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Report to T. E. Hannon, Regional Administrator, General Services Administration: San Francisco Regional Office, CA; by M. S. Mosher (for W. H. Sheley, Jr., Director, International Div.: Far East Branch (Honolulu)).

Contact: International Div.: Far East Branch (Honolulu).
Organization Concerned: General Services Administration.

The Interagency Motor Pool is responsible for General Services Administration (GSA) vehicles in the Hawaiian Islands and Guam. Fiscal year 1977 operations ended in a net loss of \$59,149. Motor pool vehicles accumulated nearly 4 million miles at a cost of \$.2034 per mile, 38% higher than the average Region IX cost per mile. During fiscal year 1977, the motor pool had poor utilization; the fleet averaged about 7,500 miles per vehicle year, and 44% of the vehicles accumulated fewer than 6,000 miles. The motor pool does not question agency need for vehicles or take action to rotate vehicles to equally distribute mileage as required by Federal Property Management Regulations. The Honolulu motor pool experiences delays in servicing and repairing vehicles and incurs excessive operation and maintenance costs. A lack of management attention to achieving efficient and economical operations precludes identification and correction of problems in servicing vehicles and allows continued uneconomical operations. The Interagency Motor Pool could improve operations by more aggressive management, including: analyzing agency use of assigned vehicles and suggesting ways to improve utilization, implementing a comprehensive rotation program to equalize vehicle utilization, replacing old vehicles immediately with newly arrived vehicles, analyzing dispatch fleet utilization to determine the number and mix of vehicles which will meet customer needs and result in effective vehicle use, ensuring that preventive maintenance inspections are performed, developing a system to identify causes of and reduce delays, and negotiating cross-servicing agreements with other Government facilities. (FBS)



UNITED STATES GENERAL ACCOUNTING OFFICE
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APR 18 1978

Mr. T. E. Hannon
Regional Administrator
General Services Administration
525 Market Street
San Francisco, California 94105

Dear Mr. Hannon:

This letter is being issued to advise you of matters disclosed during our survey of the Interagency Motor Pool in Honolulu, Hawaii, and to enable you to comment on these matters. We discussed our observations with the Regional Commissioner, Federal Supply Service, and Motor Equipment Services Division representatives on March 31, 1978. They generally agreed with our observations. The major areas which we believe warrant close management attention are described below.

Background

The Interagency Motor Pool, established in 1961, is responsible for General Services Administration (GSA) vehicles in the Hawaiian Islands and Guam. Fiscal year 1977 operations ended in a net loss of \$59,149. Motor pool vehicles accumulated nearly 4 million miles at a cost of \$.2034 per mile which was 38 percent higher than the average Region IX cost per mile.

Several factors, including extra transportation costs from the mainland, and between islands; excessive tire wear due to coral aggregate road composition; and rust problems resulting from the salt-air atmosphere; contribute to the high cost per mile. However, we found managerial problems which also appear to increase the cost of vehicle operations.

Motor Equipment Services Division (MESD) representatives spent several weeks during October-December 1977 reviewing the Interagency Motor Pool operations and found them beset with many problems resulting from inadequate management practices.

The GSA Regional Office is aware of the current situation in Honolulu because of the MESD inspections and through our March 31, 1978, meeting with regional representatives. Although MESD officials have instituted some corrective actions, we believe they should closely monitor Honolulu Motor Pool operations to ensure further improvements are made.

Poor vehicle utilization

During fiscal year 1977, the motor pool had poor vehicle utilization-- the entire fleet averaged about 7,500 miles per vehicle year and 44 percent of the assigned vehicles^{1/} accumulated fewer than 6,000 miles. Vehicle utilization is significantly below GSA-established usage objectives. The motor pool does not question agency need for vehicles nor take action to rotate vehicles to equally distribute mileage as required by Federal Property Management Regulations.

Consequently, vehicles often have low mileage when they are replaced. Thirty of 110 vehicles being processed for sale as of January 1978 had fewer than 40,000 miles compared to the GSA 60,000-mile replacement criteria. Poor utilization decreases GSA recovery of costs and increases the cost per vehicle mile.

The dispatch fleet remained idle for a significant amount of time-- 4,000 of approximately 9,100 available vehicle days were not used during a 6-month period. Furthermore, one-third of the days operated were for loaner, rather than revenue, purposes. This low vehicle utilization also contributed to the high cost per mile.

We believe the poor utilization of both assigned and dispatched vehicles indicates a need to evaluate and possibly reduce the fleet size based on available usage data.

Operations and maintenance problems

The Honolulu Motor Pool is experiencing delays in servicing and repairing vehicles and incurring excessive operation and maintenance costs. Although these problems are readily identifiable, a lack of management attention to achieving efficient and economical operations precludes identifying and correcting problems in servicing vehicles and allows continued uneconomical operations.

During a recent 2½-month period, 164 repair and maintenance jobs (excluding accident repair and warranty work) resulted in vehicles being unavailable for use an average of 5 days per job. These delays equate to 11 vehicles unavailable for use each day. Reducing vehicle downtime due to routine maintenance such as tuneups, brake jobs and annual inspections could increase vehicle availability and decrease requirements for loaner vehicles, thereby allowing vehicle fleet reductions.

^{1/}Excluding model year 1977 vehicles since they were received late in the fiscal year.

Either improper allocation of duties, poor employee or contractor performance, inadequate facilities, understaffing, or a combination thereof may be causing the delays in servicing vehicles. Management, however, has not placed emphasis on reducing vehicle downtime nor maintained a management information system adequate to identify the cause of the problem.

The motor pool often pays commercial facilities for parts installed on vehicles rather than purchasing parts from more economical sources and furnishing them to the facilities. Several parts vendors offer GSA discounts ranging from 15 to 35 percent greater than the discounts offered by the most frequently used repair services contractor. Obtaining parts from more economical supply sources and furnishing them to repair facilities could reduce maintenance costs.

Seventy-one percent of the value of gasoline purchased by motor pool vehicle users during fiscal year 1977 was obtained from commercial gasoline stations even though Government gasoline costs substantially less. Increased use of cross-servicing agreements with other Government agencies to use their gasoline facilities would reduce motor pool gasoline costs.

Other management problems

The motor pool office has neglected preventive maintenance inspection oversight responsibilities. The office does not notify agencies of overdue vehicle inspections as required. Annual inspections were not performed when required on 55 of 91 vehicles reviewed. Furthermore, 16 vehicles were not inspected for 18 months or longer.

Unwarranted delays in assigning new vehicles may result in losses to GSA since a portion of the warranty coverage lapses without corresponding vehicle use. As of February 1, 1978, at least 23 new vehicles received during August to November 1977 had not been placed in service.

A recent MESD inspection identified an 1,800 gallon gasoline shortage not previously reported because motor pool personnel did not reconcile monthly gasoline reports with actual tank readings as required by GSA regulations. Gasoline pump overissues contributed to an undetermined amount of the shortage. MESD has not yet determined the reason for the shortage.

Conclusions and recommendations


We believe the Interagency Motor Pool in Honolulu is not operating efficiently and effectively but it could improve with more aggressive management in all phases of motor pool operations, including:

- analyzing agency use of assigned vehicles and suggesting ways to improve utilization.
- implementing a comprehensive rotation program to equalize overall vehicle utilization.
- replacing old vehicles immediately with newly arrived vehicles to prevent loss of warranty.
- analyzing the dispatch fleet utilization to determine the number and mix of vehicles which will both meet customer needs and result in effective vehicle use.
- ensuring that preventive maintenance inspections are performed as required.
- developing a system to identify causes of and reduce delays in vehicle repair and service.
- negotiating cross-servicing agreements with other government facilities.

Implementing the above actions should reduce the vehicle operating costs and improve motor pool operations. MESD should work closely with management until the current problems are corrected and improvements are made.

Please send your response to my attention. If you have any questions, contact Louis Mangene or Jerry Skeily of my staff on (808) 546-8373. We appreciate the cooperation and assistance extended by General Services Administration personnel in Honolulu and San Francisco.

Sincerely yours,

for 
W. H. Sheley, Jr.
Director