

STATEMENT OF
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HOUSE OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON
TRANSPORTATION AND PUBLIC ASSETS
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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.

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Mr. William A. Toth, Jr. is GSA's Category Manager for the Non-Tactical Motor Vehicle Category, overseeing the GSA Fleet and Vehicle Acquisition programs which together generate a business volume of \$2.5 billion annually. Each day, Mr. Toth manages a dedicated staff that endeavors to provide safe, reliable, and low-cost leased vehicles and best value fleet management services to customer Federal agencies. His staff oversees the procurement of over 50,000 vehicles annually at a savings of over 17% from dealer invoice and manages the day-to-day operations of more than 204,000 vehicles, all with an eye to empowering civilian and military agencies alike to meet their diverse missions with excellence.

Prior to his service as the Director of the Office of Fleet Vehicle Management, Mr. Toth had the pleasure of serving as the Director of the Planning and Performance Division in the Federal Acquisition Service's Office of Strategic Business Planning and Process Improvement, as the Director of the Service Contract Division in the former Federal Supply Service's Office of Commercial Acquisition, and as the Chief of the Program Operations Branch in the Office of Transportation and Property Management. He leverages the operational and management excellence he has honed throughout his 25 years of federal service to drive the positive outcomes the Office of Motor Vehicle Management realizes each day.

Mr. Toth earned a Bachelor's Degree in Finance from Towson University and a Master's Degree in Business Administration from Marymount University.