almost—I think it was nine proposals to improve that. There's tremendous interest in developing Baltimore station.

Mr. CUMMINGS. Now, Mr. Howard, you wrote that you were, quote, "skeptical of Amtrak's readiness to undertake and oversee a master development procurement approach of this scope in a timely manner."

Why are you skeptical, and what other options do you believe are available to Amtrak to redevelop the Penn Station, particularly given current budgetary constraints? And do you believe that any of those options would more efficiently and effectively lead to the redevelopment of the station?

Mr. HOWARD. Sir, we're skeptical of Amtrak's ability to do this because of our past work, which has identified significant problems with program and project management. We've reported to those. The company has taken action to improve them, but given its track record, we're skeptical.

We have not yet looked at other alternatives to the terminal development issue. Based on the last letter that we received from you and the other delegation, we have initiated some additional work to do that. And it's our hope that we can—out of this additional work—we can identify perhaps some alternatives that the company may be able to consider or at least offer it—some suggestions on how the terminal development initiative can be better implemented.

Mr. CUMMINGS. Now, Mr. Boardman, Amtrak has moved ahead with a two-pronged effort to redevelop Penn Station. One effort involves undertaking the work needed to bring Penn Station into a state of good repair. The other effort will move forward with the selection of a master developer. I want to understand both efforts in more detail.

What is the specific work that will be undertaken to bring Penn Station into a state of good repair, and what is the status of that effort? Particularly, how much do you expect to spend in 2016 on the state of good repair work? What projects will be completed this year? How long will it take to complete all of the state-of-good-repair projects? And what do you have the funding—or do you have the funding that you need to complete all the work?

Mr. BOARDMAN. So I'd like to follow up with a written response to you, but let me give you kind of a thumbnail here. We're planning on spending about $3 million this year on the projects. Part of that has to do with this master development partnership, which is about $300,000; part of that has to do with a program development with a consultant to identify and prepare for the redevelopment activities. So a lot of those activities are not identified and fully completed in what needs to be done this next year.

But there's a new generator going in; platform lighting and construction upgrades; station WiFi upgrades; Penn Station master plan planning activities, which I'm covering; and then a B&P Tunnel new lighting. And some of the $22 million that we've spent since 2010 in Penn Station, some of it you identified as restrooms and other facilities, basic stuff. We did have to start with basic stuff.

And I know you know that, Congressman——

Mr. CUMMINGS. Yeah.

Mr. BOARDMAN. —because you've been involved with it.

Mr. CUMMINGS. Very much so.

Mr. BOARDMAN. But we will get back, even with an analysis of this program partnership, to the delegation just as soon as we've gotten through it. There's about nine proposals that are in there.

Mr. CUMMINGS. Just with the chairman's indulgence, I just have two more questions.

If all went according to plan, when would the master development process be finished and a redeveloped Penn Station be ready to open its doors?

Mr. BOARDMAN. I don't have that final date.

Mr. CUMMINGS. Okay. And, finally, what opportunities will stakeholders in Baltimore have to weigh in with the master development process? And, as you know, many stakeholders in Baltimore have been working for years—for years—with Amtrak officials to jump start the redevelopment of Penn Station. And we want to make sure we have a say.

Mr. BOARDMAN. We have had—Congressman, I think you know—ongoing quarterly meetings with all the stakeholders. We could expect to continue doing that. I think we have the March, April meeting coming up here very shortly. So we're going to stay very tight with the stakeholders for Baltimore.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I really appreciate your indulgence.

Mr. MICA. Thank you so much, Mr. Cummings.

The gentleman from Tennessee, Mr. Duncan, you're recognized.

Mr. DUNCAN. Thank you, Mr. Chairman.

Ms. Rectanus, you said earlier that your agency had studied or looked at 16,000 and found 2,500 were underutilized or misused or whatever. And you said it would be an interesting exercise to expand that out to the vehicle, to the total fleet. And so it's, you know, pretty easy math. That comes out to about 100,000 of the 635,000 or 640,000 vehicles that would fit into that category. So it's quite a significant number.

And you heard me mention that my wife and I have had several vehicles that we've driven 200,000 miles, and yet I mentioned that a constituent who, many years ago, met with me complaining about the Forest Service. And I don't remember if he said that their vehicles were being auctioned off either with less than 40,000 miles or with an average of 40,000 miles, but I remember the 40,000-mile figure.

Do either you or Mr. Toth, in looking into this or studying this, can you tell me what is the average mileage when these vehicles are replaced?

Ms. RECTANUS. We did not look at that specifically vehicle by vehicle, again, because that would be asset-level information. I think what we did find, however, in our work is, in many cases, agencies are not doing the life-cycle cost analysis to really know when is the right time to replace a vehicle or eliminate a vehicle, because in some cases, it's the opposite; they keep a vehicle longer than they should. In some cases, they get rid of it before they should. So the work we've done has really supported having them have better data so that they make the right decisions.

Mr. DUNCAN. Can either of you tell me how many new vehicles were purchased by the Federal Government last year?

Mr. TOTH. Yes. It was just under 50,000 vehicles.

Mr. DUNCAN. 50,000 new vehicles were purchased. And how many new leases were entered into last year?

Mr. TOTH. The leased fleet has been about—been stable for the past several years. Some are turned in as agencies downsize the fleets, as other agencies either reduce their commercial leases and lease from GSA or have new mission requirements increase them. But the leased fleet has not grown or declined much over the past several years.

Mr. DUNCAN. Well, how many new leases are entered into each year though, roughly?

Mr. TOTH. About 2,000. We've also had some consolidations, which has varied year over year, but we seem to have 2,000 come in and 2,000 go out roughly each year.

Mr. DUNCAN. And what department has the largest number of vehicles? Would that be the Department of Defense or——

Mr. TOTH. Yes, sir.

Mr. DUNCAN. And how many have—I understand that—I'm told that, in the Department of Defense, that some of the vehicles come under your control, and some do not. Is that correct?

Mr. TOTH. Yes, sir. We only lease nontactical vehicles or non-military-type vehicles, if you will.

Mr. DUNCAN. So how many vehicles would that be in the Department of Defense?

Mr. TOTH. Of our 200,000 vehicles that we lease, they are about 50 to 60 percent of all vehicles. So 100,000, 110,000 vehicles total across the Department of Defense.

Mr. DUNCAN. So 200,000 of your vehicles are leased, and the total fleet is 635,000 or 640,000. Is that correct?

Mr. TOTH. Yes, sir.

Mr. DUNCAN. All right. Thank you very much.

Mr. MICA. Thank you, Mr. Duncan, and other members, for participating.

A couple of quick questions. Now, these hearings are nice, and I think this hearing has—and some of your review, both at GSA, also GAO, and Amtrak IG have resulted in some action being taken. Now, GSA, it's my understanding that you have a new agreement or pending agreement that you've done with Amtrak on your commercial leases. Is that——

Mr. TOTH. Yes, they are eliminating over 100 of their commercial-leased vehicles and going to acquire them from GSA through a lease.

Mr. MICA. And that should result in substantial savings. And we have evidence of both from the IG and Amtrak and GAO about cost savings, correct?

Mr. TOTH. Yes, sir.

Mr. MICA. Okay. Because you don't want to just do these hearings and not have anything.

And, Mr. Boardman, you're cooperating. And I mean, you cited some of the steps you've been taking since some of these things that have been revealed here today, but you're going to cooperate on that basis.

Are there any other major areas in purchases that were in fleet management that you can cite today, Mr. Boardman or Mr. Toth? Mr. Boardman.

Mr. BOARDMAN. No. I think we're moving—as I said, we had, to begin with, over 70 percent of our fleet was leased from GSA, and with this addition, it just goes up more. And I think that helps us save more.

Mr. TOTH. And we'll continue to partner with Amtrak to assist them in any way we can in managing their fleet.

Mr. MICA. Well, this is—again, I said a meat-and-potato hearing. Let me just say, also, we solicited and received a somewhat troubling report from Amtrak. It's an automotive fleet report. And this is just for 1 month at the last—I guess we could get before the hearing. It's a monthly data information collected by Amtrak engineering department. This is December of 2015.

Now, you go down and you see at the bottom some of the problems with fuel cards. This is just for 1 month: purchases exceeding fuel tank capacity, 26; incorrect type of fuel purchased, 87 transactions; incorrect mileage entered at the pump, 28 vehicles; nonfuel purchases, 102 transactions.

Then we go down to some of the compliance and safety review under Federal motor carrier roadside inspection affecting Amtrak's compliance here. Out of compliance vehicles: expired DOT inspections, 33; expired high-rail inspections, 35; expired crane inspections, 19; expired—looks like diesel—the electric inspections, 3.

Then we look at the drivers, and you have, out of compliance drivers: expired medical cards, 52 drivers; expired—this is I'm not sure exactly how—but it's a violation list, I guess, for drivers—36 drivers. This is very troubling, and this also needs attention.

So this is provided by Amtrak. It isn't from the investigations you've done, but this is just 1 month showing that it's not operating the way it should operate. So we'd like attention to that, maybe for the record, Mr. Boardman, if you want to respond. I don't want to put you on the spot here, but we would like a response.

Mr. BOARDMAN. Part of the response is this is a yearly total. This isn't 1 month. This is at the end of December.

Mr. MICA. It says monthly data.

Mr. BOARDMAN. Right, it's the monthly data summarized at the end of December.

Mr. MICA. Again, even if it is for the year, it's still troubling.

Mr. BOARDMAN. I understand. Just, it's a lot more troubling if it's for the month, in my view.

Mr. MICA. Well, again, we'd like to see that. And we have the 1 month that we did review and that was provided for us. So this is the status. It's not acceptable. We need improvement. And if it was for the year, it's just as troubling.

Mr. BOARDMAN. Understand.

Mr. MICA. But, again, we're leaving the record open for the next 10 days.

Did you have any additional questions, Ms. Duckworth?

Ms. DUCKWORTH. Not at this time.

Mr. MICA. Mr. Cummings?

Mr. CUMMINGS. No.

Mr. MICA. And I thank the members for participating.

We have some open recommendations from GAO that remain for GSA. And we will actually be submitting some questions to some of the witnesses today after this hearing. We'd like a response so it could be included in the record. And we will get you the specific questions after the hearing.

There being no further business before the subcommittee, I want to thank our witnesses for their participation, the good work that they've been doing in helping with this important study. We look forward to having you back as you complete your study on some of our vehicle review of the Federal fleet. And, again, I thank everyone for their attention to that.

I'm sorry. I don't want to preclude anyone. Our vice chairman of the committee would like to make a closing remark.

Mr. GROTHMAN. Right. I just will say, both as far as Amtrak and the government as a whole, what we've heard here today is alarming. I mean, this isn't the type of hearing that attracts, you know, 30 people from the press corps, and you're lucky we don't attract 30 people from the press corps, because it's—I mean, unless there are things that we're told on the followup answers or if we have another hearing that kind of explains some of these numbers, it's kind of alarming, kind of sloppy.

I mean, you know, how quickly we're turning in the cars or not knowing how quickly we turn in the cars. I would think, you know, there are always some irresponsible people who turn over their cars really quickly, and if they want to be spendthrifts, that's with their own money. But the possible numbers out there are alarming. The number of accidents perhaps caused by government employees is alarming.

I sometimes think—you know, I'm a new guy up here in Washington—that people here just think this is good enough. But, you know, people right now are very alarmed about what they feel is an out-of-control government. And I'll just say that I think the government collectively is lucky we don't have a lot of members of the press paying attention today because this is the type of thing if I talked back home to a Rotary Club or Kiwanis Club or something, they're like, holy cow.

So I hope you leave here with a sense of urgency in changing the way we spend people's money. But I'd like to thank the subcommittee chairman for bringing the very interesting topic to our attention.

Mr. MICA. Again, I thank the vice chairman, the ranking member of the subcommittee, full committee, and others for their participation, our witnesses. This hearing is adjourned.

[Whereupon, at 10:37 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Amtrak Responses to the Committee on Oversight and Government Reform
"Oversight of Federal Vehicles"
Questions for the Record

1. **Has Amtrak submitted data to GSA's FAST System and, if not, does it intend to do so in the future?**

   Yes, Amtrak utilizes GSA's Drive Thru System for entering fleet vehicle data which provides the fleet vehicle data to the GSA Fleet FAST Data Center. Amtrak also has a vehicle data system known as Maximo which captures even more detailed vehicle and driver information than the GSA systems including vehicle specifications, driver information, special equipment and more. Amtrak utilizes the Maximo system to report out fleet information as provided in monthly scorecards.

2. **To what extent does Amtrak make use of the fleet management services available from GSA?**

   Amtrak makes significant use of the fleet management services available from GSA on both an annual and weekly basis, and the Amtrak fleet is 72% GSA.

   - On an annual basis, Amtrak provides a request to GSA for the number of vehicles Amtrak is planning to replace which is added to GSA's budget request for the fiscal year. Based on GSA's result in regard to their budget, Amtrak may receive all or less than requested.
   - On a weekly basis, Amtrak reviews the GSA Vehicle Availability list (VAT) which consists of unclaimed vehicles and vehicles returned early. Amtrak requests vehicle types that are typically used by Amtrak when available on this list to replace commercially leased vehicles.
   - On a daily basis, Amtrak utilizes the GSA Drive Thru System to enter and track GSA fleet vehicle data and utilizes other applications like reports carry-out, GSA replacement vehicles, GSA Fleet Service card replacement, etc.
   - Amtrak utilizes the GSA Fleet Services Card for fuel and authorized maintenance expenses.

3. **What is the status of acceptance of charge cards in Amtrak food service cars? In what percentage of food service cars or along which routes can passengers currently pay for food using charge cards?**

Amtrak has developed and implemented the necessary systems to accept credit cards on all of our food and beverage services systemwide; in this sense, we have made it possible for anyone who wishes to purchase food with a credit card to do so. To serve those people who do not use credit cards, however, we have had to retain the ability to accept cash in exchange for food and beverage purchases to ensure that any passenger who wishes to obtain a meal may do so.

4. **Mr. Boardman testified that Amtrak is moving forward on purchasing passenger rail vehicles for Acela. Please provide the analysis that Amtrak has done to determine how to acquire the new Acela passenger rail vehicles (whether through lease or purchase).**

The Railroad Rehabilitation and Improvement Financing (RRIF) Program offers the potential for extremely favorable financing of rail equipment acquisitions and railroad infrastructure improvements. Amtrak informally reviewed with commercial institutions the potential for commercial financing at the initiation of the Tier III Next Generation High-Speed Trainset Project and the conclusion of those discussions was that a RRIF loan had potential advantages over commercial financing, including leases. Amtrak then decided to pursue the RRIF financing as its preferred approach to financing this project. This conclusion was reinforced by report language accompanying the FY14 Appropriations Act encouraging Amtrak to look to the RRIF program to finance this project. Among the reasons for this conclusion are:

- The cost of capital is potentially lower under RRIF. The interest rate for RRIF loans is the rate paid by the Federal Government for an equivalent term. Amtrak's experience with the RRIF Program is that the effective interest rate, which is the combination of that rate and the credit risk premium, would be less than the cost to Amtrak for either commercial financing of a commercial lease.
- RRIF offers financing for a longer term. Commercial leases would normally not exceed a term of about 20 years whereas a RRIF loan can be tied to the life of the asset which in this case is 30 years. This is important in circumstances such as this acquisition where Amtrak anticipates operating the equipment for at least 30 years.
- RRIF loans are indifferent to whether the financing is provided for the construction phase or after the equipment has entered revenue service. Financing during the construction phase presents risks that commercial institutions in most cases would seek to avoid or alternatively price at a higher rate.
- The RRIF program offers the opportunity to include, as part of the project financing, ancillary improvements such as maintenance facilities and safety upgrades to the

infrastructure. Since these improvements are not as "portable" as the trainsets themselves, they are more difficult to finance commercially.

One additional aspect of RRIF financing is that there is no penalty for prepaying a RRIF loan. Therefore, if there is a point in the life of the trainset project where a lease would be in the commercial interests of Amtrak, we could pay off the RRIF loan and take advantage of such a lease.

5. **Please provide the date by which Amtrak has or will have established its governance council or other centralized executive body for addressing vehicle issues and the milestones, with associated dates, for implementation of its plans to establish improved, centralized controls over fuel card use and vehicle acquisition and use. In addition, please provide the target date for defining consistent criteria for vehicle selection and utilization.**

The anticipated schedule for establishment of the Governance Council and other associated tasks is as follows:

- Spring 2016 – first meeting of the Amtrak Fleet Governance Council to establish meeting schedules and action plan.
- Spring 2016 – complete updating of fleet policies and procedures incorporating compliance officers for the Operations fleet and Amtrak Police Department (APD).
- Summer 2016 – Governance Council to assess the compliance and overall success of the vehicle fleet management program.

Amtrak currently has the data required to report on fuel card use, and vehicle acquisition and use which will be utilized to ensure end-user compliance and corrective action. Amtrak currently has specifications for fleet vehicle types and utilization, and the Automotive Department works with the end-user departments to ensure requirements are met.

6. **In the hearing, Amtrak agreed to review the GSA National Account Report for the third quarter of FY15 and respond to the Subcommittee with respect to why the government is shown as being at fault in such a high proportion of the recorded Amtrak vehicle incidents and accidents relative to other agencies' incidents and accidents. Please provide your explanation of this comparison.**

Amtrak vehicles are primarily utilized in rail yards and off-road, along rail rights of way which are very tight areas of operation. Amtrak's vehicles are not typically operated on public roadways. Therefore, most accidents and incidents that occur do not involve third-

party vehicles, and instead are typically related to animal strikes, striking other Amtrak vehicles, damage found at inspection, and collisions with stationary objects.
Amtrak accounts for only 1.6% of all Federal agencies for accidents/incident repair costs, and averages 12% fewer accidents per million miles (9.4) versus all other agencies (10.7).

7. **Please respond for the record regarding the status of the delinquencies noted in the Automotive Fleet Report for the Engineering Department providing data for December 2015, which identified out-of-compliance vehicles and drivers. Please provide a date by which these noncompliant situations will have been resolved.**

Of the 90 out of compliance vehicle inspections (DOT, HyRail, Crane and Dielectric), 71 are up to date. The remaining 19 units have had their fleet services cards either suspended or cancelled, keeping the vehicles out of service until they are inspected.
At the time of the December 2015 report, Amtrak's Engineering department was 96% compliant with their drivers. Of the 80 drivers that were listed as out of compliance, 21 are currently active (current documentation) and the balance of 59 are either self-disqualified or inactive. These drivers are required to update their documentation prior to re-entering service as a driver.

8. **What is the specific work that will be undertaken to bring Baltimore's Penn Station into a state of good repair? What work does Amtrak expect to complete? [Mr. Cummings]**

In 2014, the Maryland DOT and the City of Baltimore funded a State of Good Repair (SOGR) Study to perform a comprehensive evaluation of the station's current condition and provide a tiered set of recommendations for phased improvements. These improvements were viewed in light of the station's aging infrastructure and with an eye towards baseline repairs needed for future development potential. This study resulted in a Capital Improvement Plan (CIP) that defined an implementation sequence of 100 discrete projects based on repair, upgrade, and rehabilitation requirements. The CIP identified approximately $65 million of recommended projects, with $20 million of Priority 1 tasks identified as important fire/life/safety elements.
In Fall 2015, Amtrak initiated an open procurement and contracted Quinn Evans Architects for 100% design of a package of Priority 1 recommendations including:

- The replacement of the station roofs
- Renovation and/or replacement of drainage systems from these roofs
- Renovations of the cellar and relocation of associated facilities to address floodplain issues

- Targeted structural shoring and remediation of façade and canopy elements

This work package is advancing on schedule at 15% design currently and is expected to be completed Summer 2016. Depending on the availability of Congressional funding in FY17 and commuter funding for shared-use infrastructure, Amtrak hopes to have the necessary resources to advance some portion of this work in FY17.

Amtrak has reprogrammed additional funds in FY16 to identify the next subset of projects targeted at public-facing, physical improvements – details of this scope are currently under review. Amtrak will continue to proactively seek funding sources and will continue to identify high-priority work packages to advance as these funding sources become available. Larger SOGR elements could potentially be advanced as part of the Master Development.

9. **When does Amtrak expect to complete the renovation of Baltimore's Penn Station? If all went according to plan, when would the master development process be finished and a redeveloped Penn Station then be able to open its doors?**

A timeline for the Master Development process, including selecting a Master Developer and developing agreements and a schedule with such an entity to implement a development plan, is currently under development as Amtrak continues its thorough analysis of the Request for Information (RFI) results. Amtrak will have information on next steps in the Master Development process in April and this information will be shared with the full Maryland Delegation in a detailed briefing currently being scheduled. Any future schedule would consider a phased approach to redevelopment.

GENERAL SERVICES ADMINISTRATION
QUESTIONS FOR THE RECORD RESPONSES
FOR
HOUSE OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON
TRANSPORTATION AND PUBLIC ASSETS
"FEDERAL MANAGEMENT: OVERSIGHT OF LEASED VEHICLES" HEARING
HELD
FEBRUARY 26, 2016

1. To what extent, if any, is the disposal or sale of federal vehicles centralized through GSA rather than handled by individual agencies?

Answer 1 (GSA-only): GSA Fleet disposes of all vehicles that it leases to its customer agencies in a centralized manner. GSA Fleet vehicles do not typically go through the disposal process and are instead sold under the exchange-sale authority so that the proceeds of sale can be applied to replacement vehicles. GSA Fleet only leases approximately one-third of the Federal fleet to agencies. The remaining two-thirds of the Federal fleet consist of agency-owned vehicles. Agencies that own their own vehicles must utilize GSA's Personal Property program or dispose of the vehicles themselves.

Answer 1 (Government-wide): Executive agencies are required to select an Office of Management and Budget (OMB) approved Federal Asset Sales center to sell their surplus personal property unless they receive a waiver from the GSA Office of Government-wide Policy to sell property through other means (FMR 102-38.40). GSA's Personal Property Sales Program is one of seven approved sales centers and is the only sales center that sells all commodity types, nationwide. Many civilian agencies utilize GSA's Personal Property Sales Program to sell their vehicles. GSA however does not generally sell vehicles owned by the Department of Defense (DoD) and the Department of Homeland Security (DHS). Both these agencies are approved sales centers whose authority includes sale of vehicles.

The GSA Personal Property Sales Program disposes of motor vehicles in the same manner as any other type of property. Before selling a vehicle, GSA screens the property for potential use by other Federal agencies and eligible donees. Vehicles that survive utilization and donation screening are competitively auctioned to the general public via the GSAAuctions.gov website. All sales on GSAAuctions.gov are also simultaneously posted to the Government-wide sales portal, GovSales.gov.

2. What is the average mileage of vehicles sold from the federal fleet? GSA testified there are minimum, pre-sale mileage levels established by regulation, but that norms vary by agency and by vehicle use as well as condition. Does GSA maintain data on mileage at point of sale?

Answer 2 (GSA-only): Yes, GSA maintains data on mileage at point of sale. The average miles for the GSA Fleet leased vehicles that sold from fiscal year 2013 through 2015 was

51,653, 52,366, and 53,097 miles, respectively. The average premium GSA Fleet vehicles sold for above the Fair Market Value as measured by Blackbook was 114%, 115%, and 111%, respectively, for the same fiscal years.

The minimum replacement criteria for all Federal Government vehicles are set forth in the Federal Management Regulation at section 102-34.270. All agencies, including GSA, must adhere to these minimum requirements when replacing vehicles.

GSA Fleet has established minimum replacement criteria for the portion it owns and leases to agencies at a higher level (higher age and miles) than the minimum prescribed in the Federal Management Regulation. These are minimum replacement standards and are set taking into account all acquisition and operational costs including maintenance and repair costs, timing of manufacturer warranties, and vehicle sale proceeds. Maximizing the sales proceeds from the disposal of vehicles plays an important role in GSA Fleet's operation as it does not receive annual appropriated funds. The proceeds are used to procure new vehicles. Newer, more fuel efficient vehicles cost less to operate and maintain and provide a reliable vehicle that agencies can count rely on as they perform their mission.

GSA Fleet's minimum replacement criteria are set to maximize the return for the Government while ensuring customer agencies have safe, reliable vehicles they need to meet their mission requirements and are reviewed and refined at least annually to ensure optimal replacement standards. GSA Fleet continues to monitor its minimum replacement criteria to ensure it maximizes the return for the Government and its customers have the vehicles they need to meet their mission requirements.

Answer 2. (Government-wide): The average mileage of vehicle sold through GSA's Personal Property Sales Program in fiscal years 2014 and 2015, was 84,446, 82,384 and 85,418 miles for passenger vehicles, light trucks, and other vehicular equipment, respectively. Passenger vehicles include sedans and station wagons. Light trucks consists of minivans, pick-ups, SUVs (4X2 and 4X4s) and light duty trucks. Other vehicular equipment consists of ambulances, buses, medium and heavy duty trucks and specialized equipment. These figures do not include seized/forfeited vehicles sold by GSA that were not used in Federal service and these figures do not include GSA Fleet leased vehicles.

When customer agencies report vehicles to GSA's Personal Property Sales Program for disposition, a current odometer reading is required and captured in GSA's systems. Since the reporting agency maintains custody of the vehicle throughout the disposal process, only they can attest to veracity of the odometer reading reported. GSA believes that the odometer readings reported by agencies are generally accurate with occasional outliers.

3. What requirements exist for public notification prior to a federal vehicle sale or auction?

Answer 3 (GSA-only): GSA Fleet leases approximately one-third of the Federal fleet to agencies. The remaining two-thirds of the Federal fleet consist of agency-owned vehicles and therefore GSA Fleet can only provide responses that contain information on the one-third of the fleet that it leases. The Government is required to provide access to the general public for all vehicle auctions. GSA Fleet posts information about vehicle auctions on Facebook, Twitter, and the GSA Fleet AutoAuctions website (https://autoauctions.gsa.gov/GSAAutoAuctions/). Additionally, the vendors are contractually required to advertise all GSA Fleet vehicle sales. The vendors typically use print and radio, along with television and other independently determined methods. The AutoAuctions website and the vendors' advertising are the basic means the general public learns of vehicles being sold.

Answer 3. (Government-wide): The Executive agency conducting the sale generally must first publicly advertise for bids in a manner that permits full and free competition (FMR 102-38.55).

Vehicles sold by the GSA Personal Property Sales Program are advertised and auctioned to the general public on GSAAuctions.gov. Vehicles are also simultaneously posted to the Government-wide sales portal GovSales.gov for additional exposure. GSA also advertises, at times, through print media, internet, and social media to generate public awareness of GSAAuctions.gov and property available for sale.

4. What are the average mileage and sale price paid for used federal vehicle sold from federal inventory? If possible, provide these data by vehicle type.

Answer 4 (GSA-only): GSA Fleet leases approximately one-third of the Federal fleet to agencies. The remaining two-thirds of the Federal fleet consist of agency-owned vehicles and therefore GSA Fleet can only provide responses that contain information on the one-third of the fleet that it leases. For GSA Fleet vehicles:

Vehicle Type	FY 2013		FY 2014		FY 2015	
	Average Miles	Average $	Average Miles	Average $	Average Miles	Average $
Passenger	44,687	$9,205	44,726	$9,134	47,306	$8,679
Light Duty	54,872	$10,160	56,269	$11,108	56,229	$12,267
Other	70,852	$11,334	69,975	$12,630	70,097	$12,746

Notes:

- Passenger vehicles includes sedans and station wagons

- Light Duty vehicle includes minivans, 4X2 and 4x4 pickup trucks and 4x2 and 4x4 sports utility vehicles
- Other category includes ambulances, buses, medium and heavy duty trucks, and non-motorized vehicles (e.g., trailers)

Answer 4. (Government-wide): The average mileage of vehicle sold by GSA's Personal Property Sales Program in fiscal years 2014 and 2015, was 84,446, 82,384 and 85,418 for passenger vehicles, light trucks, and other vehicular equipment, respectively.

The average selling price of vehicle sold by GSA's Personal Property Sales Program in fiscal years 2014 and 2015, was $5,212.63, $6,796.63 and $6,094.24 for passenger vehicles, light trucks, and other vehicular equipment, respectively.

GSA Personal Property Sales Program Vehicle Sales in FY 14-15			
Vehicle Type	Average Proceeds	Average Odometer	Vehicles Sold
Passenger Vehicles	$5,212.63	84,446	1,892
Light Trucks	$6,976.63	82,384	7,957
Other	$6,094.24	85,418	1,991
Total - All Vehicle Types	$6,546.37	83,223	11,840

Passenger vehicles includes sedans and station wagons. Light trucks consists of minivans, pick-ups, SUVs (4X2 and 4X4s) and light duty trucks. Other vehicular equipment consists of ambulances, buses, medium and heavy duty trucks and specialized equipment. These figures do not include seized/forfeited vehicles sold by GSA that were not used in federal service and these figures do not include GSA Fleet leased vehicles.

5. Has Amtrak submitted data to GSA's FAST system?

Answer 5: For purposes of Federal motor vehicle reporting, Amtrak is not a department, agency, or instrumentality of the United States Government. Rather, Amtrak is operated and managed as a for-profit corporation. The Department of Transportation does not report AMTRAK Fleet data to the FAST system.

6. Please provide copies of the types of reports GSA issues to agencies to assist them in fuel card management and reduction of related abuse. If the reports vary in detail, please provide the most detailed versions available.

Answer 6: GSA Fleet helps customers appropriately address vehicles with usage statistics significantly outside of the norm through a comprehensive online tool (Fleet Drive-thru), which provides the customer with on-demand detailed vehicle-specific data, including gallons of fuel consumed, details around alternative fuel usage, and total miles driven. The fuel use reports can be customized to provide data about the agency as a whole or to provide detailed transactional data at the individual vehicle level. Total miles driven and average monthly miles driven reports for the fiscal year are designed to allow the customer to make robust forecasting decisions. The attached document "GSA Fleet Drive-thru Report Fields" provides an overview of all the data available to customers' on-demand in GSA Fleet Drive-thru.

7. Please provide any explanatory text, notes, or guidance that would normally accompany the National Account Report.

Answer 7: The National Account Reports are developed by GSA Fleet and shared at the headquarter level of most of GSA Fleet's customer agencies by their respective GSA Fleet National Account Advisory Team (NAAT). Each GSA representative will discuss the contents of the report and further assess customer agency needs during their annual customer briefing. The report serves as a standard outline designed to foster constructive dialogue between GSA and its customers around the major areas impacting the customer's vehicle fleet.

The report is organized in the following manner:

- Current Vehicle Inventory and Utilization
- Vehicle Acquisition Stats
- Optional Equipment Rate Charges
- Fuel Use and Miles Reporting
- Accidents and Incidents
- Agency Incurred Expense
- Short Term Rental Expense
- Projected Vehicle Replacements

While the report has a set layout, each GSA NAAT has a specific insight/knowledge/intelligence of their particular customer agency. He or she typically highlights key areas of the report with the aim of addressing specific customer priorities that might lead to more effective and efficient management their fleet vehicles.

8. Please describe GSA's short term rental program for vehicles and equipment.

Answer 8: GSA Fleet's Short Term Rental (STR) program supplies vehicles and equipment to all federal agencies to fulfill short term and temporary needs. The program offers a wide selection of vehicles and equipment to meet seasonal work, special events, disaster response and surge requirements. STR is also a valuable solution to replace vehicles/equipment temporarily out-of-service for repairs and maintenance. Vehicles can be rented for up to 120 days, and equipment for up to 365 days.

The STR program is a cost-effective resource that saves agencies time and money. GSA takes care of all procurement requirements to provide customers with quick access to vehicles and equipment at the lowest available rates. With the STR program, GSA handles all the contracting requirements so customers focus on their mission and not duplicate acquisition effort.

Benefits of the STR program include:

- Lowest available commercial rates
- Easy, hassle-free procurement
- Convenient online request system, available 24/7
- Fuel cards provided
- Tax-exempt rentals (in most states)
- Charges conveniently appear as a line item on your GSA Fleet invoice
- No fee for additional drivers

Since its launch in 2007, STR demonstrates continued growth. Over 80,000 vehicles have been rented, with over 12,000 rentals occurring in fiscal year 2015.
http://www.gsa.gov/str

9. Please provide information on how and by what specific date GSA will have implemented the GAO recommendations related to the vehicle management issued in its 2016 report titled *Federally Leased Vehicles: Agencies Should Strengthen Assessment Processes to Reduce Underutilized Vehicles* (GAO-16-136).

Answer 9: GSA received three specific recommendations laid out in the final GAO report, *Agencies Should Strengthen Assessment Processes to Reduce Underutilized Vehicles (GAO-16-136).* Recommendations are as follows:

- To help improve the accuracy of Drive-thru data to allow agencies to better manage their leased vehicle fleet data, we recommend that the Administrator of GSA evaluate the 9,999-mile/month electronic safeguard for Drive-thru odometer readings to determine if a lower threshold could improve the accuracy of customer data and adjust it accordingly.
- To provide better assurance that Fleet Service Representatives (FSRs) are having conversations with the leasing customers about utilization in accordance with GSA expectations, we recommend that the Administrator of GSA develop a mechanism to help ensure that these conversations occur.
- To help strengthen the leased vehicle justification processes across federal agencies, we recommend that the Administrator of GSA examine the [Federal Property Management Regulation] FPMR to determine if the regulations should be amended to require that vehicle justifications are clearly documented and readily available, and adjust them accordingly.

GSA has developed subsequent actions to implement each of the recommendations, respectively.

- GSA Fleet will evaluate the 9,999-mile/month electronic safeguard for Drive-thru odometer readings in an effort to optimize data integrity, balanced with the ease of use and administrative workload of GSA Fleet and its customers.
- GSA will evaluate existing protocols to ensure that Fleet Service Representatives (FSRs) are having conversations with leasing customers about utilization in accordance with GSA Fleet management expectations.

- GSA will review the FPMR to determine if existing regulations should be amended to strengthen the leased-vehicle justification processes across federal agencies. This review is underway and comprehensive of the entire regulations.

Each of these actions will be completed by the end of calendar year 2016 (12/31/2016).

10. What policies do you have in place to inform employees of their rights as whistle blowers?

Answer 10: The following policies are in place to inform GSA employees of their rights as whistle blowers:

1. Employees' rights to Whistleblower Protection located at http://www.gsa.gov/portal/content/101978.
2. Merit System Principles and Prohibited Personnel Practices located at https://www.gsa.gov/portal/content/101978.
3. *1025.3 ADM P Protecting Whistleblowers with Access to Classified Information.* This policy provides agency direction and guidance on Protecting Whistleblowers with Access to Classified Information. The policy ensures employees serving in the Intelligence Community or those who are eligible for access to classified information can effectively report waste, fraud, and abuse while protecting classified national security information. Additional information may be found at: https://insite.gsa.gov/portal/content/656510.

11. How often do you require your employees to complete training on whistleblower protections?

Answer 11:

- GSA annually provides mandatory training on the No FEAR Act for all GSA employees. This course covers the rights and remedies available to Federal employees under both anti-discrimination laws and whistleblower protection laws. New employees and new managers/supervisors must take the No FEAR Act training within 90 days of being hired.

- GSA provides mandatory supervisory training on Merit System Principles and Prohibited Personnel Practices. This course provides employees with the knowledge and skills needed to uphold the merit system principles and avoid prohibited personnel practices to include reprisal for whistleblowing. The training is mandatory for all new supervisors upon commencement of being appointed to a supervisory position; and then every three years thereafter.

- GSA partnered with the Office of Special Counsel who provided Whistleblower Protection Act training to GSA supervisors and managers. The training provided an explanation of the rights of federal government employees who whistleblow on government wrongdoing. The training was provided last year.

· All new GSA employees are orientated during New Employee Orientation on the merit system principles, prohibited personnel practices, and the whistleblower protection act. New Employee Orientation is conducted on a bi-weekly basis.

12. What is the punishment in your agency for retaliating against a whistleblower?

Answer 12: The Agency reviews potential disciplinary actions on a case-by-case basis in accordance with the GSA Penalty Guide for offenses, which ranges from a warning notice to removal.

13. Is your agency in compliance with the Whistleblower Protection Enhancement Act's standards for non-disclosure agreements?

Answer 13: Yes.

14. How many employees at your agency are currently on administrative leave as a result of an ongoing investigation?

Answer 14: There are currently 2 GSA employees on administrative leave pending investigations for misconduct.

14a. In the past year, how many employees at your agency have been placed on administrative leave as a result of an ongoing investigation?

Answer 14a: In the past year, a total of 9 GSA employees were placed on administrative leave. Of the 9, 2 cases are open and 7 cases are closed.

14b. How long was/is each individual on administrative leave?

Answer 14b: Of the two open cases, one employee has been on administrative leave for 68 days and the other employee has been on administrative leave for 153 days.

With regard to the 7 closed cases, the number of days was as follows: 1) 9 days; 2) 188 days; 3) 181 days; 4) 113 days; 5) 276 days; 6) 75 days; and 7) 56 days.

15. What operating system does the Agency use?

Answer 15: GSA uses several different operating systems including Windows, Unix, Mac OS and Linux.

16. How much does the Agency spend annually on maintaining IT systems?

Answer 16: Total O&M Without Other agency funding
FY15 O&M 465.33M

FY16 O&M 473.89M
FY17 O&M 476.85M

17. How often do you meet with your CIO and your chief information security officer?

Answer 17: The GSA Fleet Automated Solutions Division meets with its OCIO counterparts on a daily basis. The meetings are a combination of regular Change Control Board (CCB) sessions to track the status of ongoing initiatives and coordinate appropriate action, and ad hoc meetings to address specific issues. In addition, the managing leads of the Automated Solutions Division and their OCIO counterparts meet monthly to coordinate and address concerns (to include systems security) at a higher level.

The CIO Division Director and Branch Chief responsible for support of GSA Fleet automated systems meet both monthly and on an ad hoc basis with the Information Systems Security Manager (ISSM) to discuss and address security matters directly related to these systems. Further, all newly developed systems are security scanned prior to implementation and continue to be scanned on a weekly basis for life of the system. Any findings are reported to the OCIO's Information System Security Officer (ISSO) for remediation. Service tickets are opened to track all actions through completion of remediation.

18. Have you had a penetration test done on your network in the last year?

Answer 18: Yes, GSA conducts annual agency network penetration tests.

18a. IF YES, Do you know how long the white hat hackers were in the Agency's network before they were discovered?

Answer 18a: N/A - The testers did not breach the system/network.

19. The President issued a memorandum in 2009 directing agencies to adopt a presumption of openness. Has your agency adopted a presumption of openness?

Answer 19: Yes.

19a. If so, how has that changed FOIA operations at your agency?

Answer 19a: GSA restructured its FOIA Operations to a centralized structure to increase agency-wide accountability to FOIA laws and regulations and ensure that the FOIA program is operating with a presumption of openness. Under a centralized structure, the GSA subject matter expert (SME) performs the initial review and determination about the records and the appropriate disposition. Once the SME has made a determination, he or she consults with a FOIA professional. The SME and FOIA professional must reach an agreement regarding the release before the determination and records are forwarded to the GSA Office of General Counsel (OGC). OGC reviews the documents and determination. OGC must provide approval and concurrence prior to the GSA FOIA Program Manager approving release to the requester. In the absence of a compelling reason, GSA will disclose a record even if it otherwise is subject to exemption (41 C.F.R. 105-60.103-2).

19b. Can you provide some examples of records that have been released since your agency adopted this presumption of openness that you would not have otherwise released?

Answer 19b: GSA releases records and material that may otherwise have been covered by the fifth statutory exemptions under FOIA, 5 U.S.C. § 552(b)(5). Examples of information released include records containing information regarding the agency's deliberative process. The releases are made after conducting an analysis for foreseeable harm, per the guidance provided by the DOJ - Office of Information Policy and the memoranda issued by the President and the Attorney General. Example of these releases include memorandum of internal agency policies and procedures, including accompanying emails regarding the functioning of GSA programs. Programs highlighted in these discretionary releases include internal process and procedure information releases on GSA's Travel and Charge Card, Fleet Management, Federal Building Leasing, general acquisition, and Property Disposal programs.

20. How does your agency apply the presumption of openness to the deliberative process privilege when responding to FOIA requests? How does the agency determine that records need to be withheld under deliberative process privilege?

Answer 20: GSA views all FOIA release decisions through a prism of openness. GSA's approach is predisposed towards disclosure in the review and release of documents. The agency's policies require discretionary disclosures whenever possible and provide that:

> "GSA will not withhold a record unless there is a compelling reason to do so; i.e., disclosure will likely cause harm to Governmental or private interest. In the absence of a compelling reason, GSA will disclose a record even if it otherwise is subject to exemption." (41 C.F.R. 105-60.103-2)

Multiple steps ensure that the presumption of openness is being applied to all decisions involving FOIA at GSA. GSA program offices are responsible for searching for, locating, and reviewing the responsive records. Once the records are located, GSA FOIA professionals collaborate with the GSA program office subject matter experts (SMEs) to examine the documents and make an initial determination whether there is a compelling reason to withhold information. GSA program office managers perform a secondary assessment of the records being withheld, the proposed redactions and justifications for withholding any parts of the records. Any proposed redaction or withholding of any part of the records requires concurrence from the responsible GSA program officials and the Office of General Counsel prior to release to the requester. If there is no compelling reason to withhold information, the record is released.

21. How much training did your FOIA staff receive in the past year?

Answer 21: All of the GSA FOIA professionals attended multiple substantive formal FOIA training sessions during the past year. Each GSA FOIA professional attended a variety of FOIA courses, receiving a minimum of six hours of official formal FOIA training. Courses included:

- Freedom of Information and Privacy Act training offered by the Graduate School USA;
- FOIA training provided at the American Society of Access Professionals 2015 National Conference;
- "The Freedom of Information Act for Attorneys and Access Professionals" offered by Department of Justice;
- Best Practices Workshops offered by the Department of Justice
    - "Best Practices from the Requester's Perspective"
    - "Implementing Technology to Improve FOIA Processing"
    - "Customer Service and Dispute Resolution".

22. How much training does agency-wide staff receive on FOIA and federal record responsibilities?

Answer 22: The vast majority of program office Subject Matter Experts (SMEs) that assist on GSA FOIA request processing attended a substantive FOIA training during the past year. The GSA Freedom of Information Act (FOIA) Requester Service Center conducted several types of FOIA training for GSA employees whose roles and responsibilities involve the FOIA. The GSA FOIA Requester Service Center made several Regional site visits nationwide to conduct in-person FOIA training, as well as attending many GSA office and program staff meetings at GSA Central Office in order to provide FOIA training. The GSA FOIA Requester Service Center also held webinar training sessions throughout the year for all key segments of GSA employees that are involved in GSA Freedom of Information requests.

GSA has undertaken several communication and outreach methods to inform non-FOIA professionals of their obligations under the FOIA. GSA employees are continually made aware that FOIA is every employee's responsibility. GSA FOIA professionals engage GSA's non-FOIA professionals through a variety of outreach meetings and training sessions, as well as presenting at assigned Directors and GSA Office and Division staff meetings. During these times, FOIA professionals are able to reiterate the importance of FOIA responsibilities as well as provide necessary training and updates. Additionally, the GSA Chief FOIA Officer sends out memorandums with updates and key information regarding FOIA processes and responsibilities in a continual effort to ensure accountability of the FOIA program at GSA.

Also, during the past year, the GSA FOIA professionals revised and reissued the agency-wide GSA FOIA Handbook and Desk guide, as well as developed and issued an internal FOIA Service Level Expectation (SLE) document. These reference documents cover the responsibilities and required actions and services provided by agency FOIA SMEs and the GSA FOIA Requester Service Center to successfully administer the FOIA regulations and provide GSA FOIA requesters excellent customer service and timely responses to FOIA requests.

All GSA employees are required to take a yearly records management policy and procedures course. This course is found on the GSA Online University and reviews current and new policies and procedures that must be followed. It covers all aspects of records management, from the records inventory process through records disposition.

23. What is your progress on DATA Act implementation?

<u>Answer 23:</u> Working with the Office of the Chief Financial Officer, GSA IT and the Office of Governmentwide Policy, have developed a data-driven approach to implementing the requirements of the DATA Act, using the draft guidance provided to date by

OMB/Treasury. GSA is awaiting final guidance from OMB/Treasury DATA Act PMO, which is expected at the end of April.

24. Have you fully mapped the data required by Treasury and OMB?

Answer 24: GSA has fully mapped the draft versions of the data requirements and is awaiting final guidance in April from OMB/Treasury.

25. Do you expect to be fully compliant by May 2017?

Answer 25: Provided that GSA obtains final guidance on the data elements and reporting architecture in April, the agency is expected to be fully compliant by May 2017.

26. How does the agency plan to use the data being produced through this DATA Act effort to improve efficiency and decision-making?

Answer 26: As the agency builds out its solution to support the DATA Act, GSA will leverage the tools and information to provide insights about its and customer agencies' spending on acquisitions.

27. How much has the agency spent on DATA Act implementation? Why?

Answer 27: To date, the Agency has obligated $598,013.06 for contract technical assistance, to help develop the data environments to bring together data from multiple systems, and build the reporting architecture.

28. In the last 5 years, have there been any violations or allegations of violations of the Federal Records Act? If so, what were they?

Answer 28: In the last 5 years, there have been two allegations of violations of the Federal Records Act related to the improper deleting of records. In both cases, the individuals involved deleted electronic records prior to their disposition date and did not save them into a system of record. However, in both cases the email records were retrievable and saved accordingly. The persons involved have been retrained on how to address, maintain and save records according to NARA's General Records Schedule (GRS) and GSA's Records Retention Schedule.

29. Do you still use a "print-to-file" records retention system?

Answer 29: Yes.

29a. If yes, are you planning to transition to an electronic system? When?

Answer 29a: GSA still utilizes a "print-to-file" records retention system, but GSA is transitioning to an electronic document management system (EDMS) that meets NARA's requirements for an electronic recordkeeping system. The implementation of this system will begin in the second quarter of FY16 and is projected to be completed in FY18 prior to the December 2019 mandated deadline.

For email records, GSA is using Google Vault and NARA's Capstone approach to meet the Presidential and OMB mandate to save email in an electronic system of record. GSA's proposal for a capstone approach implementation strategy has been submitted to NARA for approval. Once approved, GSA will begin implementation immediately and expects to be completed prior to the mandated December 2016 deadline.

29b. If no, when did you change?
Answer 29b: Please see answer 29a. above.

30. When did you last update your agency's Federal Records Act guidance regulations and policy?

Answer 30: In FY15, GSA's Records Retention Schedule was updated to include NARA's latest guidance. GSA's records management guidance regulations and policy are scheduled to be updated in FY16.