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General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-270307

October 27, 1995

The Honorable Lauch Faircloth
Chairman, Subcommittee on Clean Air,
Wetlands, Private Property, and Nuclear Safety
Committee on Environment and Public Works
United States Senate

Dear Mr. Chairman:

This interim report responds to your request for an assessment of the accuracy and completeness of the information that the Environmental Protection Agency (EPA) provided to you on contracts issued or used by the agency's Office of Mobile Sources. During hearings before your Subcommittee on June 29, 1995, witnesses argued over the fairness of EPA's decision to give states different emissions reduction credits under the Clean Air Act, depending on the type of automobile emissions testing used by the state. The credits are based, among other things, on whether the state has a test-only or a test-and-repair program. Test-only programs require the testing of automobile emissions in facilities that do not repair vehicles, while test-and-repair programs permit the facilities to do both. According to EPA's November 5, 1992, rule, a state having a test-and-repair program would receive, for certain tests, only 50 percent of the emissions reduction credits that it would receive if it had a test-only network.

In a July 20, 1995, letter to EPA's Assistant Administrator for Air and Radiation, you asked EPA a series of questions about its inspection and maintenance programs for automobile emissions testing. Included in the questions, you specifically requested (1) a listing of the date, amount, and purpose of all contracts, grants, interagency agreements, cooperative agreements, or other funding mechanisms issued or used by the Office of Mobile Sources after November 5, 1992, and (2) the same information from November 1989 to the present for 19 organizations that you identified, including environmental groups and business coalitions. EPA replied to your request by letter dated August 18, 1995, and by a follow-up letter dated September 1, 1995. Subsequently, you asked us to (1) determine the

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completeness of EPA's list, (2) verify the information contained in EPA's responses, (3) describe the procurement procedures that EPA followed in awarding each procurement, and (4) describe the scope of work for each task issued under the contractual agreements and other funding mechanisms identified.

To date, we have collected the information on contracts issued or used by the Office of Mobile Sources. Because of impending congressional oversight of the inspection/maintenance program, you asked for an interim report on the data we have collected at this time. Accordingly, this interim report addresses your request that we determine the completeness of EPA's list as it relates to contracts and verify the information contained in EPA's responses. We will report to you, at a later date, on the completeness of EPA's list as it relates to grants, interagency agreements, cooperative agreements, and other funding mechanisms and our verification of the information contained in EPA's responses. In addition, we will also report to you at a later date the results of our review of the procurement procedures followed by EPA in awarding each procurement and a description of the scope of work for each task issued under the contractual agreements identified.

DATA PROVIDED BY EPA ON MOBILE SOURCE
CONTRACTS WERE NOT COMPLETE

While EPA correctly reported to you on the one contract issued to 1 of the 19 organizations that you identified, EPA's response was not complete. Specifically EPA did not identify 41 contracts issued or used after November 5, 1992, and 69 contracts that were active as of that date which may have been used. In addition, five contracts issued by EPA's Office of Research and Development may have been used by the Office of Mobile Sources but were not identified in EPA's responses to you. Additional information on these contracts follows.

EPA's September 1, 1995, reply to your Subcommittee indicated that it had awarded a contract to 1 of the 19 organizations you identified in your request. According to EPA, this one contract, issued in September 1992 to Envirotest, Inc., was for the purchase, delivery, and installation of an IM240 and evaporative system purge and pressure testing equipment package for \$238,000. We found that EPA awarded the contract to Hamilton Test Systems, Inc., on September 30, 1992, and on January 16, 1994, modified the contract to recognize that Hamilton Test

Systems, Inc., had changed its name to Envirotech Systems. We found that none of the other organizations identified in your request had been awarded an EPA contract during the period from November 1989 through September 30, 1995.

However, we found that after November 5, 1992, the Office of Mobile Sources issued or used 41 contracts valued at about \$326 million that were not disclosed in EPA's replies to you. (The 41 contracts are listed in enc. I.) Office of Mobile Sources officials explained that many of these contracts involved support services and activities that were used by the Office of Mobile Sources and other EPA offices. Office of Mobile Sources officials told us that their preliminary review indicated that approximately \$10 million relates to the inspection/maintenance program. In addition, the Office of Mobile Sources had issued or used 69 contracts that were active as of November 5, 1992; however, these contracts were not identified in EPA's response to you. The expiration dates of these contracts ranged from November 14, 1992, to September 30, 1997, and the contracts may have been used after November 5, 1992. We will report to you at a later date the extent to which the Office of Mobile Sources used each of the contracts after November 5, 1992.

While you did not ask EPA to report on contracts issued or used by offices other than the Office of Mobile Sources, we identified three contracts valued at over \$573,000 issued or used by the Office of Research and Development that may have been used by the Office of Mobile Sources. These contracts were not identified by EPA in its responses to you. (These three contracts are listed in enc. II.) In addition, the Office of Research and Development had two contracts active as of November 5, 1992, that appear to have supported research on mobile source pollution. The expiration dates of these contracts ranged from January 30, 1993, to September 30, 1995, and they may have been used after November 5, 1992. We will also report to you at a later date the extent to which the Office of Mobile Sources used each of these contracts after November 5, 1992.

AGENCY COMMENTS

We discussed the information contained in this report with EPA officials, including the Director, Office of Mobile Sources; Director, Office of Acquisition Management; and other senior EPA officials. EPA officials stressed that they interpreted Senator Faircloth's July 20, 1995, letter to be limited to inspection/maintenance expenditures by the

Office of Mobile Sources with the 19 organizations identified in the letter. EPA officials attributed the omission of contracts issued or used by the Office of Mobile Sources to this more narrow interpretation of the information requested by Senator Faircloth.

SCOPE AND METHODOLOGY

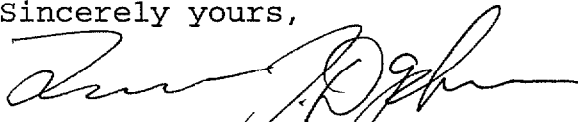
In conducting our work, we obtained documentation and interviewed officials from EPA's Office of Administration and Resources Management to obtain a listing of all contracts awarded by EPA from October 1988 to October 4, 1995. We reviewed the database listings and selected those contracts issued or used by the Office of Mobile Sources after November 5, 1992. We also selected contracts issued or used by the Office of Research and Development for research on mobile source pollution. We interviewed EPA contracting personnel and reviewed statements of work to determine if the Office of Research and Development's contracts were for research on mobile source pollution. In addition, we reviewed EPA's database of contracts awarded from October 1988 to October 4, 1995, to determine whether contracts were awarded to the 19 organizations you identified in your July 20, 1995, letter to EPA. We conducted our work in October 1995 in accordance with generally accepted government auditing standards.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days after the date of this letter. At that time, we will send copies to the Administrator of the Environmental Protection Agency and other interested parties. We will also make copies of the report available to others upon request.

Please call me at (202) 512-6111 if you or your staff have any questions.

Sincerely yours,



Lawrence J. Dyckman
Associate Director, Environmental
Protection Issues

Enclosures - 2

CONTRACTS ISSUED OR USED BY EPA'S
OFFICE OF MOBILE SOURCES AFTER NOVEMBER 5, 1992

Contract	Contractor	Effective date	Expiration date	Project title	Maximum value
68C40089	Alamo Technology, Inc	11/01/94	9/29/99	Certification Short Test Analysis System	\$ 742,639
68C40010	AMBAC International	2/22/94	9/30/96	Design, Fabrication, Calibration, Operation and Testing of Alternate - Fuel, Fuel Injection Components, Subsystems and Systems.	2,327,826
68D30054	Automobile Research Assoc.	7/26/93	7/27/96	Automobile Exhaust Emissions Testing	3,730,785
68C30370	Automotive Testing Labs, Inc.	9/30/93	9/30/95	Emission Factor Testing at a Centralized Inspection/Maintenance Location	12,172,991
68C40018	Automotive Testing Labs, Inc.	8/2/94	9/30/96	High-Tech Inspection/Maintenance Mechanic Training Program	2,735,594
68C50006	Automotive Testing Labs, Inc.	2/6/95	9/30/96	Emission Factor Testing of a Centralized Inspection/Maintenance Lane in a Non-California Warm Climate	12,975,279
68W40009	Compnr Sysrms Devlpmnt Corp	2/7/94	9/30/95	Office of Mobile Sources-Procurement of Fiscal Year 93 ADP Requirements	1,900,000
68C30345	Dependable Lawn Services	9/30/93	9/30/95	Janitorial Services--National Vehicle and Fuel Emissions Laboratory, Ann Arbor, Mi.	775,708
68C40023	Doshi and Associates, Inc.	7/14/94	7/13/97	Architect-Engineer Services in the state of Michigan	1,500,000
68D40126	Ducom Inc.	10/1/94	9/30/95	Process Imported Vehicle Documents	552,155
68D30035	E. H. Pechan	5/26/93	9/30/96	Technical Support for Air Pollution Control Programs	23,319,273
68D30034	EC/R Inc.	5/25/93	9/30/96	Technical Support for Air Pollution Control Programs	22,669,777

Contract	Contractor	Effective date	Expiration date	Project title	Maximum value
68C50054	EDO Fiber Science Corporation	8/7/95	8/6/96	Development of Improved Specific Energy Pressure Vessels for Hybrid Vehicle Applications	287,677
68D30023	Equity Associates Inc	4/30/93	9/30/94	Air Quality Management Workshop	748,505
68C40013	FEV Engine Technology, Inc.	7/27/94	7/27/97	Modification and Development of Methanol-Fueled Direct Injection Engines	6,364,650
68C40014	FEV Engine Technology, Inc.	3/8/94	9/30/96	Alcohol-Fueled Direct Injection Engine Design, Fabrication and Calibration	11,156,075
68C40005	FEV Engine Technology, Inc	1/27/94	9/30/96	Vehicle/Engine and Powertrain Design, Fabrication, Calibration and Testing Support	4,255,628
68W50016	Garcia Consulting, Inc.	5/31/95	9/30/96	Libraries, Public Information Centers and International Information Support Services	44,195,162
68C40083	Horiba Instruments Inc.	9/30/94	9/29/99	Heated Flame Ionization Detector	356,112
68C40081	Horiba Instruments Inc.	9/24/94	9/29/99	Sampling and Analysis System	11,004,847
68D40103	ICF Inc.	9/29/94	9/30/95	Analytical Support for Office of Air and Radiation-2nd award	8,338,398
68C50010	ICF Inc.	2/27/95	9/30/95	Technical and Economic Analysis and Support, National Vehicle and Fuel Emissions Laboratory, Ann Arbor, Mi.	2,684,610
68C40009	Iocad Engineering Services, Inc.	1/17/94	12/31/96	Word Processing Service on Site - Ann Arbor, Mi.	118,661
68C30364	Iocad Engineering Services, Inc.	10/1/93	9/30/98	Centralized Processing for In-use Vehicle Emissions Data	806,869
68W40028	LABAT-Anderson	6/1/94	9/30/95	Library and Records Management	27,000,000

Contract	Contractor	Effective date	Expiration date	Project title	Maximum value
68C40030	Magic P.I. & Security Inc.	5/20/94	9/30/97	Security Guard Services for National Vehicle and Fuel Emissions Laboratory, Ann Arbor, Mi.	1,054,905
68D30042	McWane & Company, Inc.	6/3/93	6/30/96	Support of Fuel and Fuel Additive Registration Program	139,540
68C30310	Oxford Lasers, Inc.	5/5/93	12/4/93	Equipment Buy- Ann Arbor, Mi.	79,980
68D30032	Pacific Environ Services	5/26/93	9/30/96	Technical Support for Air Pollution Control Programs	46,439,136
68C40086	Power-Tek, Inc.	9/30/94	9/29/99	Variable Temperature Sealed Housing for Evaporative Determination	3,089,234
68W40001	Resolve, Inc.	3/22/94	3/21/96	Dispute Resolution Support Services for Regulatory Negotiation and Other Consultative Activities	37,384,987
68C40056	Sierra Research Inc	9/14/94	9/30/95	Air Quality and Emission Analyses	1,368,705
68C50056	Southwest Rsrch Inst	9/8/95	8/16/96	Development of Hydraulic Pump and Motor and Accessory Motor	870,572
68C50021	Southwest Rsrch Inst	6/1/95	5/31/96	Development of Improved Specific Energy Hydraulic Accumulators for Hybrid Vehicle Applications	389,736
68C40042	Southwest Rsrch Inst	9/7/94	9/30/96	Testing Support for Regulation of Motor Vehicles and Nonroad Engines	1,973,692
68C40021	Sun Company Inc. (R&M)	10/1/94	9/30/95	Unleaded Test Gasoline for the National Vehicle and Fuel Emissions Laboratory, Ann Arbor, Mi.	94,080
68W30010	System Resources, Inc.	3/5/93	9/30/95	Lotus Notes Software	1,840,690

Contract	Contractor	Effective date	Expiration date	Project title	Maximum value
68D30029	TRC Environmental Corp	5/25/93	9/30/96	Technical Support for Air Pollution Control Programs	23,255,761
68W30032	Vista Computr Servs, Inc.	9/29/93	9/30/95	Custom Computer Programming Support	1,197,925
68W30030	Vista Computr Servs, Inc.	9/21/93	8/31/95	Computer Operations and Information Center Services at National Vehicle and Fuel Emissions Laboratory, Ann Arbor, Mi.	2,160,894
68W30013	Wayne State University	4/1/93	9/30/95	Office of Mobile Sources Computer Timesharing	1,534,087
41 CONTRACTS					\$325,593,145

**CONTRACTS ISSUED OR USED BY EPA'S OFFICE OF RESEARCH AND DEVELOPMENT
AFTER NOVEMBER 5, 1992, FOR SUPPORT OF EPA'S MOBILE SOURCE PROGRAM**

Contract	Contractor	Effective date	Expiration date	Project title	Maximum value
68D40116	Horiba Instruments Inc.	9/30/94	9/28/95	Continuous Emission Monitors for On-road Diesel Engine	\$ 61,187
68D50067	Hughes Santa Barbara Research Center	9/5/95	12/30/95	Portable Remote Sensing Device for Vehicle Emissions	157,000
68D30138	Remote Sensing Technologies	9/27/93	1/27/94	Mobile Laboratory for Remote Sensing of Vehicle Emissions	354,931
3 Contracts					<u>\$573,118</u>

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