

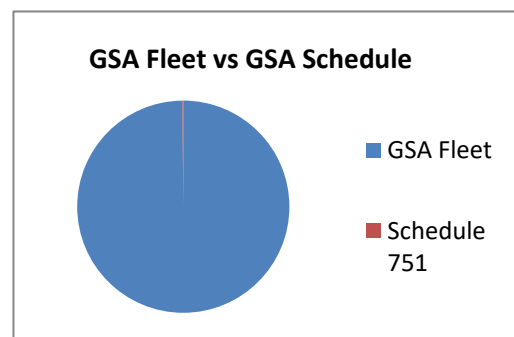
GSA's FLEET REVOLVING FUND FALLS SHORT OF ADMINISTRATION'S EQUITY ACTION PLAN GOALS

GSA Fleet Revolving Fund ("Government-Owned") Leasing Program of Electric Vehicles Impedes the Participation of Disabled-Veteran/Minority-Owned Firms who are Better Connected to America's Underserved Communities

BACKGROUND:

GSA Administrator Robin Carnahan asks how GSA can improve the delivery of services to "all of America's communities." If the goal is to advance racial equity and support for underserved communities through the federal government, GSA must rethink how it administers its Fleet Revolving Fund's Leasing Program. Instead of providing an inclusive approach to both outside GSA contractors and the communities they serve, the program has proven to be both anti-competitive and insulated – GSA Fleet has historically controlled more than 99.9% of all agency fleet vehicle leasing orders. GSA Automotive Division provides vehicles and fleet services to more than 75 Federal agencies that replace 50,000+ new vehicles per year.

GSA Schedule 751 is the least utilized of all GSA Schedule contracts. Schedule 751 contract holders include small businesses and certified minority and veteran-owned leasing vendors that have invested significant time and resources to become GSA-approved contractors. These contractors speak directly to the goals articulated by Andrea M. O'Neal, Senior Advisor to the Administrator for Equity, who stated that GSA's programs "need to work for everyone... (and) improve how we deliver services to all of America's communities."



Less than \$4M in aggregate vendor orders go to GSA Schedule 751 contract holders – **less than 0.13% of GSA's \$3 Billion Budget**

The non-mandatory GSA Fleet leasing program is directly competing with GSA Schedule 751 commercial leasing contractors for the annual dollars spent on fleet orders issued by agency customers. The wide gap in dollars spent has created a significant disparity between the two GSA leasing programs. The potential of the leasing program would improve exponentially if Schedule 751 contractors are able to operate on a level playing field that allows them to utilize their community outreach capabilities.

The GSA Fleet “revolving fund” leasing program does not appear to be compliant with the fair competition policies contained in OMB Circular No. A-76 and Federal Acquisition Regulations. GSA Schedule vendors, including Minority and Service-Disabled Veteran Owned Small Businesses (M-SDVOSBs) are seeking to offer Electric Vehicle Tax Credits that can be “monetized” to reduce monthly lease costs for the Federal Fleet – a savings that is not available through the conventional GSA fleet leasing program.

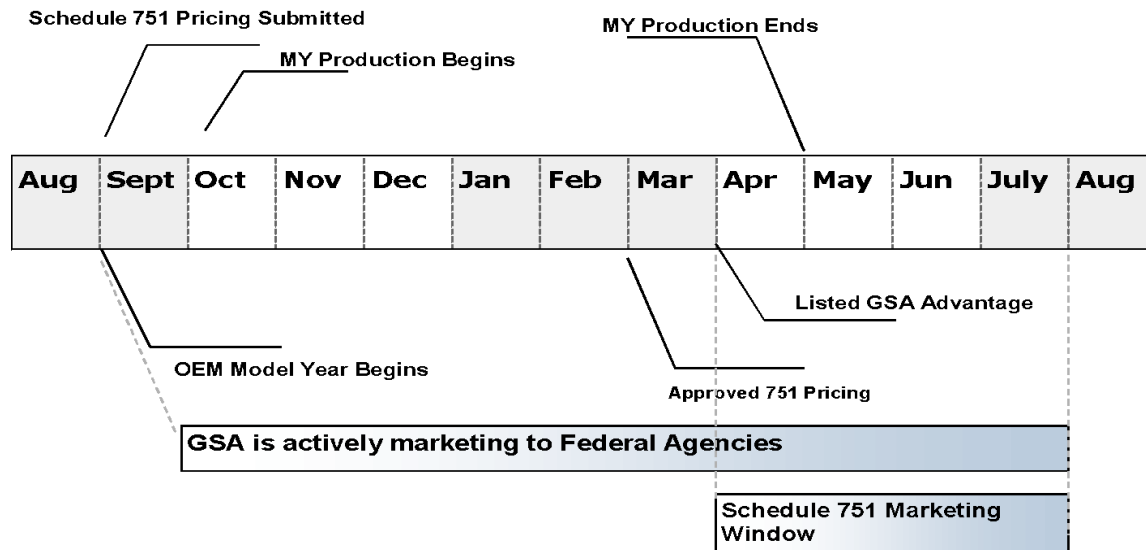
Anti-competitive GSA Practices

- **Strategic minimization of** GSA Schedule 751 Contractors
- Add unnecessarily to the leasing costs of Federal fleets; and
- Exclude broader participation in the program

EXAMPLE #1

While GSA Fleet contracting officers delay Schedule 751 contract modifications each new model year, the GSA Fleet leasing program is actively marketing to “obligate” Federal Agency funds each fiscal year.

Timeline review of the annual lease industry cycle:



GSA Automotive “foot dragging” of Schedule 751 Pricing approval allows GSA Fleet to market and lease to Federal agency customers each model year without any private sector leasing competition. When Schedule 751 Pricing is finally approved, after an abhorrent six-month waiting period, most of the appropriated funds for fleet leasing within agencies has already been spent with GSA Fleet. This is how GSA Fleet controls 99.9% market share.

EXAMPLE #2

The GSA Fleet leasing program is based on monthly pricing to fleet customers with 5+ year amortization schedules. However, the GSA Schedule 751 leasing program is set up on monthly pricing with a base period of 1-year plus option-year pricing. As a result, Federal fleet ordering activities are conducting their market research on pricing with confusing “apples-versus-oranges” cost comparisons. The 5+ year calculated monthly price will always be lower than the 1-year calculated price required of Schedule 751 contractors. GSA Schedule 751 commercial leasing contractors are at a competitive disadvantage when an agency contracting officer compares 1- year commercial lease prices to the GSA Fleet’s 5+ year “revolving fund” price.

Consequently, GSA Schedule 751 fleet leasing contractors and the private sector are negatively characterized and improperly compared.

OTHER INEQUITIES REQUIRING REFORM

- GSA Fleet diminishes GSA Schedule Commercial (EV Tax Credits) Lease opportunities with interested agency fleet customers – unnecessarily inflating leasing costs.
- GSA Fleet operates as a large business prime contractor but is not required to comply with any subcontracting plans that are common practice among other major fleet industry suppliers/services.
- GSA Schedule 751 vendors have been excluded from GSA FEDFLEET training events and panels intended to educate Federal Agencies on available Commercial (EV Tax Credits) Leasing.

RECOMMENDATIONS

- GSA should establish a Justice 40 Supplier Diversity Goal during Model Years 2023 through 2030 with GSA Schedule 751 contract holders that are SBA certified SDVOSB.
- GSA Fleet should establish a minimum 20% supplier diversity goal each OEM model year for new technologies within a federal fleet procurement process that is transitioning to electric vehicles.
- GSA should establish a FAR compliant Blanket Purchase Agreement (BPA) for SIN 3361E Electric Vehicles, Charging Stations, and Ancillary Services.
- GSA should invite GSA Schedule 751 SDVOSBs to speak on FEDFLEET panels.
- GSA should establish SDVOSB program similar to VETS 2 for IT orders.