



State Fleet Petroleum Reduction Advisory Committee Meeting Minutes

Meeting Date: January 29, 2009

Meeting Location: Office of Fleet and Asset Management

Committee Member in Attendance

Rick Shedd, Department of General Services
Rick Slama, Department of General Services
Bob Boughton, Department of Toxic Substances Control
Phil Garthe, Department of Transportation
Cara Vallot, Department of Motor Vehicles
Libbey Guerra, Department of Motor Vehicles
Case Belltawn, Department of Parks and Recreation
Mike Trujillo, California Energy Commission

Committee Members Absent

Kathy Hicks, Department of General Services
Edward Benelli, Department of Toxic Substances Control
Debra Moreno, Department of Corrections and Rehabilitation
Nina Martinez, Department of Corrections and Rehabilitation
Lourdes Conrad, Department of Corrections and Rehabilitation
Dean Simeroth, Air Resources Board

Other Attendees

Jim Peterson, California Air Resources Board
Steve Butler, Department of Transportation

Welcoming Remarks and Introduction

Rick Shedd called the meeting to order at 9:11 a.m. and thanked everyone for their attendance. Each committee member introduced themselves and stated which department they represented. John Henley attended the meeting via teleconference.

Overview of January 6th Meeting

Rick Shedd gave the committee an overview of the Advisory Committee meeting held on January 6, 2009. He reviewed the tasks assigned to the committee stating that the main points are to improve the state fleet's use of alternative fuels, fuel efficient vehicles

and to reduce/displace the consumption of petroleum products when compared to the 2003 consumption level. Rick discussed the committee's action plan timeline, stating that he would like to have a draft completed by April 2009, as the report is due for submission in July 2009. Rick also informed the committee that the minutes of the January 6, 2009 meeting were now available for viewing online. Rick then asked the committee if there were any items to be added to the list contained within the draft memo.

Case Belltawn recommended adding GPS tracking system should be added to the list. Rick agreed that the tracking system should be added, as GPS systems could help to increase fuel economy and productivity.

Rick Shedd discussed the reduced idling policy and the Air Resources Board regulation related to the reduced idling policy. Phil Garthe said that he had forwarded a Caltrans Deputy Directive and Division of Equipment Office Memo covering idling.

Discussion covering Oil Change Intervals

Rick Shedd stated that the policy related to oil change intervals needed to be reexamined. The current policy is to change the oil in vehicles every 6,000 miles. Rick said that this policy is a throwback to the old preventative maintenance days and the policy should be based on need and could save the state a substantial amount of money and reduce petroleum use. Rick stated that Bob Boughton and the Department of Toxic Substances Control was working with the DGS fleet to test extended oil changes.

Phil Garthe explained the Total Base Number (TBN) procedure is one that Caltrans is considering. This is the procedure Caltrans would like to use to test oil samples to see if oil life can be extended. Phil Garthe explained that this was a costly procedure and that the different change intervals were a major issue/drawback.

Rick Shedd stated that the examination of an extended oil change policy was worthy of future consideration in order to reduce oil use.

Discussion related to efforts to Benchmark 2003 Consumption Levels and the Coding Problems related to those efforts

Rick Shedd stated that he was able to extract from Voyager the data related to the 2003 retail fuel consumption levels. Rick said that this data also included fuel used by local municipalities. The report was comprised of 660 different accounts which had to be isolated into state and non-state. However, 39% could not be identified whatsoever. Voyager ultimately was able to provide DGS with account contact names and phone numbers, which allowed us to make up a final list of executive branch state agencies.

Rick Shedd then discussed the vendor coding problems. He stated that vendors frequently identify petroleum and non-based petroleum products by the incorrect code. This makes it very difficult to identify what types of fuels are being purchased. Rick said that vendors are currently using a dozen or more codes, antiquated software and that

there is no incentive for them to upgrade their systems. Further, coding is a major problem not only on the State level but also for the federal government.

Rick Shedd stated that the bulk fuel consumption numbers need to be nailed down, as well as the retail numbers. Rick explained how state owned bulk fueling sites were extensive and could reach 600 tanks statewide according to the DGS Procurement Division (PD). Rick explained that the methods used by agencies to track bulk fuel consumption vary greatly. Some agencies use an automated computerized system and some agencies still use a clipboard. Rick stated that he is working with PD to determine the vendors in 2003. Then the Controller's Office believes they may be able to trace payments for bulk fuel from 2003 payment records. Another issue is the amount of compressed natural gas (CNG) purchased. The Board of Equalization (BOE) requires a report on CNG consumption for tax purposes. Rick stated that he has been in contact with BOE in an effort to acquire the CNG numbers. These two sources are being used because it is evident that we need to try and reconstruct the 2003 bulk fuel use from a variety of sources to put the puzzle together and cross reference state agencies numbers.

Case Belltawn asked Rick Shedd if it matters how the bulk fuel is used, vehicle vs. equipment like generators. Rick replied that it is going to be next to impossible to differentiate how the bulk fuel was used out of each tank and that some assumptions will have to be made based on all available intelligence.

Discussion of Public Comments

Rick Shedd explained that Evergreen Oil, a re-refined oil producer, would like to attend the next committee meeting and make a presentation. They have submitted written comments which were handed out at to the committee members to review.

Phil Garthe said that he would like to meet with Evergreen's representatives and that Safety Clean is another vendor of re-refined products that the committee could hear from.

The committee agreed that hearing from the re-refined and synthetic oil industries would be an opportunity to learn more about their products and potential for petroleum reduction.

Phil Garthe stated that the committee may also want to hear from a technical expert as well if looking for an unbiased opinion due to the technical nature of the subject matter.

Phil Garthe said that vehicle manufacturer warranties will honor synthetic oil but the oil must have the starburst. He stated that some vendors could cut corners and some vehicles, such as heavy duty equipment, may not be able to operate on re-refined oil. Cal Trans has experienced clogged traps when using re-refined oil.

Bob Boughton stated that the Food & Agricultural Department has a truth in advertising group that tests petroleum products which claim the starburst emblem. Bob added that the committee should get this group involved.

Rick Shedd agreed with Bob and said that the recommendations endorsed by the Food & Agricultural group could be used as guidelines for contractual conditions involving the purchase of petroleum products.

Phil Garthe questioned if extended oil changes can be made using re-refined oil.

Bob Boughton added that the cost of synthetic oil is three times the cost of regular oil and wondered if the use of synthetic oil is a cost effective method of attaining the committee's goals.

Bob Boughton suggested expanding our alternative fueling infrastructure.

Phil Garthe suggested making alternative fuel available at existing bulk fueling sites. He added that a potential drawback to this would be the expense of retrofitting the bulk sites.

Rick Shedd added that based on 2005 data from the DMV, about 40% of the fleet is at least 10 years old or older. Many passenger vehicles average 7 years old and some heavy equipment can be twenty-five years old.

Steve Butler said that Caltrans has many alternative fuel propane vehicles that have continually been in need of repair from day one.

Rick Slama stated that the State needs to commit to the purchasing of hybrids and the emerging plug-in hybrids in mass quantity to decrease dependence on petroleum.

Mike Trujillo said that older heavy diesel equipment needs to be upgraded to 2007 standards to fall in line with AB118 and that repowering the equipment could cut costs down vs. replacing.

Phil Garthe added that retrofitting old diesels is costly and sometimes it can't be achieved. Phil suggested that it is better to get rid of vehicles when the warranty is expired. That way the repair costs go down and the resale value of the vehicle is still high.

Rick Shedd agreed that the quickest results will be seen through the modernization of the fleet. This will increase the m.p.g. capability quickly.

Mike Trujillo suggested purchasing additional alternative fuel vehicles above and beyond the federal requirements.

Rick Slama reminded the committee that the cost to retail fuel vendors to upgrade their fuel coding systems is at least \$5,000, but the need to gather accurate data is critical to the state achieving the petroleum reduction goals.

Rick Shedd and Mike Trujillo excuse themselves from the meeting at 10:10 a.m. and Rick Slama chairs the remainder of the meeting.

Rick Slama asked for comments or additions to the draft plan table of contents.

Bob Boughton asked if the table should be reorganized into groups or sub-categories. Bob also wondered if the topics should be ranked in relation to importance.

Rick Slama thought that the idea of ranking was one that should be brought up to Rick Shedd.

Rick Slama brought up the issue of low rolling resistance tires.

Phil Garthe suggested investigating nitrogen filled tires as they may get better mileage and have a better ability to hold constant pressure.

Case Belltawn questioned the safety aspect of using low rolling resistance tires.

Jim Peterson suggested asking the Energy Commission about the safety aspects of low rolling resistance tires as they had done an extensive study.

Phil Garthe discussed a GPS program that has been proposed to be tested by Caltrans. Caltrans would outfit 100 vehicles with GPS to track use, mileage, driver behavior and idling times. The cost of this program is estimated to be \$100,000.

Rick Slama asked if there were any further comments and there were none.

The committee discussed possible dates for the next meeting in February and determined that the 19th may work. An announcement will be sent to the committee once a firm meeting date is set.

The meeting was adjourned at 10:45 a.m.