



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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LOGISTICS AND COMMUNICATIONS
DIVISION

APR 1 1974

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The Honorable
The Secretary of the Navy



Dear Mr. Secretary:

The Navy in New Orleans plans to expand its free shuttle service which transports Navy and other Department of Defense (DOD) commuters between the Naval Support Activity on the west bank of the Mississippi River and office buildings on the east bank. The shuttle boats, which run primarily during morning and evening rush hours, are provided because traffic on the Greater New Orleans Bridge is congested, bus service is sporadic, and parking at the east bank office buildings is limited.

DOD Directive 4500.36, dated January 1971, implements 10 U.S.C. 2632, which allows the Secretary of a military department to authorize group transportation for commuting employees, provided other transportation facilities are inadequate and a reasonable fare is charged for the service.

The Navy's plan to expand its group transportation for its employees should benefit everyone, especially during the energy crisis. In our opinion, however, the employee, and not the Government, should pay for the service.

The operation now serves 220 to 280 employees daily and employs a 7-man crew which uses 2 40-foot utility boats and 2 workboats. By July 1975 approximately 1,100 employees will be commuting daily without charge. To accommodate this expansion, the crew will be increased to 27 and the 4 existing boats will be replaced with 3 new 50-foot boats.

Annual operating expenses for the expanded boat service will be \$225,000. The Naval Support Activity plans to spend \$572,000 in capital investments for (1) constructing a boat mooring--\$298,000, (2) purchasing new boats--\$180,000, and (3) constructing commuter parking lots--\$94,000. We

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believe the fares charged should be high enough to recover all costs but, as a minimum, should be consistent with other fares charged for group transportation.

The Commanding Officer, Naval Support Activity, New Orleans, informed us he is opposed to charging a fare because (1) other military installations provide free commuter transportation to employees, (2) many enlisted men using the shuttle live on base and should therefore not have to pay a fare, and (3) operating a fare system would create administrative problems.

Although this review was not intended to identify other military installations providing free commuter services, recent DOD actions indicate a growing concern about such transportation. A November 1973 DOD audit on the use of motor vehicles and helicopters in the Washington, D.C., area recommended action be taken to stop the use of buses by military and civilian employees commuting from their residences to work. DOD is still considering this recommendation.

DOD apparently recognizes that free commuter transportation is not to be provided to enlisted personnel living on base. A December 1969 DOD General Counsel opinion citing 10 U.S.C. 2632 and 31 U.S.C. 638A stated that restrictions on providing automobile and boat transportation to commuters apply equally to civilians, officers, and enlisted men living on base.

Some administrative expense will be required to operate a fare collection system, but we believe a system can be established that will have a minimum impact on operations.

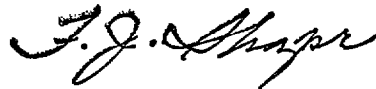
In summary, although the objective of the shuttle is worthwhile, particularly from the standpoint of energy conservation and pollution reduction, the law requires that users of the service be assessed a reasonable fare.

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Time is critical because the Naval Support Activity intends to award the contract for the boat mooring in March 1974 and the investment cost should be considered in computing a fare.

Please send us your comments on this matter and advise us of any action taken by the Navy.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "F. J. Shafer".

F. J. Shafer
Director